

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2976 - A3

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Emily Coates

Reviewed by: April McDonald, Haylee Morse-Miller, Paul Siebert, Matt Stayner, Michelle Deister, Kim To, John Borden, Amanda Beitel

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Measure Description:

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

Government Unit(s) Affected:

Department of Agriculture, Office of the Governor, Oregon Business Development Department, Tourism Commission, Oregon Liquor and Cannabis Commission, Department of Justice, Department of Administrative Services, Cities, Counties

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

The measure establishes the Oregon Spirits Board as a semi-independent state agency, consisting of nine members appointed by the Governor. The measure requires the Board to prepare and submit annual plans and budget recommendations to the Oregon Liquor and Cannabis Commission (OLCC) during the next fiscal year. In developing the annual plans and budget, the board may work with the Oregon Department of Agriculture, OLCC, Oregon Business Development Department, and the Oregon Tourism Commission.

The measure directs the Board to deposit monies received into an account created by the Board and funds are continuously appropriated to the Board for carrying out specified provisions of the measure. The measure amends ORS 471.810 to modify the amounts of revenue distributed to the General Fund, that are attributable to a per bottle surcharge imposed by the OLCC. The first \$2 million collected each fiscal year from surcharge revenue attributable to bottles of Oregon distillery licensees will be credited to the account created by the Oregon Spirits Board, and the remainder credited to the General Fund. The amount credited to the Board each fiscal year is to be adjusted annually by a percentage equal to the percentage change in the Consumer Price Index. OLCC may retain from the amount credited an amount sufficient to cover the costs incurred in collecting a per bottle surcharge.

The Board is to submit a report to the Legislative Assembly by April 1 of each even-numbered year regarding the economic impact of the distilled spirits industry in Oregon. Specified provisions become operative January 1, 2025 and allow the Office of the Governor and OLCC to take action before the operative date. The measure is effective on the 91st day after sine die.

The Legislative Fiscal Office notes that under current law, there is a 50-cent surcharge on all bottles sold in Oregon, generating an estimated \$45 million during the 2023-25 biennium for deposit into the General Fund. The measure would divert \$2 million of the surcharge on distilled spirits produced by Oregon distillers in the 2023-25 biennium; and \$4 million, not including an inflation adjustment, in the 2025-27 biennium and thereafter, adjusted for inflation to support the Board, resulting in a decrease to the General Fund.

The Legislative Revenue Office will provide further analysis on the overall revenue impact of this measure to the General Fund. OLCC reports that the agency would not provide administrative support to the Board and the administrative costs of transferring revenue will be absorbed within existing resources.

There is a minimal fiscal impact for the Department of Agriculture, Department of Justice, and the Oregon Tourism Commission. There is no fiscal impact for the Oregon Business Development Department, Office of the Governor, Department of Administrative Services, cities, and counties.

This measure has a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.