

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 112 - 1

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

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

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Date: 6/12/2019

Measure Description:

Modifies provisions for tax on grape product used in wine manufacture.

Government Unit(s) Affected:

Oregon Liquor Control Commission (OLCC)

Summary of Fiscal Impact:

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

Analysis:

The measure would modify the collection of taxes on grapes. It would require \$12.50 of the \$25.00 grape-tonnage tax to be levied and assessed against any winery purchasing grape products, unless they are produced within a federally approved American Viticultural Area (AVA). The measure would specify that if a winery purchasing grapes holds a license or permit from the Oregon Liquor Control Commission (OLCC), then the purchasing winery would be required to pay the \$25.00 tonnage tax and deduct \$12.50 per ton of the price paid to the seller. It would further specify that if a purchasing winery does not hold a license or permit from OLCC, then the winery would be required to report the sale on forms provided by OLCC and pay the tax as directed by OLCC. Any resale of an item in bulk to an out-of-state buyer would not subject the buyer to the tax, provided the original (seller) winery deducted and payed the tax as required. The measure would become operative on July 1, 2021.

OLCC currently collects the grape-tonnage tax only from Oregon wineries. The measure would require OLCC to collect and audit the grape-tonnage tax from out-of-state wineries (up to 3,100 additional entities), process grape-tonnage tax reports from out-of-state wineries, and oversee reporting compliance with tax laws and labelling rule compliance from out-of-state wineries. The extent to which new automation may be able to alleviate this additional workload is unclear. OLCC is in the process of acquiring and implementing an electronic privilege tax system, which this measure does not contemplate. With its existing manual resources, however, OLCC assumes an additional four positions would be needed, including three Accountant 2 positions and an Accountant 1 position.

OLCC may need to return to the Emergency Board or in the 2020 legislative session to request additional resources to comply with the provisions of this measure.