

A-Engrossed
House Bill 2567

Ordered by the House March 2
Including House Amendments dated March 2

Sponsored by Representatives WILLIAMSON, MCKEOWN, DOHERTY; Representatives BOONE, BUCKLEY, CLEM, EVANS, FAGAN, FREDERICK, GOMBERG, GORSEK, HELM, HOLVEY, LININGER, LIVELY, MCLAIN, NATHANSON, NOSSE, READ, REARDON, SMITH WARNER, TAYLOR, VEGA PEDERSON (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Authorizes appointment of distillery licensee as distillery retail outlet agent for distiller consenting to appointment. Allows distillery licensee to conduct tastings and sales of distilled liquor produced by distiller for which distillery licensee is distillery retail outlet agent. Allows compensation agreement between distiller and distillery licensee acting as distillery retail outlet agent of distiller.]

Allows direct purchase and sale of bulk distilled liquor between distillery licensees for blending and manufacturing purposes.

Makes possession of federal distilled spirits plant basic permit prerequisite to certain activities by distillery licensee. Allows distillery licensee to offer tastings of distilled liquor manufactured by other Oregon distilleries. Requires payment of processing fee if distillery licensee obtains distilled liquor for tastings from Oregon Liquor Control Commission inventory.

Allows distillery licensee to sell mixed drinks containing distilled liquor from Oregon distilleries.

Allows multiple distillery licensees to offer tastings or hold special event at same premises. Allows distillery licensee to sell, at special event for off-premises consumption, factory-sealed containers of distilled liquor manufactured by other distilleries licensed to participate in special event at premises.

Modifies price requirements for distilled liquor used in special event tastings, sales by drink or factory-sealed container sales.

Limits tastings, mixed drink sales and special event sales to products approved by commission for sale in Oregon.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the appointment of distillery licensees as distillery retail outlet agents; amending ORS
3 471.230; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 471.230 is amended to read:

6 471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend,
7 denature and store spirits of an alcoholic content greater than 17 percent alcohol by weight, to sell
8 the spirits to the Oregon Liquor Control Commission and to transport the spirits out of this state
9 for sale outside this state. *[Distillery licensees are permitted to purchase from and through the com-*
10 *mission alcoholic beverages for blending and manufacturing purposes upon such terms and conditions*
11 *as the commission may provide.]* **Distillery licensees may purchase and sell distilled liquor from**
12 **or to another distillery licensee in containers having a capacity greater than one U.S. gallon**
13 **for blending and manufacturing purposes.** A distillery licensee may not sell any alcoholic
14 beverage within this state except to the commission or as provided in this section. However, any

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 agricultural producer or association of agricultural producers or the legal agents of an agricultural
 2 producer or association of agricultural producers that manufactures and converts agricultural sur-
 3 pluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and
 4 industry are not required to obtain a license from the commission.

5 (2) [A] **If a distillery licensee holds a valid distilled spirits plant basic permit issued by the**
 6 **federal Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery**
 7 **licensee may:**

8 (a) Permit tastings of *[the]* distilled liquor *[manufactured]* **approved by the commission for sale**
 9 **in Oregon and manufactured in Oregon** by the distillery licensee **or by another distillery**
 10 **licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids.** The
 11 tastings may be conducted on the licensed premises of the distillery and at no more than five other
 12 premises owned or leased by the licensee. *[The licensee must purchase the distilled liquor from the*
 13 *commission.]* **The commission may allow more than one distillery licensee to use the same**
 14 **premises at the same time for conducting tastings. If the manufacturer of the distilled liquor**
 15 **obtains distilled liquor for conducting tastings from the inventory of the commission, the**
 16 **licensee shall pay the commission a processing fee.**

17 (b) Obtain a special events distillery license.

18 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of
 19 retailing *[only]* distilled liquor that the licensee manufactured in Oregon at locations where tastings
 20 are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. **A distillery**
 21 **retail outlet agent may sell only distilled liquor that is manufactured in Oregon and on the**
 22 **list of products approved by the commission for retail sale in Oregon.**

23 **(d) If appointed under paragraph (c) of this subsection as a distillery retail outlet agent,**
 24 **sell at retail containers of distilled liquor manufactured by any other distillery retail outlet**
 25 **agent that is authorized by the commission under paragraph (c) of this subsection.**

26 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may also hold a full on-premises
 27 sales license for a location at the licensed premises of the distillery and a full on-premises sales li-
 28 cense for one other location. All distilled spirits sold under the full on-premises sales license must
 29 be purchased from the commission.

30 *[(4)(a) A distillery licensee that holds a special events distillery license may conduct an event on*
 31 *a premises at a designated location other than the location set forth in the distillery license for a period*
 32 *not exceeding five days. A distillery licensee conducting an event may:]*

33 *[(A) Permit tastings of distilled liquor manufactured by the distillery.]*

34 *[(B) Permit sales by the drink of distilled liquor manufactured by the distillery.]*

35 *[(C) If the distillery licensee has been appointed as a distillery retail outlet agent under subsection*
 36 *(2)(c) of this section, sell factory sealed containers of distilled liquor manufactured by the distillery for*
 37 *consumption off the licensed premises of the event.]*

38 **(4) A distillery licensee that holds a special events distillery license may conduct an event**
 39 **on a premises at a location designated in the special events distillery license for a period not**
 40 **exceeding five days. The commission may license more than one distillery licensee to hold a**
 41 **special event on the same premises at the same time. A distillery licensee conducting an**
 42 **event may:**

43 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and
 44 manufactured in Oregon by the distillery licensee or by another distillery licensee. Tastings
 45 may be of the distilled liquor alone or with a mix of other liquids. If the manufacturer of the

1 **distilled liquor obtains distilled liquor for conducting tastings from the inventory of the**
2 **commission, the licensee shall pay the commission a processing fee.**

3 **(b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells**
4 **under this paragraph must include distilled liquor that the licensee manufactured in Oregon.**
5 **Any distilled liquor contained in the drink must be on the list of products approved by the**
6 **commission for retail sale in Oregon. The distillery licensee selling the drink must purchase**
7 **all distilled liquor contained in the drink at the retail price set by the commission for the**
8 **month in which the drink is sold.**

9 **(c) If the distillery licensee has been appointed as a distillery retail outlet agent under**
10 **subsection (2)(c) of this section, sell distilled liquor in factory-sealed containers for con-**
11 **sumption off the licensed premises of the event. Distilled liquor sold under this paragraph**
12 **must be manufactured in Oregon, be on the list of products approved by the commission for**
13 **retail sale in Oregon and be sold at the retail price set by the commission for the month of**
14 **sale. The distilled liquor must have been manufactured by the distillery licensee or manu-**
15 **factured by another distillery licensee licensed by the commission to hold a special event on**
16 **the same premises at the same time.**

17 *[(b) A distillery licensee that holds a special events distillery license:]*

18 *[(A) Must purchase distilled liquor that the licensee uses for conducting tastings at the event from*
19 *the commission at the price set by the commission for distilled liquor removed from bond for*
20 *tastings.]*

21 *[(B) Must purchase distilled liquor that the licensee uses for sales by the drink at the event at the*
22 *retail price set by the commission for the month in which the distilled liquor is sold by the drink.]*

23 *[(C) Must purchase distilled liquor that the licensee sells in factory sealed containers at the event*
24 *at the retail price set by the commission for the month in which the licensee makes the purchase.]*

25 *[(D) Must sell distilled liquor described in subparagraph (C) of this paragraph at the retail price*
26 *set by the commission for the month in which the licensee makes the sale.]*

27 **SECTION 2. This 2015 Act being necessary for the immediate preservation of the public**
28 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**
29 **on its passage.**

30