

# Senate Bill 112

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies provisions for tax on grape product used in wine manufacture. Directs Department of Transportation and Department of Revenue to submit information to Oregon Liquor Control Commission about buyers and sellers of grape product. Requires contract for sale of grape products sold for use in wine making to contain written notice of duties associated with tax.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to tax on grape product used in wine manufacture; creating new provisions; amending ORS  
3 473.045 and 576.771; and prescribing an effective date.

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

5 **SECTION 1.** ORS 473.045 is amended to read:

6 473.045. (1) A tax is hereby imposed upon the sale or use of all agricultural products used in a  
7 winery for making wine.

8 (2) The amount of the tax shall be \$25 per ton of grapes of the vinifera varieties, whether true  
9 or hybrid.

10 (3) An equivalent tax is imposed upon the sale or use of vinifera or hybrid grape products im-  
11 ported for use in a winery licensed under ORS chapter 471 for making wine. Such tax shall be \$25  
12 per ton of grapes used to produce the imported grape product. The tax shall be determined on the  
13 basis of one ton of grapes for each 150 gallons of wine made from such vinifera or hybrid grape  
14 products.

15 (4) A tax on the sale or use of products that are not subject to subsection (2) or (3) of this  
16 section that are used to make wine in this state shall be imposed at a rate of \$.021 per gallon of  
17 wine made from those products.

18 (5) In the case of vinifera or hybrid grape products harvested in this state, \$12.50 of such tax  
19 shall be levied and assessed against the person selling or providing such grape products to the  
20 winery. If the purchasing winery is licensed under ORS chapter 471, that winery shall deduct the  
21 tax levied under this subsection from the price paid to the seller. If the purchasing winery is not  
22 licensed under ORS chapter 471, the seller shall report all sales on forms provided by the Oregon  
23 Liquor Control Commission and pay \$12.50 per ton as a tax directly to the commission.

24 (6) Taxes paid by sellers under subsection (5) of this section shall be collected by the Oregon  
25 Liquor Control Commission on behalf of the Oregon Wine Board. The commission may retain an  
26 amount sufficient to cover the cost of collecting the taxes paid under subsection (5) of this section  
27 and shall transfer the remainder of those taxes to the board for deposit as provided in ORS 576.775.  
28 Failure to pay a tax imposed under subsection (5) of this section subjects the violator to the penalty

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 provided in ORS 473.992.

2 (7) Except for the tax specified in subsection (4) of this section the taxes specified under this  
3 section shall be levied and assessed to the licensed winery at the time of purchase of the product  
4 by the winery or of importation of the product, whichever is later. The tax specified in subsection  
5 (4) of this section shall be levied and assessed to the licensed winery at the time the wine is made.

6 (8) The taxes imposed by this section shall be paid by the licensed winery and collected by the  
7 commission subject to the same powers as taxes imposed and collected under ORS chapter 473. The  
8 tax obligation for a calendar year shall be paid in two installments. Half shall be due on December  
9 31 of the current calendar year. The remaining half shall be due the following June 30.

10 **(9) For purposes of the administration of the tax imposed under this section and in order**  
11 **to assist the Oregon Liquor Control Commission with the enforcement and collection of the**  
12 **tax from wineries licensed under ORS chapter 471:**

13 **(a) The Department of Transportation shall submit to the commission information re-**  
14 **garding the transportation of grape product sufficient to identify sellers and purchasers of**  
15 **grape product, including information collected by the department at weighing devices or fa-**  
16 **ilities; and**

17 **(b) Notwithstanding ORS 314.840, the Department of Revenue shall submit to the com-**  
18 **mission information from tax returns or reports filed with the department sufficient to**  
19 **identify sellers and purchasers of grape product.**

20 **SECTION 2.** ORS 576.771 is amended to read:

21 576.771. (1) If a person selling or providing grape product to a winery performs part of the pro-  
22 cessing function of a winery, the person shall report the sale or provision of the grape product and  
23 pay the tax imposed under ORS 473.045 (5).

24 (2) A person or winery required to pay a tax under ORS 473.045 (5) shall keep accurate records  
25 sufficient to enable the Oregon Liquor Control Commission to determine by inspection and audit the  
26 accuracy of the taxes paid or due the Oregon Wine Board and of reports made or due to the com-  
27 mission.

28 (3) The commission or a designee of the commission may inspect and audit the records referred  
29 to in subsection (2) of this section for the purpose referred to in subsection (2) of this section.

30 (4) A person or winery may not refuse to permit an inspection and audit under subsection (3)  
31 of this section during business hours.

32 (5) In addition to the penalties prescribed in ORS 473.992, a person or winery that delays  
33 transmittal of tax payments under ORS 473.045 (5) beyond the due date specified in ORS 473.045  
34 shall pay five percent of the overdue amount for the first full or partial month of delay and one  
35 percent of the overdue amount for each full or partial month of delay thereafter.

36 (6) If a winery willfully refuses to turn over tax moneys withheld under ORS 473.045 (5) **or fails**  
37 **to file a form required by or pay the tax imposed under ORS 473.045**, the winery shall pay an  
38 additional amount equal to twice the amount of the tax moneys not turned over.

39 **(7) A person who fails to file a form required by or pay the tax imposed under ORS**  
40 **473.045 commits an unlawful practice under ORS 336.184 and 646.605 to 646.652.**

41 **SECTION 3.** Section 4 of this 2019 Act is added to and made a part of ORS 576.750 to  
42 **576.775.**

43 **SECTION 4.** A contract for the sale of vinifera or hybrid grape product sold for use in  
44 wine making by a winery licensed under ORS chapter 471 must contain written notice of the  
45 duty to pay the tax imposed under ORS 473.045 and to report sales to the Oregon Liquor

1 **Control Commission.**

2 **SECTION 5. This 2019 Act takes effect on the 91st day after the date on which the 2019**  
3 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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