

Requested by Representative SANCHEZ

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3197**

1 In line 2 of the printed bill, after “beverages” insert “; creating new pro-  
2 visions; amending ORS 305.992; prescribing an effective date; and providing  
3 for revenue raising that requires approval by a three-fifths majority”.

4 Delete lines 3 through 8 and insert:

5 **“SECTION 1. Sections 2 to 14 of this 2025 Act are added to and made  
6 a part of ORS chapter 473.**

7 **“SECTION 2. As used in sections 2 to 14 of this 2025 Act:**

8 **“(1) ‘Retail sale’ means a sale of malt beverages, cider or wine by  
9 a retail seller to an end consumer.**

10 **“(2) ‘Retail sales price’ means the price paid for malt beverages,  
11 cider or wine, excluding tax, to a retail seller by or on behalf of a  
12 consumer of the malt beverage, cider or wine.**

13 **“(3) ‘Retail seller’ means a person that is licensed under ORS  
14 471.175, 471.178 or 471.186 and that is engaged in the business of selling  
15 malt beverages, cider or wine.**

16 **“SECTION 3. A tax is hereby imposed upon the retail sale of malt  
17 beverages, cider or wine in this state. The tax imposed by this section  
18 is a direct tax on the consumer, for which payment upon retail sale  
19 is required. The tax shall be collected at the point of sale of malt  
20 beverages, cider or wine by a retail seller at the time at which the  
21 retail sale occurs.**

1       **“SECTION 4. The tax imposed under section 3 of this 2025 Act shall**  
2 **be imposed on retail sales as follows:**

3       **“(1) For sales made on or after July 1, 2026, but before January 1,**  
4 **2028, the rate shall be two percent of the retail sales price.**

5       **“(2) For sales made on or after January 1, 2028, but before January**  
6 **1, 2030, the rate shall be four percent of the retail sales price.**

7       **“(3) For sales made on or after January 1, 2030, but before January**  
8 **1, 2032, the rate shall be six percent of the retail sales price.**

9       **“(4) For sales made on or after January 1, 2032, the rate shall be**  
10 **eight percent of the retail sales price.**

11       **“SECTION 5. (1) If the tax imposed under section 3 of this 2025 Act**  
12 **does not equal an amount calculable to a whole cent, the tax shall be**  
13 **equal to the next higher whole cent.**

14       **“(2) Except as otherwise provided by the Department of Revenue**  
15 **by rule, the amount of the tax shall be separately stated on an invoice,**  
16 **receipt or other similar document that the retail seller provides to the**  
17 **consumer at the time at which the retail sale occurs.**

18       **“(3) A person may not knowingly sell, purchase, install, transfer**  
19 **or possess electronic devices or software programs for the purposes**  
20 **of:**

21       **“(a) Hiding or removing records of retail sales of malt beverages,**  
22 **cider or wine; or**

23       **“(b) Falsifying records of retail sales of malt beverages, cider or**  
24 **wine.**

25       **“SECTION 6. (1) As used in this section:**

26       **“(a) ‘Small brewery’ means a brewery that produces fewer than**  
27 **150,000 barrels of malt beverages annually, inclusive of malt beverages**  
28 **produced by the brewery’s owners or operators at the brewery or**  
29 **elsewhere, through any entity owned or affiliated with the brewery,**  
30 **and that produces fewer than 15,000 barrels of malt beverages annually**

1 on the brewery site.

2 “(b) ‘Small brewery outlet sale’ means a retail sale of malt  
3 beverages in person at a small brewery in this state.

4 “(2) Notwithstanding section 3 of this 2025 Act, a retail tax is not  
5 imposed upon small brewery outlet sales.

6 **“SECTION 7. (1) Except as otherwise provided in sections 2 to 14  
7 of this 2025 Act, the tax imposed upon the consumer under section 3  
8 of this 2025 Act shall be collected at the point of sale and remitted by  
9 each retail seller that engages in the retail sale of malt beverages,  
10 cider or wine. The tax is considered a tax upon the retail seller that  
11 is required to collect the tax, and the retail seller is considered a tax-  
12 payer.**

13 **“(2) The retail seller shall file a return to the Department of Reve-  
14 nue on or before the last day of January, April, July and October of  
15 each year for the previous calendar quarter.**

16 **“(3) The retail seller shall pay the tax to the department in the form  
17 and manner prescribed by the department, but not later than with  
18 each quarterly return, without regard to an extension granted under  
19 subsection (5) of this section.**

20 **“(4) Retail sellers shall file the returns required under this section  
21 regardless of whether any tax is owed.**

22 **“(5) For good cause, the department may extend the time for filing  
23 a return under this section. The extension may be granted at any time  
24 if a written request is filed with the department during or prior to the  
25 period for which the extension may be granted. The department may  
26 not grant an extension of more than 30 days.**

27 **“(6) Interest shall be added at the rate established under ORS  
28 305.220 from the time the return was originally required to be filed to  
29 the time of payment.**

30 **“(7) If a retail seller fails to file a return or pay the tax as required**

1 by this section, the department shall:

2 “(a) Impose a penalty in the manner provided in ORS 314.400; and

3 “(b) If the department has issued to the retail seller a distraint  
4 warrant or notice of determination and assessment under section 8 of  
5 this 2025 Act, provide written notification to the Oregon Liquor and  
6 Cannabis Commission of the issuance of the distraint warrant or no-  
7 tice of determination and assessment.

8 “(8) Except as provided in subsections (9) and (10) of this section,  
9 the period prescribed for the department to allow or make a refund  
10 of any overpayment of tax paid under sections 2 to 14 of this 2025 Act  
11 is as provided in ORS 314.415.

12 “(9)(a) The department shall first apply any overpayment of tax by  
13 a retail seller to any tax imposed under section 3 of this 2025 Act that  
14 is owed by the retail seller.

15 “(b) If after any offset against any delinquent amount the over-  
16 payment of tax remains greater than \$1,000, the remaining refund shall  
17 be applied as a credit against the next subsequent calendar quarter as  
18 an estimated payment.

19 “(10) The department may not make a refund of, or credit, any  
20 overpayment of tax under sections 2 to 14 of this 2025 Act that was  
21 credited to the account of a retail seller under subsection (9)(b) of this  
22 section if the return for that tax period is not filed within three years  
23 after the due date of that return.

24 **“SECTION 8. (1) Every person who collects any amount under sec-**  
25 **tion 7 of this 2025 Act shall hold the same in trust for the State of**  
26 **Oregon and for the payment thereof to the Department of Revenue in**  
27 **the manner and at the time provided in section 7 of this 2025 Act.**

28 “(2) At any time a retail seller fails to remit any amount collected,  
29 the department may enforce collection by the issuance of a distraint  
30 warrant for the collection of the delinquent amount and all penalties,

1 interest and collection charges accrued thereon. The warrant shall be  
2 issued, recorded and proceeded upon in the same manner and shall  
3 have the same force and effect as is prescribed with respect to war-  
4 rants for the collection of delinquent income taxes.

5 “(3)(a) In the case of a retail seller that is assessed pursuant to the  
6 provisions of ORS 305.265 (12) and 314.407 (1), the department may issue  
7 a notice of liability to any officer, employee or member of the retail  
8 seller within three years from the time of assessment. Within 30 days  
9 from the date the notice of liability is mailed to the officer, employee  
10 or member, the officer, employee or member shall pay the assessment,  
11 plus penalties and interest, or advise the department in writing of ob-  
12 jections to the liability and, if desired, request a conference. A con-  
13 ference shall be governed by the provisions of ORS 305.265 pertaining  
14 to a conference requested from a notice of deficiency.

15 “(b) After a conference or, if no conference is requested, a deter-  
16 mination of the issues considering the written objections, the depart-  
17 ment shall mail the officer, employee or member a conference letter  
18 affirming, canceling or adjusting the notice of liability. Within 90 days  
19 from the date the conference letter is mailed to the officer, employee  
20 or member, the officer, employee or member shall pay the assessment,  
21 plus penalties and interest, or appeal to the tax court in the manner  
22 provided for an appeal from a notice of assessment.

23 “(c) If the department does not receive payment or written ob-  
24 jection to the notice of liability within 30 days after the notice of li-  
25 ability was mailed, the notice of liability becomes final. In that event,  
26 the officer, employee or member may appeal the notice of liability to  
27 the tax court within 90 days after it became final in the manner pro-  
28 vided for an appeal from a notice of assessment.

29 “(4)(a) In the case of a failure to file a return on the due date,  
30 governed by the provisions of ORS 305.265 (10) and 314.400, the depart-

1 ment, in addition to any action described in the provisions of ORS  
2 305.265 (10) and 314.400, may send notices of determination and assess-  
3 ment to any officer, employee or member any time within three years  
4 after the assessment. The time of assessment against the officer, em-  
5 ployee or member is 30 days after the date the notice of determination  
6 and assessment is mailed. Within 30 days from the date the notice of  
7 determination and assessment is mailed to the officer, employee or  
8 member, the officer, employee or member shall pay the assessment,  
9 plus penalties and interest, or advise the department in writing of ob-  
10 jections to the assessment and, if desired, request a conference. A  
11 conference shall be governed by the provisions of ORS 305.265 per-  
12 taining to a conference requested from a notice of deficiency.

13 “(b) After a conference or, if no conference is requested, a deter-  
14 mination of the issues considering the written objections, the depart-  
15 ment shall mail the officer, employee or member a conference letter  
16 affirming, canceling or adjusting the notice of determination and as-  
17 sessment. Within 90 days from the date the conference letter is mailed  
18 to the officer, employee or member, the officer, employee or member  
19 shall pay the assessment, plus penalties and interest, or appeal in the  
20 manner provided for an appeal from a notice of assessment.

21 “(c) If the department does not receive payment or written ob-  
22 jection to the notice of determination and assessment within 30 days  
23 after the notice of determination and assessment was mailed, the no-  
24 tice of determination and assessment becomes final. In that event, the  
25 officer, employee or member may appeal the notice of determination  
26 and assessment to the tax court within 90 days after it became final  
27 in the manner provided for an appeal from a notice of assessment.

28 “(5)(a) More than one officer or employee of a corporation may be  
29 held jointly and severally liable for payment of taxes.

30 “(b) Notwithstanding the confidentiality provisions of section 13 of

1 this 2025 Act, if more than one officer or employee of a corporation  
2 may be held jointly and severally liable for payment of taxes, the de-  
3 partment may require any or all of the officers, members or employees  
4 who may be held liable to appear before the department for a joint  
5 determination of liability. The department shall notify each officer,  
6 member or employee of the time and place set for the determination  
7 of liability.

8 “(c) Each person notified of a joint determination under this sub-  
9 section shall appear and present such information as is necessary to  
10 establish that person’s liability or nonliability for payment of taxes to  
11 the department. If a person who was notified fails to appear, the de-  
12 partment shall make its determination on the basis of all the infor-  
13 mation and evidence presented. The department’s determination is  
14 binding on all persons notified and required to appear under this sub-  
15 section.

16 “(d)(A) If an appeal is taken to the Oregon Tax Court pursuant to  
17 section 13 of this 2025 Act by any person determined to be liable for  
18 unpaid taxes under this subsection, each person required to appear  
19 before the department under this subsection shall be impleaded by the  
20 plaintiff. The department may implead any officer, employee or mem-  
21 ber who may be held jointly and severally liable for the payment of  
22 taxes. Each person impleaded under this paragraph shall be made a  
23 party to the action before the tax court and shall make available to  
24 the tax court the information that was presented before the depart-  
25 ment, as well as other information that may be presented to the court.

26 “(B) The court may determine that one or more persons impleaded  
27 under this paragraph are liable for unpaid taxes without regard to any  
28 earlier determination by the department that an impleaded person was  
29 not liable for unpaid taxes.

30 “(C) If a person required to appear before the court under this

1 subsection fails or refuses to appear or bring such information in part  
2 or in whole, or is outside the jurisdiction of the tax court, the court  
3 shall make its determination on the basis of all the evidence intro-  
4 duced. Notwithstanding section 13 of this 2025 Act, the evidence con-  
5 stitutes a public record and shall be available to the parties and the  
6 court. The determination of the tax court is binding on all persons  
7 made parties to the action under this subsection.

8 “(e) This section may not be construed to preclude a determination  
9 by the department or the Oregon Tax Court that more than one offi-  
10 cer, employee or member are jointly and severally liable for unpaid  
11 taxes.

12 “SECTION 9. (1) The Department of Revenue has authority, by or-  
13 der or subpoena to be served with the same force and effect and in the  
14 same manner as a subpoena is served in a civil action in the circuit  
15 court, or the Oregon Tax Court, to require the production at any time  
16 and place the department designates of any books, papers, accounts  
17 or other information necessary to carry out sections 2 to 14 of this 2025  
18 Act. The department may require the attendance of any person having  
19 knowledge in the premises, and may take testimony and require proof  
20 material for the information, with power to administer oaths to the  
21 person.

22 “(2) If a person fails to comply with a subpoena or order of the de-  
23 partment or to produce or permit the examination or inspection of any  
24 books, papers, records and equipment pertinent to an investigation or  
25 inquiry under sections 2 to 14 of this 2025 Act, or to testify to any  
26 matter regarding which the person is lawfully interrogated, the de-  
27 partment may apply to the Oregon Tax Court or to the circuit court  
28 of the county in which the person resides or where the person is for  
29 an order to the person to attend and testify, or otherwise to comply  
30 with the demand or request of the department. The department shall



1 apply to the court by ex parte motion, upon which the court shall  
2 make an order requiring the person against whom the motion is di-  
3 rected to comply with the request or demand of the department within  
4 10 days after the service of the order, or within the additional time  
5 granted by the court, or to justify the failure within that time. The  
6 order shall be served upon the person to whom it is directed in the  
7 manner required by this state for service of process, which service is  
8 required to confer jurisdiction upon the court. Failure to obey any  
9 order issued by the court under this section is contempt of court. The  
10 remedy provided by this section is in addition to other remedies, civil  
11 or criminal, existing under the tax laws or other laws of this state.

12 **“SECTION 10.** Except as otherwise provided in ORS chapter 471 or  
13 sections 2 to 14 of this 2025 Act, a person aggrieved by an act or de-  
14 termination of the Department of Revenue or its authorized agent  
15 under sections 2 to 14 of this 2025 Act may appeal, within 90 days after  
16 the act or determination, to the Oregon Tax Court in the manner  
17 provided in ORS 305.404 to 305.560. These appeal rights are the exclu-  
18 sive remedy available to determine the person’s liability for the tax  
19 imposed under sections 2 to 14 of this 2025 Act.

20 **“SECTION 11. (1)(a)** When an amount represented by a retail seller  
21 at retail to a consumer as constituting the tax imposed under sections  
22 2 to 14 of this 2025 Act is computed upon an amount that is not taxable  
23 or is in excess of the taxable amount and is actually paid by the con-  
24 sumer to the retail seller, the excess tax paid shall be returned by the  
25 retail seller to the consumer upon written notification by the Depart-  
26 ment of Revenue or the consumer.

27 **“(b)** The written notification must contain information necessary  
28 to determine the validity of the consumer’s claim.

29 **“(2)** If the retail seller does not return the excess tax within 60 days  
30 after mailing of the written notification required under subsection (1)

1 of this section, the consumer may appeal to the department for a re-  
2 fund of the amount of the excess tax, in the manner and within the  
3 time allowed under rules adopted by the department.

4 “(3) If excess tax is returned to the consumer by the department,  
5 the department may issue a notice of deficiency for the excess tax to  
6 the retail seller in the manner provided under ORS 305.265.

7 **“SECTION 12.** For the purpose of compensating retail sellers for  
8 expenses incurred in collecting the tax imposed under section 3 of this  
9 2025 Act, each retail seller is permitted to deduct and retain two per-  
10 cent of the amount of taxes that are collected by the retail seller from  
11 all retail sales of malt beverages, cider or wine conducted by the retail  
12 seller.

13 **“SECTION 13.** Except as otherwise provided in sections 2 to 14 of  
14 this 2025 Act or where the context requires otherwise, the provisions  
15 of ORS chapters 305 and 314 as to the audit and examination of re-  
16 turns, periods of limitation, determination of and notices of deficien-  
17 cies, assessments, collections, liens, delinquencies, claims for refund  
18 and refunds, conferences, appeals to the Oregon Tax Court, stays of  
19 collection pending appeal, confidentiality of returns and the penalties  
20 relative thereto, and the procedures relating thereto, apply to the de-  
21 terminations of taxes, penalties and interest under sections 2 to 14 of  
22 this 2025 Act.

23 **“SECTION 14.** (1) All moneys received by the Department of Reve-  
24 nue under sections 2 to 14 of this 2025 Act shall be deposited in the  
25 State Treasury and credited to a suspense account established under  
26 ORS 293.445. The department may pay expenses for the administration  
27 and enforcement of sections 2 to 14 of this 2025 Act out of moneys re-  
28 ceived from the tax imposed under section 3 of this 2025 Act. Amounts  
29 necessary to pay administrative and enforcement expenses are con-  
30 tinuously appropriated to the department from the suspense account.

1       “(2) After the payment of administrative and enforcement expenses  
2 and refunds or credits arising from erroneous overpayments, the de-  
3 partment shall credit the balance of the moneys received by the de-  
4 partment under this section as follows:

5       (a) 85 percent shall be transferred to the Youth Development Divi-  
6 sion Fund established in ORS 417.854 for the funding of alcohol and  
7 drug abuse prevention programs developed for youths under the age  
8 of 21.

9       (b) 15 percent shall be transferred to the counties of this state, with  
10 each county receiving that share of the moneys transferred under this  
11 paragraph as its population, determined under ORS 190.510 to 190.590  
12 last preceding such apportionment, bears to the total population of the  
13 state.

14       “SECTION 15. On or before December 1 of each odd-numbered year,  
15 beginning in 2027, the Alcohol and Drug Policy Commission shall sub-  
16 mit a report in the manner provided by ORS 192.245 to an interim  
17 legislative committee related to revenue that addresses the use of  
18 revenues received under section 3 of this 2025 Act and states, in the  
19 context of the tax imposed under section 3 of this 2025 Act and other-  
20 wise:

21       “(1) The number of youth that have been served by alcohol and drug  
22 prevention programs.

23       “(2) The number of counselors that are employed by alcohol and  
24 drug prevention programs that are funded by the state and primarily  
25 serve youth.

26       “SECTION 16. ORS 305.992 is amended to read:

27       “305.992. (1) If any returns required to be filed under ORS 320.400 to  
28 320.490, 475C.670 to 475C.734 or 803.203 or ORS chapter 118, 314, 316, 317, 318,  
29 321 or 323 or sections 2 to 14 of this 2025 Act or under a local tax ad-  
30 ministered by the Department of Revenue under ORS 305.620 are not filed for

1 three consecutive years by the due date (including extensions) of the return  
2 required for the third consecutive year, there shall be a penalty for each year  
3 of 100 percent of the tax liability determined after credits and prepayments  
4 for each such year.

5 “(2) The penalty imposed under this section is in addition to any other  
6 penalty imposed by law. However, the total amount of penalties imposed for  
7 any taxable year under this section, ORS 305.265 (13), 314.400, 323.403, 323.585  
8 or 475C.722 may not exceed 100 percent of the tax liability.

9 **“SECTION 17. Sections 2 to 14 of this 2025 Act and the amendments  
10 to ORS 305.992 by section 16 of this 2025 Act apply to alcoholic  
11 beverages sold on or after July 1, 2026.**

12 **“SECTION 18. This 2025 Act takes effect on the 91st day after the  
13 date on which the 2025 regular session of the Eighty-third Legislative  
14 Assembly adjourns sine die.”.**

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