

SB 112 -1 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Meeting Dates: 6/11, 6/12

WHAT THE MEASURE DOES:

Modifies collection of taxes on grapes. Requires \$12.50 of \$25.00 per ton tax to be levied and assessed against winery purchasing grape products unless grapes are used for wine that is produced within a federally approved American Viticultural Area (AVA) located partially within the state and does not use an Oregon designation or Oregon AVA on its label or packaging. Specifies that if winery purchasing grapes holds license or permit from OLCC, then purchasing winery is to pay the \$25.00 tonnage tax and deduct \$12.50 per ton from price paid to seller. Specifies that if purchasing winery does not hold license or permit from OLCC, then winery shall report the sale on forms provided by the OLCC and pay the tax as directed by the OLCC. Specifies that resale of item in bulk to out-of-state-buyer does not impose tax upon buyer, if original winery deducts and pays tax as required. Specifies tax provisions become operative January 1, 2021.

ISSUES DISCUSSED:

- Exports of grapes.
- level the field.
- impacts on business.

EFFECT OF AMENDMENT:

-1 If purchasing winery is licensed under ORS chapter 471 or holds a wine self-distribution permit, direct shipper permit or certificate of approval, the purchasing winery shall pay the \$25 per ton tax and deduct \$12.50 per ton from the price paid to the person selling or providing the grape products to the winery. If the purchasing winery is not licensed under ORS chapter 471 and does not hold a wine self-distribution permit, direct shipper permit or certificate of approval, the person selling or providing the grape products to the winery shall report the sale on forms provided by the Oregon Liquor Control Commission and pay \$12.50 per ton as a tax directly to the commission.

BACKGROUND:

Oregon Wine Board reports are required by all licensees who hold a Winery or Growers Sales Privilege (GSP) license are required to file an annual report. Any vineyard that exports vinifera or hybrid grapes or grape products is required to file an annual report. Unlicensed vineyards who do not export are not required to file, but are encouraged to file "Information Reports" on an annual basis for OLCC tracking purposes.

A winery that uses the vinifera or hybrid grapes or grape products in the production of wine or cider over 8.5%, and any Oregon vineyard that exports vinifera or hybrid grapes or grape products is responsible for paying the tax.

The Oregon Wine Board tax is neither a harvest nor grape tax. It is a tax on the sale or use of all agricultural products used in a winery for making wine, as well as all vinifera or hybrid grapes or grape products exported out of Oregon. A tax of \$.021 is imposed upon all agricultural products other than grapes used to make wine or cider over 8.5%. A tax of \$25 per ton is imposed upon juice or juice concentrate used in the production of wine.

A tax of \$12.50 is imposed upon all vinifera or hybrid grapes or grape products sold outside of Oregon.