

D R A F T

SUMMARY

Establishes rates of compensation to be paid by Oregon Liquor Control Commission to distillery retail outlet agent for distilled liquor retail sales by agent.

A BILL FOR AN ACT

Relating to distillery retail outlet agents; creating new provisions; and amending ORS 471.230.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 471.230 is amended to read:

471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend, denature and store distilled liquor, to sell the distilled liquor to the Oregon Liquor Control Commission and to transport the distilled liquor out of this state for sale outside this state. Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes. A distillery licensee may not sell any alcoholic beverage within this state except to the commission or as provided in this section. However, any agricultural producer or association of agricultural producers or the legal agents of an agricultural producer or association of agricultural producers that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and industry are not required to obtain a license from the commission.

(2) If a distillery licensee holds a valid distilled spirits plant basic permit

issued by the federal Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

(a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manufactured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors on the list of products approved by the commission for retail sale in Oregon and must be purchased by the licensee at the retail price established by the commission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may be conducted on the licensed premises of the distillery and at no more than five other premises owned or leased by the licensee. The commission may allow more than one distillery licensee to use the same premises at the same time for conducting tastings if the premises are a primary production location and the licensees share the premises or are owned by the same entity. If the manufacturer of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee shall pay the commission a processing fee.

(b) Obtain a special events distillery license.

(c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of retailing distilled liquor at locations where tastings are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. A distillery retail outlet agent may sell at locations where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the same premises as a primary production location or is owned by the same entity as the distillery licensee.

(3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may hold one or more full on-premises sales licenses. All distilled liquor sold under a full on-premises sales license must be purchased from the commission.

1 (4) A distillery licensee that holds a special events distillery license may
2 conduct an event on premises designated in the special events distillery li-
3 cense. Except as provided in this subsection, a special events distillery li-
4 cense may be valid for a period not exceeding five days. The commission
5 shall limit the approval of special events distillery licenses for a distillery
6 licensee at the same location to not more than 62 days during a calendar
7 year. A distillery licensee conducting a special event may:

8 (a) Permit tastings of distilled liquor approved by the commission for sale
9 in Oregon and manufactured in Oregon by the distillery licensee. Tastings
10 may be of the distilled liquor alone or with a mix of other liquids. If any of
11 the other liquids are distilled liquors, they must be distilled liquors on the
12 list of products approved by the commission for retail sale in Oregon and
13 must be purchased by the licensee at the retail price established by the
14 commission. If the manufacturer of the distilled liquor obtains distilled li-
15 quor for conducting tastings from the inventory of the commission, the
16 licensee shall pay the commission a processing fee.

17 (b) Permit sales by the drink of distilled liquor. A drink that a distillery
18 licensee sells under this paragraph must include distilled liquor that the
19 licensee manufactured in Oregon. Any distilled liquor contained in the drink
20 must be on the list of products approved by the commission for retail sale
21 in Oregon. The distillery licensee selling the drink must purchase all dis-
22 tilled liquor contained in the drink at the retail price set by the commission
23 for the month in which the drink is sold.

24 (c) If the distillery licensee has been appointed as a distillery retail outlet
25 agent under subsection (2)(c) of this section, sell distilled liquor in factory-
26 sealed containers for consumption off the licensed premises. A distillery re-
27 tail outlet agent may sell at a location where tastings are allowed under
28 paragraph (a) of this subsection only distilled liquor that is on the list of
29 products approved by the commission for retail sale in Oregon and is manu-
30 factured in Oregon by the distillery licensee. The distillery retail outlet
31 agent must sell the distilled liquor at the retail price set by the commission

1 for the month of sale.

2 **(5) The commission shall pay a distillery retail outlet agent com-**
3 **pensation for distilled liquor retail sales by the agent under subsection**
4 **(2)(c) or (4)(c) of this section. The compensation rate shall be:**

5 **(a) For the first \$250,000 of annual total combined retail sales from**
6 **all distillery retail outlet agent tasting locations operated by the**
7 **distillery licensee under subsection (2)(a) or (4)(a) of this section, 45**
8 **percent of the retail price set by the commission for the sold distilled**
9 **liquor.**

10 **(b) For distilled liquor retail sales by the agent that are not de-**
11 **scribed in paragraph (a) of this subsection, 17 percent of the retail**
12 **price set by the commission for the sold distilled liquor.**

13 **SECTION 2. The amendments to ORS 471.230 by section 1 of this**
14 **2020 Act apply to distilled liquor retail sales made by a distillery retail**
15 **outlet agent on or after the effective date of this 2020 Act.**