REVENUE IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	**SB 112 - A**
Revenue Area:	**Ton Tax**
Economist:	**Mazen Malik**
Date:	**6-20-2019 Revised**

Only Impacts on Original or Engrossed Versions are Considered Official

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The revenue impact of this measure is indeterminate for the following reasons:

This measure requires vineyards to pay $12.50 per ton to the commission if they sell to a winery that is not licensed, permitted or certified by the Oregon Liquor Control Commission. The winery is also required to pay $12.50 per ton for received grapes.

This measure also provides grape-ton tax requirements for winery licensees, wine certificate or permit holders with the Oregon Liquor Control Commission (OLCC). Wineries are required to report their use of Oregon grapes and submit $25 per ton of grapes and withhold $12.50 per ton from their payment to grape producers.

This process might increase revenue coming from the wineries that are not reporting and paying the ton tax today. However, the obligation of the amounts being paid today by the sellers will transfer to the winery and might dilute that payment obligation. This may lead to loss of revenue, almost equal to the potential gain.

OLCC does not currently have a grower registration and enforcement mechanism. Accordingly, overall revenue impact is uncertain until such mechanism is established.

Creates, Extends, or Expands Tax Expenditure: Yes ☒ No ☐

The measure creates in Section 3 an exemption from the tax if the grapes are produced within a federally approved American Viticultural Area (AVA) located partially within the state and does not use an Oregon designation or Oregon AVA on its label or packaging.
The exemption is a new exemption with no sunset date in the text of the law, thus it might fall under the implicit 6-year sunset law for new tax expenditures (ORS 315.037).

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