

## SECTION J - ALCOHOL TAXES

### Alcohol Revenue

Since the passage of the Liquor Control Act of 1933, Oregon's has developed system which controls and regulates distilled liquor differently from the licensing system of wine, beer and cider.

In 1944 the people of Oregon pass the ballot initiative enacting the "Burke Bill", instituting the Control Model in the State of Oregon, which gave the OLCC exclusive authority to sell alcohol above 14% Alcohol by Volume ("ABV"). In 1952: Oregonians passed Ballot Measure 328-329, amending the Oregon Constitution by adding Article I, Section 39, requiring that the Legislature, and by extension the OLCC, regulate alcohol sold "by the glass", and "carry out the original intent and purpose of the Oregon Liquor Control Act, including the promotion of temperance in the use and consumption of alcoholic beverages, encourage the use and consumption of lighter beverages and aid in the establishment of Oregon industry."

Under Oregon's system, the OLCC controls the importation, distribution and sale of distilled spirits, prescribing how and where distilled spirits can be sold. On the other hand, wine beer, and cider are sold under different rules through a licensing system of private entities. Regulations by Oregon, as well as federal Law are centered on the ingredients and content or Alcohol by Volume (ABV) of beverages. ABV determines where alcoholic beverages can be sold, and who can sell them. Distilled liquor is tightly controlled by the OLCC, while Wine, beer, and cider pass through licensed businesses, but they are widely available in Oregon for both on-premises and off-premises consumption and in grocery stores.

Taxation also follows the two different regimes of regulation. Taxes are imposed on beer and wine manufactured or distributed in Oregon, while hard liquor is priced and marked up by the OLCC before it is sold to consumers.

The current rates are \$2.60 per barrel (8.4¢ per gallon) of beer. The tax on wine is 67¢ per gallon, and 77¢ per gallon for dessert wine (14% to 21% alcohol content). Two cents of the wine tax go to the Wine Board, 50% of the remaining wine and beer taxes go to Mental Health and Drug Abuse Prevention, and the balance goes into the Oregon Liquor and Cannabis Commission (OLCC) Account.

Alcoholic Beverages with 21% or more ABV are exclusively imported and distributed by the state of Oregon. Currently OLCC sets retail prices, on average, at 105% above cost (including shipping, and federal taxes). The net revenue from the liquor operations (after deduction of costs) goes into the OLCC account.

Revenue in the OLCC account is distributed 56% to the state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. Alcohol License fees generate about \$21 million a biennium and they are primarily utilized in covering portions of the OLCC operations. A surcharge of 50¢ is a temporary add on for the last four budget periods and generates approximately \$40 million a biennium. Liquor sales experienced robust growth since 2020 (10% on average during the COVID years), however, net liquor revenue in 2022 decreased 3.8% because the liquor store agents and the distillery retail outlets received an increase (from 9.1% to 10.4%) in compensation rate. HB 3308 of 2023 allowing home deliveries is expected to add slightly more than \$5 million annually to liquor revenues.

**EXHIBIT J-1**

**OLCC ALCOHOL REVENUE**

(Millions)

**EXHIBIT J-2**

**OLCC REVENUE DISTRIBUTIONS**

(Millions)

| Fiscal  |         | Beer&Wine Tax |       | Liquor |         | Net Liquor |         | Fiscal | Wine   | Mental | General | Counties | Cities |
|---------|---------|---------------|-------|--------|---------|------------|---------|--------|--------|--------|---------|----------|--------|
| Year    | Revenue | Change        | Sales | Change | Revenue | Change     | Year    | Board  | Health | Fund   |         |          |        |
| 1991-92 | 10.7    |               | 83.3  |        | 61.6    |            | 1991-92 | 0.10   | 5.20   | 36.30  | 6.50    | 22.00    |        |
| 1992-93 | 11.0    | 2.8%          | 85.2  | 2.3%   | 62.2    | 1.0%       | 1992-93 | 0.20   | 5.40   | 38.00  | 6.80    | 23.10    |        |
| 1993-94 | 10.6    | -3.6%         | 89.7  | 5.3%   | 65.2    | 4.8%       | 1993-94 | 0.1    | 5.2    | 40.6   | 7.1     | 24.1     |        |
| 1994-95 | 10.6    | 0.0%          | 90.1  | 0.4%   | 65.9    | 1.1%       | 1994-95 | 0.1    | 5.2    | 41.3   | 7.4     | 25.1     |        |
| 1995-96 | 11.2    | 5.7%          | 93.4  | 3.7%   | 67.7    | 2.7%       | 1995-96 | 0.2    | 5.5    | 37.3   | 6.7     | 22.7     |        |
| 1996-97 | 11.8    | 5.4%          | 97.1  | 4.0%   | 70.9    | 4.7%       | 1996-97 | 0.2    | 5.8    | 48.9   | 8.7     | 29.7     |        |
| 1997-98 | 12.0    | 1.7%          | 102.4 | 5.5%   | 73.8    | 4.1%       | 1997-98 | 0.2    | 6.0    | 45.3   | 8.1     | 27.5     |        |
| 1998-99 | 12.1    | 0.8%          | 107.8 | 5.3%   | 76.5    | 3.7%       | 1998-99 | 0.2    | 5.9    | 45.7   | 8.2     | 27.7     |        |
| 1999-00 | 12.4    | 2.5%          | 116.1 | 7.7%   | 84.8    | 10.8%      | 1999-00 | 0.2    | 6.0    | 51.4   | 9.2     | 31.2     |        |
| 2000-01 | 12.5    | 0.8%          | 121.7 | 4.8%   | 85.8    | 1.2%       | 2000-01 | 0.2    | 6.2    | 52.5   | 9.4     | 31.9     |        |
| 2001-02 | 12.7    | 1.6%          | 127.8 | 5.0%   | 93.0    | 8.4%       | 2001-02 | 0.2    | 6.3    | 54.8   | 9.8     | 33.2     |        |
| 2002-03 | 13.3    | 4.7%          | 134.4 | 5.2%   | 97.1    | 4.4%       | 2002-03 | 0.2    | 6.6    | 60.1   | 10.2    | 34.7     |        |
| 2003-04 | 13.7    | 2.7%          | 145.1 | 7.9%   | 107.3   | 10.4%      | 2003-04 | 0.2    | 6.7    | 62.9   | 11.2    | 38.2     |        |
| 2004-05 | 14.0    | 2.2%          | 155.0 | 6.8%   | 111.1   | 3.5%       | 2004-05 | 0.2    | 6.9    | 65.6   | 11.6    | 39.6     |        |
| 2005-06 | 14.8    | 6.3%          | 172.2 | 11.1%  | 126.1   | 13.5%      | 2005-06 | 0.2    | 7.3    | 74.0   | 13.2    | 44.9     |        |
| 2006-07 | 15.2    | 2.4%          | 187.1 | 8.7%   | 130.8   | 3.8%       | 2006-07 | 0.2    | 7.5    | 75.1   | 13.4    | 45.6     |        |
| 2007-08 | 16.1    | 5.9%          | 199.2 | 6.5%   | 141.1   | 7.9%       | 2007-08 | 0.3    | 7.9    | 82.7   | 14.8    | 50.2     |        |
| 2008-09 | 16.3    | 1.5%          | 207.9 | 4.4%   | 151.9   | 7.6%       | 2008-09 | 0.3    | 8.0    | 93.9   | 15.9    | 53.9     |        |
| 2009-10 | 16.8    | 2.6%          | 215.6 | 3.7%   | 159.8   | 5.2%       | 2009-10 | 0.3    | 8.3    | 97.3   | 15.0    | 51.1     |        |
| 2010-11 | 16.2    | -3.3%         | 224.1 | 4.0%   | 162.2   | 1.5%       | 2010-11 | 0.3    | 8.0    | 101.3  | 15.6    | 53.2     |        |
| 2011-12 | 16.9    | 4.3%          | 238.5 | 6.4%   | 180.0   | 11.0%      | 2011-12 | 0.3    | 8.3    | 110.2  | 17.1    | 58.2     |        |
| 2012-13 | 16.4    | -3.0%         | 254.9 | 6.9%   | 189.1   | 5.1%       | 2012-13 | 0.3    | 8.1    | 115.4  | 17.9    | 61.0     |        |
| 2013-14 | 17.6    | 7.3%          | 264.0 | 3.6%   | 196.3   | 3.8%       | 2013-14 | 0.3    | 8.6    | 121.4  | 19.0    | 64.5     |        |
| 2014-15 | 17.7    | 0.6%          | 278.0 | 5.3%   | 207.1   | 5.5%       | 2014-15 | 0.3    | 8.7    | 126.0  | 19.7    | 67.0     |        |
| 2015-16 | 18.3    | 3.4%          | 292.4 | 5.2%   | 215.6   | 4.1%       | 2015-16 | 0.3    | 9.0    | 127.4  | 19.9    | 67.6     |        |
| 2016-17 | 18.8    | 2.9%          | 301.9 | 3.2%   | 218.2   | 1.2%       | 2016-17 | 0.3    | 9.3    | 137.0  | 21.5    | 73.0     |        |
| 2017-18 | 18.4    | -2.3%         | 319.1 | 5.7%   | 234.2   | 7.3%       | 2017-18 | 0.3    | 9.0    | 143.9  | 22.6    | 76.8     |        |
| 2018-19 | 19.2    | 4.2%          | 336.9 | 5.6%   | 247.5   | 5.7%       | 2018-19 | 0.3    | 9.4    | 151.9  | 23.9    | 81.2     |        |
| 2019-20 | 18.3    | -4.7%         | 371.1 | 10.2%  | 271.4   | 9.7%       | 2019-20 | 0.3    | 9.0    | 163.2  | 25.8    | 87.6     |        |
| 2020-21 | 17.7    | -3.1%         | 403.0 | 8.6%   | 294.5   | 8.5%       | 2020-21 | 0.3    | 8.7    | 179.7  | 28.6    | 97.4     |        |
| 2021-22 | 21.8    | 23.1%         | 413.3 | 2.6%   | 283.3   | -3.8%      | 2021-22 | 0.4    | 10.7   | 176.7  | 28.1    | 95.5     |        |
| 2022-23 | 17.3    | -20.6%        | 426.4 | 3.2%   | 303.4   | 7.1%       | 2022-23 | 0.3    | 8.4    | 179.3  | 28.6    | 97.1     |        |
| 2023-24 | 20.8    | 20.5%         | 414.2 | -2.9%  | 280.4   | -7.6%      | 2023-24 | 0.3    | 9.7    | 177.2  | 28.5    | 96.9     |        |

EXCISE TAX RATES AS OF JANUARY 1, 2023

Ranked by Sum of Excise and State Sales Tax (Dollars)

| Rank | Malt Liquor (Beer) per Gallon |              |              | Table Wine (14% alcohol) per Gallon |             |             | State Tax Rates On Distilled Spirits |          |         |
|------|-------------------------------|--------------|--------------|-------------------------------------|-------------|-------------|--------------------------------------|----------|---------|
|      | State                         | Excise       | Sales        | State                               | Excise      | Sales       | State                                | Excise   | Sales   |
| 1    | Tennessee                     | 1.287        | 0.875        | Florida                             | 2.25        | 2.70        | Alabama                              | note (1) | Yes     |
| 2    | South Carolina                | 0.768        | 0.750        | Rhode Island                        | 1.40        | 3.15        | Alaska                               | 12.80    | n.a.    |
| 3    | Hawaii                        | 0.930        | 0.500        | Iowa                                | 1.75        | 2.70        | Arizona                              | 3.00     | Yes     |
| 4    | Mississippi                   | 0.427        | 0.875        | Tennessee                           | 1.21        | 3.15        | Arkansas                             | 2.50     | Yes     |
| 5    | Florida                       | 0.480        | 0.750        | Illinois                            | 1.39        | 2.81        | California                           | 3.30     | Yes     |
| 6    | North Carolina                | 0.617        | 0.594        | New Mexico                          | 1.70        | 2.25        | Colorado                             | 2.28     | Yes     |
| 7    | Utah                          | 0.423        | 0.763        | Virginia                            | 1.51        | 2.39        | Connecticut                          | 5.94     | Yes     |
| 8    | California                    | 0.200        | 0.906        | New Jersey                          | 0.88        | 2.98        | Delaware                             | 4.50     | n.a.    |
| 9    | Washington                    | 0.261        | 0.813        | Washington                          | 0.87        | 2.93        | Florida                              | 6.50     | Yes     |
| 10   | Alaska                        | 1.070        | 0.000        | Nevada                              | 0.70        | 3.08        | Georgia                              | 3.79     | Yes     |
| 11   | Arkansas                      | 0.234        | 0.813        | West Virginia                       | 1.00        | 2.70        | Hawaii                               | 5.98     | Yes     |
| 12   | Maine                         | 0.350        | 0.688        | Arkansas                            | 0.75        | 2.93        | Idaho                                | note (1) | Yes     |
| 13   | New Mexico                    | 0.410        | 0.625        | Connecticut                         | 0.79        | 2.86        | Illinois                             | 8.55     | Yes     |
| 14   | Connecticut                   | 0.240        | 0.794        | Indiana                             | 0.47        | 3.15        | Indiana                              | 2.68     | Yes     |
| 15   | Alabama                       | 0.533        | 0.500        | South Carolina                      | 0.90        | 2.70        | Iowa                                 | note (1) | Yes     |
| 16   | Nevada                        | 0.160        | 0.856        | Mississippi                         | 0.35        | 3.15        | Kansas                               | 2.50     | --      |
| 17   | Vermont                       | 0.265        | 0.750        | Alabama                             | 1.70        | 1.80        | Kentucky                             | 1.92     | Yes     |
| 18   | Illinois                      | 0.231        | 0.781        | California                          | 0.20        | 3.26        | Louisiana                            | 3.03     | Yes     |
| 19   | Minnesota                     | 0.148        | 0.859        | Nebraska                            | 0.95        | 2.48        | Maine                                | note (1) | Yes     |
| 20   | Nebraska                      | 0.310        | 0.688        | Minnesota                           | 0.30        | 3.09        | Maryland                             | 1.50     | Yes     |
| 21   | Kansas                        | 0.180        | 0.813        | Massachusetts                       | 0.55        | 2.81        | Massachusetts                        | 4.05     | --      |
| 22   | Indiana                       | 0.115        | 0.875        | Arizona                             | 0.84        | 2.52        | Michigan                             | note (1) | Yes     |
| 23   | Rhode Island                  | 0.106        | 0.875        | Georgia                             | 1.51        | 1.80        | Minnesota                            | 5.03     | --      |
| 24   | Texas                         | 0.194        | 0.781        | Vermont                             | 0.55        | 2.70        | Mississippi                          | note (1) | Yes     |
| 25   | Oklahoma                      | 0.403        | 0.563        | Kansas                              | 0.30        | 2.93        | Missouri                             | 2.00     | Yes     |
| 26   | Louisiana                     | 0.403        | 0.556        | Michigan                            | 0.51        | 2.70        | Montana                              | note (1) | n.a.    |
| 27   | Michigan                      | 0.203        | 0.750        | Kentucky                            | 0.50        | 2.70        | Nebraska                             | 3.75     | Yes     |
| 28   | New Jersey                    | 0.120        | 0.828        | Hawaii                              | 1.38        | 1.80        | Nevada                               | 3.60     | Yes     |
| 29   | Iowa                          | 0.190        | 0.750        | Idaho                               | 0.45        | 2.70        | New Hampshire                        | note (1) | n.a.    |
| 30   | West Virginia                 | 0.177        | 0.750        | North Carolina                      | 1.00        | 2.14        | New Jersey                           | 5.50     | Yes     |
| 31   | Virginia                      | 0.256        | 0.663        | Maryland                            | 0.40        | 2.70        | New Mexico                           | 6.06     | Yes     |
| 32   | Idaho                         | 0.150        | 0.750        | Maine                               | 0.60        | 2.48        | New York                             | 6.44     | Yes     |
| 33   | Ohio                          | 0.180        | 0.719        | Texas                               | 0.20        | 2.81        | North Carolina                       | note (1) | Yes (2) |
| 34   | Massachusetts                 | 0.106        | 0.781        | Dist. of Columbia                   | 0.30        | 2.70        | North Dakota                         | 2.50     | --      |
| 35   | Arizona                       | 0.160        | 0.700        | South Dakota                        | 0.93        | 2.03        | Ohio                                 | note (1) | Yes     |
| 36   | Dist. of Columbia             | 0.090        | 0.750        | Ohio                                | 0.30        | 2.59        | Oklahoma                             | 5.56     | Yes     |
| 37   | Maryland                      | 0.090        | 0.750        | Louisiana                           | 0.76        | 2.00        | Oregon                               | note (1) | n.a.    |
| 38   | South Dakota                  | 0.274        | 0.563        | North Dakota                        | 0.50        | 2.25        | Pennsylvania                         | note (1) | Yes     |
| 39   | Kentucky                      | 0.081        | 0.750        | Utah                                |             | 2.75        | Rhode Island                         | 5.40     | Yes     |
| 40   | Pennsylvania                  | 0.080        | 0.750        | Oklahoma                            | 0.72        | 2.03        | South Carolina                       | 2.72     | Yes     |
| 41   | Georgia                       | 0.323        | 0.500        | Pennsylvania                        | 0.00        | 2.70        | South Dakota                         | 3.93     | Yes     |
| 42   | North Dakota                  | 0.160        | 0.625        | Wisconsin                           | 0.25        | 2.25        | Tennessee                            | 4.40     | Yes     |
| 43   | Wisconsin                     | 0.065        | 0.625        | Alaska                              | 2.50        | 0.00        | Texas                                | 2.40     | Yes     |
| 44   | New York                      | 0.140        | 0.500        | Missouri                            | 0.42        | 1.90        | Utah                                 | note (1) | Yes     |
| 45   | Missouri                      | 0.060        | 0.528        | New York                            | 0.30        | 1.80        | Vermont                              | note (1) | no      |
| 46   | Wyoming                       | 0.019        | 0.500        | Alabama                             | 0.00        | 1.80        | Virginia                             | note (1) | Yes     |
| 47   | Colorado                      | 0.080        | 0.363        | Delaware                            | 1.63        | 0.00        | Washington (3)                       | 14.27    | --      |
| 48   | New Hampshire                 | 0.300        | 0.000        | Colorado                            | 0.28        | 1.31        | West Virginia                        | note (1) | Yes     |
| 49   | Delaware                      | 0.263        | 0.000        | Montana                             | 1.02        | 0.00        | Wisconsin                            | 3.25     | Yes     |
| 50   | Montana                       | 0.139        | 0.000        | <b>Oregon</b>                       | <b>0.67</b> | <b>0.00</b> | Wyoming                              | note (1) | Yes     |
| 51   | <b>Oregon</b>                 | <b>0.084</b> | <b>0.000</b> | New Hampshire                       | 0.30        | 0.00        | Dist. of Columbia                    | 1.50     | --      |

Source: Excise tax rates from Federation of Tax Administrators (web).  
 State Sales Tax from FTA sales tax (no local rates)  
 Sales tax rates assume \$12.5 per gallon for beer, \$45 a gallon for wine.

n.a. = not applicable. These 5 states do not have a general sales tax.  
 (1) In 17 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees, price mark-ups, and net liquor profits.  
 (2) General sales tax applies to on-premise sales only.  
 (3) Washington privatized liquor sales effective June 1, 2012.