

Enrolled
House Bill 2567

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

CHAPTER

AN ACT

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

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

SECTION 1. ORS 471.230 is amended to read:

471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend, denature and store spirits of an alcoholic content greater than 17 percent alcohol by weight, to sell the spirits to the Oregon Liquor Control Commission and to transport the spirits out of this state for sale outside this state. [*Distillery licensees are permitted to purchase from and through the commission alcoholic beverages for blending and manufacturing purposes upon such terms and conditions as the commission may provide.*] **Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes.** A distillery licensee may not sell any alcoholic beverage within this state except to the commission or as provided in this section. However, any agricultural producer or association of agricultural producers or the legal agents of an agricultural producer or association of agricultural producers that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and industry are not required to obtain a license from the commission.

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

(a) Permit tastings of [*the*] distilled liquor [*manufactured*] **approved by the commission for sale in Oregon and manufactured in Oregon** by the distillery licensee or by another distillery licensee. **Tastings may be of the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors on the list of products approved by the commission for retail sale in Oregon and must be purchased by the licensee at the retail price established by the commission. This paragraph does not authorize sales by the drink of distilled liquor.** The tastings may be conducted on the licensed premises of the distillery and at no more than five other premises owned or leased by the licensee. [*The licensee must purchase the distilled liquor from the commission.*] **The commission may allow more than one distillery licensee to use the same premises at the same time for conducting tastings if the premises are a primary production location and the licensees share the premises or are**

owned by the same entity. If the manufacturer of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee shall pay the commission a processing fee.

(b) Obtain a special events distillery license.

(c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of retailing *[only]* distilled liquor *[that the licensee manufactured in Oregon]* at locations where tastings are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. **A distillery retail outlet agent may sell at locations where tasting are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the same premises as a primary production location or is owned by the same entity as the distillery licensee.**

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

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

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

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

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

(4) A distillery licensee that holds a special events distillery license may conduct an event on premises designated in the special events distillery license. Except as provided in this subsection, a special events distillery license may be valid for a period not exceeding five days. The commission shall limit the approval of special events distillery licenses for a distillery licensee at the same location to not more than 62 days during a calendar year. A distillery licensee conducting a special event may:

(a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manufactured in Oregon by the distillery licensee. Tastings may be of the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors on the list of products approved by the commission for retail sale in Oregon and must be purchased by the licensee at the retail price established by the commission. If the manufacturer of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the licensee shall pay the commission a processing fee.

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

(c) If the distillery licensee has been appointed as a distillery retail outlet agent under subsection (2)(c) of this section, sell distilled liquor in factory-sealed containers for consumption off the licensed premises. A distillery retail outlet agent may sell at a location where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee. The distillery retail outlet agent must sell the distilled liquor at the retail price set by the commission for the month of sale.

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

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

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

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

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

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

Passed by House March 5, 2015

Received by Governor:

Repassed by House June 15, 2015

.....M.,....., 2015

Approved:

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Timothy G. Sekerak, Chief Clerk of House

.....M.,....., 2015

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Tina Kotek, Speaker of House

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Kate Brown, Governor

Passed by Senate June 11, 2015

Filed in Office of Secretary of State:

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Peter Courtney, President of Senate

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Jeanne P. Atkins, Secretary of State