

SB 112 A STAFF MEASURE SUMMARY**Carrier:** Sen. Boquist**Senate Committee On Finance and Revenue****Action Date:** 06/12/19**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 4-0-1-0**Yeas:** 4 - Bentz, Boquist, Hass, Riley**Exc:** 1 - Taylor**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact, statement issued (Indeterminate Impact)**Prepared By:** Mazen Malik, Senior Economist**Meeting Dates:** 6/11, 6/12**WHAT THE MEASURE DOES:**

Modifies provisions for collection of taxes on grape products use in wine production. Requires \$12.50 of the \$25.00 per ton tax to be levied and assessed against the winery purchasing grape products. Creates an exemption from such tax if the grapes are 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 a winery purchasing grapes holds a license or permit from the Oregon Liquor Control Commission (OLCC), then the purchasing winery would be required to pay the \$25.00 tonnage tax and deduct \$12.50 per ton from price paid to the seller. Specifies that if a purchasing winery does not hold a license or permit from OLCC, then the winery would be required to report the sale on forms provided by the OLCC and pay the tax as directed by OLCC. Stipulates tax paying responsibilities on either the purchasing winery or the person selling or providing the grape products under specified conditions. Specifies tax provisions become operative on July 1, 2021.

ISSUES DISCUSSED:

- Exports of grapes.
- Leveling the field.
- Impacts on business.

EFFECT OF AMENDMENT:

Specifies that 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. Stipulates that 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. Specifies the operative date.

BACKGROUND:

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 are responsible for paying the tax.

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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 per gallon 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 per ton is imposed upon all vinifera or hybrid grapes or grape products sold outside of Oregon.