

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 1564 - 2**

79th Oregon Legislative Assembly – 2018 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Allows distillery licensee to apply for tasting room permit.

**Government Unit(s) Affected:**

Oregon Liquor Control Commission (OLCC)

**Summary of Expenditure Impact:**

Costs related to the measure may require budgetary action - See analysis.

	<b>2017-19 Biennium</b>	<b>2019-21 Biennium</b>
Other Funds		
Personal Services	55,784	\$175,721
Services & Supplies	8,033	18,375
<b>Total Other Funds</b>	<b>\$63,817</b>	<b>\$194,096</b>
Positions	1	1
FTE	0.33	1.00

**Summary of Revenue Impact:**

See Legislative Revenue Office Revenue Impact Statement for this measure.

**Analysis:**

SB 1564 with the -2 amendment allows distillery licensees to apply for a tasting room permit which allows distilleries to make package liquor sales from the tasting room to the general public. These sales are capped at \$250,000 per year per tasting room. Retail sales from these tasting rooms are excluded from the Oregon Liquor Control Commission (OLCC) liquor agent sales and compensation structure. The bill also repeals the \$10 per day special events tasting room license operative January 2, 2022. The bill allows distillery tasting rooms to be established that are not near the producing distillery, and allows Certificate of Distillery license holders located outside of Oregon to establish tasting rooms in Oregon that are eligible for the \$250,000 direct sales privilege granted by the bill. These provisions sunset on January 2, 2022.

The Oregon Liquor Control Commission estimates the fiscal impact of this bill to be \$63,817 Other Funds, 1 position, and 0.33 FTE for the 2017-19 biennium; and \$194,096 Other Funds, 1 position, and 1.00 FTE for the 2019-21 biennium. This amount reflects the Personal Services and related Services & Supplies costs for one Accountant 2 position to manage the administration and audits of distillery retail outlets applying for tasting room permits.

In addition to expenditure impact, passage of this bill is anticipated to result in a loss of revenues distributed to the General Fund, cities, and counties. For the 2019-21 biennium, OLCC projects this loss to be an estimated \$3.4 million. Also, note that this estimate of revenue loss is based on the assumption that 55 distillery retail outlet locations in Oregon currently qualify to withhold revenue at the less than \$250,000 threshold. If more distillery retail outlet locations could qualify by reorganizing, the revenue loss could be higher.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means Committee for consideration of its budgetary impact on the state’s General Fund.