

**SB 1565 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Action Date:** 02/07/20

**Action:** Do pass and refer to Ways and Means by prior reference.

**Vote:** 5-0-0-0

**Yeas:** 5 - Findley, Hass, Knopp, Riley, Taylor

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

**Prepared By:** Mazen Malik, Senior Economist

**Meeting Dates:** 2/6, 2/7

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**WHAT THE MEASURE DOES:**

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

**ISSUES DISCUSSED:**

- Attracting new business and visitors.
- Federal and state regulations as it limits the OLCC model.
- Marketing of Oregon products, increase sales and revenue.
- Similarity with the small business model for beer and wine.
- Allow for the small businesses to be viable.
- Retain more earning and hire more employees.
- Costs to local governments.
- Agent compensation issues.
- Treatment and addiction issues.

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Distilleries are treated like liquor stores, but are allowed to sell their own liquor out of their tasting rooms. Each distiller is allowed a maximum of 5 tasting rooms in addition to the main distillery, for a total of 6 tasting rooms. There are about 65 distilleries selling liquor out of 104 tasting rooms. The liquor sales through the tasting rooms are treated the same as liquor sales through stores with the same compensation formula, markup formula, surcharge and listing process. However, for the tasting rooms, OLCC never sees the liquor sold in tasting rooms but distillers are required to file weekly reports on their sales and remit the net profit to the state after taking out their manufacturing cost and their compensation as retail agents. The compensation rate has been averaging about 17% in the last couple of years. This measure fixes that rate at 17% in statutes for sales over \$250,000. For those distillers selling through tasting rooms the first \$250,000 in sales are compensated at 45% rate.