

Requested by JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO
SENATE BILL 1565**

1 On page 3 of the printed bill, after line 4, insert:

2 **“SECTION 3.** ORS 471.230, as amended by section 1 of this 2020 Act, is
3 amended to read:

4 “471.230. (1) A distillery license allows the licensee to import, manufac-
5 ture, distill, rectify, blend, denature and store distilled liquor, to sell the
6 distilled liquor to the Oregon Liquor Control Commission and to transport
7 the distilled liquor out of this state for sale outside this state. Distillery
8 licensees may purchase and sell distilled liquor from or to another distillery
9 licensee in containers having a capacity greater than one U.S. gallon for
10 blending and manufacturing purposes. A distillery licensee may not sell any
11 alcoholic beverage within this state except to the commission or as provided
12 in this section. However, any agricultural producer or association of agri-
13 cultural producers or the legal agents of an agricultural producer or associ-
14 ation of agricultural producers that manufactures and converts agricultural
15 surpluses, by-products and wastes into denatured ethyl and industrial alcohol
16 for use in the arts and industry are not required to obtain a license from the
17 commission.

18 “(2) If a distillery licensee holds a valid distilled spirits plant basic permit
19 issued by the federal Alcohol and Tobacco Tax and Trade Bureau for the li-
20 censed premises, the distillery licensee may:

21 “(a) Permit tastings of distilled liquor approved by the commission for

1 sale in Oregon and manufactured in Oregon by the distillery licensee or by
2 another distillery licensee. Tastings may be of the distilled liquor alone or
3 with a mix of other liquids. If any of the other liquids are distilled liquors,
4 they must be distilled liquors on the list of products approved by the com-
5 mission for retail sale in Oregon and must be purchased by the licensee at
6 the retail price established by the commission. This paragraph does not au-
7 thorize sales by the drink of distilled liquor. The tastings may be conducted
8 on the licensed premises of the distillery and at no more than five other
9 premises owned or leased by the licensee. The commission may allow more
10 than one distillery licensee to use the same premises at the same time for
11 conducting tastings if the premises are a primary production location and the
12 licensees share the premises or are owned by the same entity. If the man-
13 ufacturer of the distilled liquor obtains distilled liquor for conducting
14 tastings from the inventory of the commission, the licensee shall pay the
15 commission a processing fee.

16 “(b) Obtain a special events distillery license.

17 “(c) Apply for appointment by the commission as a distillery retail outlet
18 agent for purposes of retailing distilled liquor at locations where tastings
19 are permitted under paragraph (a) of this subsection or subsection (4)(a) of
20 this section. A distillery retail outlet agent may sell at locations where
21 tastings are allowed under paragraph (a) of this subsection only distilled li-
22 quor that is on the list of products approved by the commission for retail
23 sale in Oregon and is manufactured in Oregon by the distillery licensee or
24 by another distillery licensee that uses the same premises as a primary pro-
25 duction location or is owned by the same entity as the distillery licensee.

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

30 “(4) A distillery licensee that holds a special events distillery license may

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

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

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

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

1 mission for the month of sale.

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

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

9 “[b) *For distilled liquor retail sales by the agent that are not described in*
10 *paragraph (a) of this subsection, 17 percent of the retail price set by the com-*
11 *mission for the sold distilled liquor.]*

12 **“SECTION 4. The amendments to ORS 471.230 by section 3 of this**
13 **2020 Act become operative January 2, 2025, and apply to distilled liquor**
14 **retail sales made by a distillery retail outlet agent on or after January**
15 **2, 2025.**

16 **“SECTION 5. Notwithstanding any other law limiting expenditures,**
17 **the limitation on expenditures established by section 1 (5), chapter 694,**
18 **Oregon Laws 2019, for the biennium ending June 30, 2021, as the max-**
19 **imum limit for payment of expenses from fees, moneys or other reve-**
20 **nues, including Miscellaneous Receipts, but excluding lottery funds**
21 **and federal funds, collected or received by the Oregon Liquor Control**
22 **Commission, is increased by \$950,000 for the purpose of paying**
23 **distillery retail outlet agent compensation.”.**

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