

**REVENUE IMPACT OF
PROPOSED LEGISLATION
82nd Oregon Legislative Assembly
2023 Regular Session
Legislative Revenue Office**

Bill Number:	HB 2976 - A3
Revenue Area:	Alcohol Revenue
Economist:	Mazen Malik
Date:	05-24-2023

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

Measure Description:

Establishes Oregon Spirits Board as semi-independent state agency to develop and promote Oregon's distilled spirits industry.

Revenue Impact:

The revenue transfer from the OLCC bottle surcharge away from the General Fund and to the new OSB account is likely to be \$0.5 million in the 2023-25 biennium.

Transfers in future biennia are dependent on the future actions of the OLCC. If the OLCC continues the temporary charge, the transfers away from the General Fund would be \$4 million a biennium annually adjusted for inflation.

Impact Explanation:

This measure under the A3 amendment Establishes the Oregon Spirits Board (OSB) as a semi-independent state agency under ORS 182.472. The new board is modeled after the Oregon Wine Board. This measure establishes a somewhat different funding model for the Oregon Spirits Board, where OSB is funded through a revenue transfer from the OLCC bottle surcharge.

The OLCC has levied, since 2009 and renewed every biennium, a temporary bottle surcharge on distilled liquor that is manufactured by a distillery licensee and sold to the commission in containers larger than 50 milliliters. The current 50-cent bottle surcharge is estimated to generate \$45 million during the coming biennium for deposit into the General Fund. The Oregon distilleries contribution to the bottle surcharge payments is around \$5 million in a full biennium. This measure funds the OSB by sequestering some of the surcharge revenue that is coming from the Oregon distilleries share of the wider 50 cents surcharge that the OLCC levies on all liquor bottles. The revenue transfer to the OSB (away from the General Fund) is limited to \$4.0 million a biennium providing that the revenue is commencing from the surcharge on bottles of distilled liquor manufactured by Oregon distilleries licensed under ORS 471.230.

The OLCC has renewed the temporary surcharge every biennium since 2009. If the OLCC continues this 50-cent surcharge in future biennia, this measure would continue to divert the first \$4 million of the surcharge on bottles produced by Oregon distillers. The measure becomes operative January 1, 2025 which leaves the 2023-25 biennium transfer to the OSB at \$0.5 million. However, the measure allows for the future inflation adjustment of the annual transfer. This inflation adjustment will increase future biennial transfers to the OSB account resulting in a decrease of the same amounts to the General Fund.

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Creates, Extends, or Expands Tax Expenditure: Yes No