

Requested by Senator PROZANSKI

**PROPOSED AMENDMENTS TO  
SENATE BILL 111**

1 On page 1 of the printed bill, line 2, after “provisions;” delete the rest  
2 of the line and insert “amending ORS 471.040, 471.244, 471.274, 471.282,  
3 471.351, 471.445, 471.446, 471.730 and 473.045; and prescribing an effective  
4 date.”.

5 Delete lines 4 through 27 and delete page 2 and insert:  
6

7 **“WINE STANDARDS**

8  
9 **“SECTION 1.** ORS 471.445 is amended to read:

10 “471.445. (1) [*No licensee shall*] **A licensee may not** use or allow the use  
11 of any mark or label on the container of alcoholic liquor [*which is kept*] **that**  
12 **the licensee keeps** for sale, if the container does not precisely and clearly  
13 indicate the nature of its contents or in any way might deceive any customer  
14 as to the nature, composition, quantity, age or quality of such liquor. **In**  
15 **addition, a licensee may not use or allow the use of any mark or label**  
16 **on a container of wine that the licensee keeps for sale, if the container**  
17 **in any way might deceive any customer as to the origin or geographic**  
18 **designation of the wine.**

19 “(2) [*No*] **A licensee other than a winery licensee may not** mix or permit  
20 the mixing of any alcoholic liquor [*which*] **that** the licensee is authorized to  
21 sell with any other alcoholic liquor [*which*] **that** the licensee is not author-

1 ized by license to sell.

2 **“SECTION 2.** ORS 471.446 is amended to read:

3 **“471.446. (1) [No] A retail licensee [shall] may not** purchase any wine or  
4 cider for resale except in sealed containers, the seals of which shall remain  
5 unbroken when it is sold for consumption off the premises.

6 **“(2) The Oregon Liquor Control Commission may refuse to sell, or may**  
7 **prohibit any licensee from importing, distributing or selling, any brand of**  
8 **alcoholic liquor which in its judgment is deceptively labeled or branded as**  
9 **to content, origin or geographic designation, or contains injurious or**  
10 **adulterated ingredients.**

11 **“(3) A wine that uses ‘Oregon’ or the name of an Oregon county,**  
12 **or states or implies another geographic designation of Oregon, on its**  
13 **label or packaging or in its advertising or marketing is deceptively**  
14 **labeled or branded if:**

15 **“(a) Less than 100 percent of the grapes in the wine are from**  
16 **Oregon; or**

17 **“(b) The wine contains additions not allowed in Oregon wines.**

18 **“(4) A wine that states or implies a federally approved American**  
19 **Viticultural Area located wholly or partially within this state or a de-**  
20 **rivative name, on its label or packaging or in its advertising or mar-**  
21 **keting is deceptively labeled or branded if:**

22 **“(a) More than one American Viticultural Area name is stated or**  
23 **implied, unless resulting from the stated or implied areas overlapping**  
24 **or from a smaller area being nested within a larger area;**

25 **“(b) Except as provided in subsection (5) of this section, the Amer-**  
26 **ican Viticultural Area name:**

27 **“(A) Is stated or implied in a manner resembling all or part of a**  
28 **brand or trade name;**

29 **“(B) Is in larger text than the brand or trade name; or**

30 **“(C) Is more conspicuous than the brand or trade name;**

1       “(c) Use of the stated or implied area is not in compliance with  
2 Oregon Liquor Control Commission standards for the American  
3 Viticultural Area or for varietal content;

4       “(d) Less than 100 percent of the fully fermented and finished wine  
5 is made within Oregon or within an adjacent state into which the  
6 American Viticultural Area stated or implied on the wine label or  
7 packaging or in advertising or marketing of the wine extends;

8       “(e) Additions are made to the fully fermented and finished wine  
9 outside of Oregon and outside of any adjacent state into which the  
10 American Viticultural Area stated or implied on the wine label or  
11 packaging or in advertising or marketing of the wine extends; or

12       “(f) Except as provided under this paragraph, actions regarding the  
13 fully fermented and finished wine are taken outside of Oregon and  
14 outside of any adjacent state into which the American Viticultural  
15 Area stated on the label extends. This paragraph does not apply to the  
16 actions of:

17       “(A) Combining bulk wine lots;

18       “(B) Aging;

19       “(C) Filtering;

20       “(D) Bottling;

21       “(E) Labeling; or

22       “(F) Packaging.

23       “(5) Subsection (4)(b) of this section does not apply if, immediately  
24 prior to December 31, 2017, the brand or trade name stating or imply-  
25 ing an American Viticultural Area was in conformance with commis-  
26 sion standards and:

27       “(a) Immediately prior to December 31, 2017, a federal trademark  
28 registration existed for the brand or trade name;

29       “(b) Immediately prior to December 31, 2017, wine bearing the brand  
30 or trade name was being sold in interstate commerce; or

1       “(c) The wine has continuously used the brand or trade name since  
2       December 31, 2017.

3       “(6)(a) A wine is deceptively labeled or packaged as to origin if:

4       “(A) The wine is in whole or in part from Oregon grapes that were  
5       made into wine outside of Oregon;

6       “(B) The wine label or packaging uses an Oregon name or other  
7       geographic designation; and

8       “(C) Either the label or packaging does not identify the state where  
9       the wine was produced by bearing the words ‘Produced in (name of  
10       state)’ immediately preceding, and in a font twice the size of, the  
11       Oregon name or geographic designation.

12       “(b) A wine is deceptively advertised or marketed as to origin if:

13       “(A) The wine is in whole or in part from Oregon grapes that were  
14       made into wine outside of Oregon; and

15       “(B) The advertising or marketing does not identify the state where  
16       the wine was produced immediately preceding any use of an Oregon  
17       name or geographic designation in the advertising or marketing.

18       “(c) A wine is deceptively labeled or packaged as to origin if:

19       “(A) The wine is fully finished in Oregon and is packaged outside  
20       of Oregon;

21       “(B) The wine label or packaging uses an American Viticultural  
22       Area located wholly or partially in this state or a derivative name; and

23       “(C) Either the label or packaging does not identify the state where  
24       the wine was vinted by bearing the words ‘Vinted in (name of state)’  
25       immediately preceding, and in font twice the size of, any use of the  
26       American Viticultural Area or derivative name.

27       “(d) A wine is deceptively advertised or marketed as to origin if:

28       “(A) The wine is fully finished in Oregon and is packaged outside  
29       of Oregon; and

30       “(B) The advertising or marketing does not identify the state where

1 the wine was vinted immediately preceding any use of an Oregon name  
2 or geographic designation in the advertising or marketing.

3 **“SECTION 3. (1) A person that violates ORS 471.446 is subject to the**  
4 **assessment of a civil penalty by the Oregon Liquor Control Commis-**  
5 **sion, not to exceed \$25,000.**

6 **“(2) In addition to any assessment of a civil penalty under sub-**  
7 **section (1) of this section, if a person that violates ORS 471.466 holds**  
8 **a license, permit or certificate of approval issued under ORS chapter**  
9 **471, the commission may suspend or revoke the license, permit or**  
10 **certificate of approval. The holder of a license, permit or certificate**  
11 **of approval that is suspended under this subsection may not obtain the**  
12 **issuance or renewal of any license, permit or certificate of approval**  
13 **from the commission for a period of one year after the commission**  
14 **orders the suspension.**

15 **“SECTION 4. The Oregon Liquor Control Commission shall deter-**  
16 **mine the number and type of complaints received during the period**  
17 **beginning on the effective date of this 2019 Act and ending December**  
18 **31, 2023, relating to wine labeling and describe the dispositions of the**  
19 **complaints. The commission shall report its findings to an interim**  
20 **committee of the Legislative Assembly related to business, in the**  
21 **manner provided by ORS 192.245, no later than September 15, 2024. The**  
22 **report may include any recommendations by the commission for leg-**  
23 **islation to improve manufacturer compliance with commission rules**  
24 **regarding wine described in ORS 471.446 (3) and (4), including but not**  
25 **limited to any recommendation to require that wine be bottled or**  
26 **packaged in this state if the wine label, packaging, advertising or**  
27 **marketing states or implies a federally approved American Viticultural**  
28 **Area located wholly or partially within this state or a derivative name,**  
29 **or uses ‘Oregon’ or the name of an Oregon county, or states or implies**  
30 **another geographic designation of Oregon.**

1       **“SECTION 5. Section 3 of this 2019 Act and the amendments to ORS**  
2 **471.445 and 471.446 by sections 1 and 2 of this 2019 Act apply to wine**  
3 **labeled on or after the effective date of this 2019 Act.**

4  
5                   **“WINE GRAPES AND RELATED ITEMS**

6  
7       **“SECTION 6. Sections 7 and 8 of this 2019 Act are added to and**  
8 **made a part of ORS chapter 471.**

9       **“SECTION 7. (1) A person may not purchase Oregon wine grapes,**  
10 **juice from Oregon wine grapes or bulk lots of Oregon wine for use in**  
11 **a winery unless the person holds a winery license under ORS 471.223**  
12 **or holds a valid out-of-state winery permit issued under this section.**

13       **“(2) The Oregon Liquor Control Commission shall create an out-of-**  
14 **state winery permit for use by wineries that are not required to be li-**  
15 **censed under this chapter. The commission may establish a fee for the**  
16 **permit, not to exceed the reasonable cost to the commission of ad-**  
17 **ministering and enforcing the permit system. An applicant for an**  
18 **out-of-state winery permit shall:**

19       **“(a) File an application in a form acceptable to the commission;**

20       **“(b) Present evidence acceptable to the commission that the appli-**  
21 **cant is able to comply with subsection (3) of this section; and**

22       **“(c) Agree to comply with commission rules, and submit to com-**  
23 **mission jurisdiction, including but not limited to, rules and jurisdic-**  
24 **tion regarding:**

25       **“(A) Payments for taxes due on purchases of Oregon wine grapes,**  
26 **juice from Oregon wine grapes or bulk lots of Oregon wine; by the**  
27 **applicant;**

28       **“(B) Wine labels, packaging and marketing materials that state or**  
29 **infer American Viticultural Areas that are wholly or partially located**  
30 **in Oregon or a derivative name, or that use ‘Oregon,’ the name of an**

1 Oregon county or other Oregon geographic designation on labels,  
2 packaging, advertising or marketing; and

3 “(C) Reporting requirements.

4 “(3) Except as provided in this subsection, the holder of a winery  
5 license under ORS 471.223 or an out-of-state winery permit, and any  
6 person liable under ORS 576.771 for the payment of taxes under ORS  
7 473.045, shall maintain in effect a bond in an amount established by  
8 the commission by rule and issued by a surety licensed to do business  
9 in this state. The bond must provide that the licensee or permit holder  
10 will, with regard to amounts owed under this chapter or ORS chapter  
11 473, pay amounts the commission determines to be owed under this  
12 chapter or ORS chapter 473. The commission may, by rule, allow a  
13 licensee or permit holder to deposit cash or other security acceptable  
14 to the commission in lieu of obtaining a bond. The commission may  
15 allow a winery licensed under ORS 471.223 to combine a bond required  
16 under this section with any bond that the commission requires the  
17 licensee to maintain under ORS 471.155.

18 “(4) The holder of an out-of-state winery permit is subject to ORS  
19 471.351 in the same manner as the holder of a winery license issued  
20 under ORS 471.223.

21 **“SECTION 8.** If a person purchases Oregon wine grapes, juice from  
22 Oregon wine grapes or bulk lots of Oregon wine in violation of section  
23 7 of this 2019 Act, the Oregon Liquor Control Commission may:

24 “(1) Assess the person a civil penalty, not to exceed \$25,000; and

25 “(2) Suspend or revoke any license, permit or certificate of author-  
26 ity held by the person. The holder of a license, permit or certificate  
27 of approval that is suspended under this subsection may not obtain the  
28 issuance or renewal of any license, permit or certificate of approval  
29 from the commission for a period of one year after the commission  
30 orders the suspension.

1        **“SECTION 9.** ORS 473.045 is amended to read:

2        “473.045. (1) A tax is hereby imposed upon the sale or use of all agricul-  
3 tural products used in a winery for making wine.

4        “(2) The amount of the tax shall be \$25 per ton of grapes of the vinifera  
5 varieties, whether true or hybrid.

6        “(3) An equivalent tax is imposed upon the sale or use of vinifera or hy-  
7 brid grape products imported for use in a winery licensed under ORS chapter  
8 471 for making wine. Such tax shall be \$25 per ton of grapes used to produce  
9 the imported grape product. The tax shall be determined on the basis of one  
10 ton of grapes for each 150 gallons of wine made from such vinifera or hybrid  
11 grape products.

12       “(4) A tax on the sale or use of products that are not subject to subsection  
13 (2) or (3) of this section that are used to make wine in this state shall be  
14 imposed at a rate of \$.021 per gallon of wine made from those products.

15       “(5) In the case of vinifera or hybrid grape products harvested in this  
16 state, \$12.50 of such tax shall be levied and assessed against the person  
17 selling or providing such grape products to the winery. [*If the purchasing*  
18 *winery is licensed under ORS chapter 471, that*] **The purchasing** winery shall  
19 deduct the tax levied under this subsection from the price paid to the seller.  
20 [*If the purchasing winery is not licensed under ORS chapter 471, the seller*  
21 *shall report all sales on forms provided by the Oregon Liquor Control Com-*  
22 *mission and pay \$12.50 per ton as a tax directly to the commission.*]

23       “(6) [*Taxes paid by sellers under subsection (5) of this section*] **Moneys**  
24 **that a winery deducts for taxes described in subsection (5) of this**  
25 **section and forwards to the Oregon Liquor Control Commission** shall  
26 be collected by the [*Oregon Liquor Control*] commission on behalf of the  
27 Oregon Wine Board. The commission may retain an amount sufficient to  
28 cover the cost of collecting the taxes paid under subsection (5) of this section  
29 and shall transfer the remainder of those taxes to the board for deposit as  
30 provided in ORS 576.775. Failure to pay a tax imposed under subsection (5)



1 of this section subjects the violator to the penalty provided in ORS 473.992.

2 “(7) Except for the tax specified in subsection (4) of this section the taxes  
3 specified under this section shall be levied and assessed to the [*licensed*]  
4 winery at the time of purchase of the product by the winery or of  
5 importation of the product, whichever is later. The tax specified in sub-  
6 section (4) of this section shall be levied and assessed to the licensed winery  
7 at the time the wine is made.

8 “(8) The taxes imposed by this section shall be paid by the [*licensed*]  
9 winery and collected by the commission subject to the same powers as taxes  
10 imposed and collected under ORS chapter 473. The tax obligation for a cal-  
11 endar year shall be paid in two installments. Half shall be due on December  
12 31 of the current calendar year. The remaining half shall be due the follow-  
13 ing June 30.

14 **“SECTION 10. (1) The Oregon Liquor Control Commission shall:**

15 **“(a) Adopt rules establishing bond requirements under section 7 (3)**  
16 **of this 2019 Act no later than December 1, 2019; and**

17 **“(b) Make out-of-state winery permits available for issuance under**  
18 **section 7 of this 2019 Act on or before January 1, 2020.**

19 **“(2) Sections 7 and 8 of this 2019 Act and the amendments to ORS**  
20 **473.045 by section 9 of this 2019 Act apply to purchases and sales of**  
21 **Oregon wine grapes, juice from Oregon wine grapes or bulk lots of**  
22 **Oregon wine under an agreement entered into on or after July 1, 2020.**

23

24 **“ENFORCEMENT AUTHORITY**

25

26 **“SECTION 11. The Oregon Liquor Control Commission, with the**  
27 **advice and consent of the Attorney General, may enter into agree-**  
28 **ments with agencies of other states in which the participating agencies**  
29 **agree to provide reciprocal support to enforce the laws of Oregon and**  
30 **the other states with regard to wine labeling, wine packaging, wine**

1 **advertising and marketing and the taxation of wine, wine grapes or**  
2 **other wine ingredients.**

3 **“SECTION 12.** ORS 471.040 is amended to read:

4 “471.040. (1) The Oregon Liquor Control Commission has the powers and  
5 duties specified in this chapter and ORS 474.105 and 474.115, and also the  
6 powers necessary or proper to enable it to carry out fully and effectually all  
7 the purposes of this chapter and ORS 474.105 and 474.115. It shall make such  
8 rules and regulations pertaining to natural and fortified wines as will pre-  
9 vent the importation and sale in Oregon of blended, rectified, adulterated or  
10 low-quality wines **or wines that are labeled, packaged, advertised or**  
11 **marketed in a deceptive manner.** The jurisdiction, supervision, powers and  
12 duties of the commission extend to any person who buys, sells, manufactures,  
13 imports or transports any alcoholic liquor within this state. The commission  
14 may sue and be sued.

15 “(2) Except for the power to adopt rules, the commission may delegate any  
16 of the commission’s powers or duties to the administrator appointed under  
17 ORS 471.720.

18 **“SECTION 13.** ORS 471.244 is amended to read:

19 “471.244. (1) No licensee of the Oregon Liquor Control Commission shall  
20 manufacture, import into, or purchase in the State of Oregon for resale  
21 therein any malt beverages, cider or wine unless the manufacturer of such  
22 malt beverages, cider or wine has first obtained from the commission a cer-  
23 tificate of approval, except that with respect to malt beverages, cider or wine  
24 manufactured outside the United States, the certificate of approval may be  
25 obtained by the person importing same into the United States. Such certif-  
26 icate of approval shall be granted only to manufacturers or importers who  
27 shall have entered into an agreement with the commission to furnish a report  
28 to the commission, on or before the 20th day of each month, showing the  
29 quantity of malt beverages, cider or wine delivered to each licensee of the  
30 commission during the preceding calendar month, and to faithfully comply

1 with all laws of the State of Oregon pertaining to traffic in malt beverages,  
2 cider or wine. If any holder of such certificate, or any officer, agent or em-  
3 ployee of such holder, shall violate any term or provision of such agreement,  
4 or submit any false or fictitious report, the commission may, in its dis-  
5 cretion, suspend or revoke such certificate.

6 “(2) The commission may grant special certificates of approval to man-  
7 ufacturers and importers of malt beverages, cider or wine. A special certif-  
8 icate of approval has the effect of a certificate of approval granted under  
9 subsection (1) of this section, but is valid only for a period of 30 days.

10 **“(3) The holder of a certificate of approval for wine shall comply**  
11 **with all provisions of this chapter and commission rules regarding the**  
12 **labeling and packaging of wine. The commission may suspend or re-**  
13 **voke the certificate of approval of a holder that violates this sub-**  
14 **section. In addition to or in lieu of suspending or revoking a certificate**  
15 **of approval under this subsection, the commission may prohibit a**  
16 **licensee from importing into this state or purchasing for resale in this**  
17 **state any product manufactured by a certificate of approval holder**  
18 **that violates this subsection.**

19 **“SECTION 14.** ORS 471.274 is amended to read:

20 “471.274. (1) The Oregon Liquor Control Commission may issue a wine  
21 self-distribution permit to a United States manufacturer of wine or cider. The  
22 commission may issue a wine self-distribution permit only to a manufacturer  
23 of wine or cider that:

24 “(a) Holds a license issued by another state that authorizes the manufac-  
25 ture of wine or cider; and

26 “(b) Holds a certificate of approval issued under ORS 471.244.

27 “(2) The holder of a wine self-distribution permit may sell at wholesale  
28 and transport wine or cider that the manufacturer produces directly to the  
29 commission, or to retail licensees in the manner provided by this section. A  
30 wine self-distribution permit allows the holder to sell wine or cider that the

1 holder produces only to retail licensees who hold a valid endorsement issued  
2 by the commission authorizing receipt of wine or cider from the holder of a  
3 wine self-distribution permit.

4 “(3) In addition to the information required by ORS 471.311 for licenses,  
5 an applicant for a wine self-distribution permit shall provide the commission  
6 with a copy of the license held by the applicant or with sufficient informa-  
7 tion to allow verification of the license by electronic means or other means  
8 acceptable to the commission. The applicant also shall provide the commis-  
9 sion with any information required by the commission to establish that the  
10 license held by the applicant authorizes the manufacture of wine or cider.

11 “(4) A person holding a wine self-distribution permit is responsible for  
12 paying all taxes imposed under ORS chapter 473, and for complying with all  
13 reporting requirements imposed by ORS chapter 473, for all wine and cider  
14 sold and transported to retail licensees in this state. The commission may  
15 revoke, or refuse to issue, a wine self-distribution permit if the holder of a  
16 permit fails to pay taxes or make reports as required by ORS chapter 473.

17 “(5) A retail licensee may receive wine or cider from the holder of a wine  
18 self-distribution permit only if the licensee has received prior authorization  
19 from the commission. Prior authorization under this subsection must be made  
20 by an endorsement to the license for the premises where the wine or cider  
21 will be received. The commission may not charge or collect a fee for an  
22 endorsement under this subsection.

23 “(6)(a) Except as provided in paragraph (b) of this subsection, a retail  
24 licensee that receives wine or cider from holders of wine self-distribution  
25 permits must make a monthly report to the commission, using a form pre-  
26 scribed by the commission, listing the amount of all wine or cider received  
27 from permit holders in the previous month, and the names of the permit  
28 holders from whom the wine or cider was received. Retail licensees shall  
29 retain such purchase records for products received from permit holders as  
30 may be required by the commission.

1 “(b) The holder of a full or limited on-premises sales license is not re-  
2 quired to file a report under this subsection for any month in which the  
3 licensee receives two or fewer cases of wine from holders of wine self-  
4 distribution permits.

5 “(7) A manufacturer that is not licensed by the commission may sell and  
6 transport wine or cider directly to a retail licensee, and a retail licensee may  
7 receive wine or cider directly from a manufacturer that is not licensed by  
8 the commission, only if the manufacturer holds a wine self-distribution per-  
9 mit issued under this section.

10 “(8) The holder of a wine self-distribution permit consents to the jurisdic-  
11 tion of the commission and the courts of this state for the purpose of  
12 enforcing the provisions of this chapter, ORS chapter 473 and any related  
13 laws or rules, **including but not limited to, with regard to the labeling  
14 and packaging of wine. In addition to or in lieu of any action described  
15 in subsection (10) of this section, the commission may prohibit the  
16 transporting or resale of any product sold at wholesale by a holder of  
17 a wine self-distribution permit that violates any provision of this  
18 chapter, ORS chapter 473 or any related laws or rules with regard to  
19 wine.**

20 “(9) The holder of a wine self-distribution permit must post a bond or  
21 other security, as described in ORS 471.155.

22 “(10) The commission may revoke, or refuse to issue, a wine self-  
23 distribution permit if the holder of a permit fails to comply with any pro-  
24 vision of this section.

25 **“SECTION 15.** ORS 471.282 is amended to read:

26 “471.282. (1) Notwithstanding any other provision of this chapter and ex-  
27 cept as provided by ORS 471.186 (6), a person may sell and ship malt  
28 beverages, wine or cider directly to a resident of Oregon only if the person  
29 holds a direct shipper permit. The Oregon Liquor Control Commission shall  
30 issue a direct shipper permit only to:

1       “(a) A person that holds a license issued by this state or another state  
2 that authorizes the manufacture of malt beverages, wine or cider;

3       “(b) A person that holds a license issued by this state or another state  
4 that authorizes the sale of wine or cider produced only from grapes or other  
5 fruit grown under the control of the person;

6       “(c) A person that holds a license authorizing the sale of malt beverages,  
7 wine or cider at retail; or

8       “(d) A nonprofit trade association that holds a temporary sales license  
9 under ORS 471.190 and that has a membership primarily composed of persons  
10 holding winery licenses issued under ORS 471.223 or grower sales privilege  
11 licenses issued under ORS 471.227.

12       “(2) The holder of a direct shipper permit that is a licensee of another  
13 state may deliver malt beverages under the permit only if that other state  
14 makes direct shipper permits, or the equivalent, available for the delivery  
15 of malt beverages by persons holding a license issued by the commission  
16 authorizing the manufacture or retail sale of malt beverages.

17       “(3)(a) A person may apply for a direct shipper permit by filing an appli-  
18 cation with the commission. The application must be made in such form as  
19 may be prescribed by the commission.

20       “(b) If the application is based on a license issued by this state, the per-  
21 son must include in the application the number of the license issued to the  
22 person.

23       “(c) If the application is based on a license issued by another state, the  
24 person must include in the application a true copy of the license issued to  
25 the person by the other state or include sufficient information to allow ver-  
26 ification of the license by electronic means or other means acceptable to the  
27 commission.

28       “(d) If the application is based on a license issued by another state, or the  
29 application is by a nonprofit trade association described in subsection (1)(d)  
30 of this section, the person or association must pay a \$50 registration fee and

1 maintain a bond or other security described in ORS 471.155 in the minimum  
2 amount of \$1,000.

3 “(4) Sales and shipments under a direct shipper permit:

4 “(a) May be made only to a person who is at least 21 years of age;

5 “(b) May be made only for personal use and not for the purpose of resale;  
6 and

7 “(c) May not exceed two cases, containing not more than nine liters per  
8 case, to any resident per month.

9 “(5) Sales and shipments under a direct shipper permit must be made di-  
10 rectly to a resident of this state in containers that are conspicuously labeled  
11 with the words: ‘CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE  
12 21 YEARS OR OLDER REQUIRED FOR DELIVERY.’

13 “(6) A person holding a direct shipper permit must take all actions nec-  
14 essary to ensure that a carrier used by the permit holder does not deliver  
15 any malt beverages, wine or cider unless the carrier:

16 “(a) Obtains the signature of the recipient of the malt beverages, wine  
17 or cider upon delivery;

18 “(b) Verifies by inspecting government-issued photo identification that the  
19 recipient is at least 21 years of age; and

20 “(c) Determines that the recipient is not visibly intoxicated at the time  
21 of delivery.

22 “(7)(a) A person holding a direct shipper permit must report to the com-  
23 mission on a quarterly basis all shipments of malt beverages, wine or cider  
24 made to Oregon residents under the permit. The report must be made in a  
25 form prescribed by the commission.

26 “(b) A person holding a direct shipper permit must allow the commission  
27 to audit the permit holder’s records upon request and shall make those re-  
28 cords available to the commission in this state.

29 “(c) A person holding a direct shipper permit consents to the jurisdiction  
30 of the commission and the courts of this state for the purpose of enforcing

1 the provisions of this section and any related laws or rules, **including but**  
2 **not limited to, with regard to the labeling and packaging of wine. In**  
3 **addition to or in lieu of any other action described in this section, the**  
4 **commission may prohibit the delivery of malt beverages, wine or cider**  
5 **sold or shipped by a holder of a self-distribution permit that violates**  
6 **any provision of this chapter or ORS chapter 473 with regard to wine**  
7 **or any related laws or rules with regard to wine.**

8 “(8)(a) A person holding a direct shipper permit must timely pay to the  
9 commission all taxes imposed under ORS chapter 473 on malt beverages, wine  
10 and cider sold and shipped under the permit. For the purpose of the privi-  
11 lege tax imposed under ORS chapter 473, all malt beverages, wine or cider  
12 sold and shipped pursuant to a direct shipper permit is sold in this state.

13 “(b) A person holding a direct shipper permit based on a license issued  
14 by another state must timely pay to the commission all taxes imposed under  
15 ORS chapter 473 on all malt beverages, wine or cider sold and shipped di-  
16 rectly to Oregon residents under the permit. The permit holder, not the  
17 purchaser, is responsible for the tax.

18 “(9) A direct shipper permit must be renewed annually. If the person holds  
19 the permit based on an annual license issued by another state, the person  
20 may renew the permit by paying a \$50 renewal fee and providing the com-  
21 mission with a true copy of a current license issued to the person by the  
22 other state or with sufficient information to allow verification of the license  
23 by electronic means or other means acceptable to the commission. If the  
24 person holds the permit based on an annual license issued by this state, the  
25 person may renew the permit at the same time that the person renews the  
26 license.

27 “(10) The commission may refuse to issue or may suspend or revoke a  
28 direct shipper permit if the permit holder fails to comply with the provisions  
29 of this section. A person may sell and ship malt beverages, wine or cider  
30 under a direct shipper permit only for as long as the person has the license



1 issued by this state or another state that authorizes the person to hold a  
2 direct shipper permit. A direct shipper permit does not authorize the ship-  
3 ment of malt beverages by a permit holder described in subsection (1)(b) of  
4 this section or lacking authority as provided under subsection (2) of this  
5 section.

6 “(11) Any person who knowingly or negligently delivers malt beverages,  
7 wine or cider under the provisions of this section to a person under 21 years  
8 of age, or who knowingly or negligently delivers malt beverages, wine or  
9 cider under the provisions of this section to a visibly intoxicated person,  
10 violates ORS 471.410.

11 “(12) A person may not make sales and shipments of malt beverages, wine  
12 or cider directly to Oregon residents unless the person holds a direct shipper  
13 permit issued under this section. Any person who knowingly makes, partic-  
14 ipates in, transports, imports or receives a shipment of malt beverages, wine  
15 or cider that is in violation of this section commits a misdemeanor as pro-  
16 vided in ORS 471.990 (1).

17 **“SECTION 16.** ORS 471.351 is amended to read:

18 “471.351. (1) The Oregon Liquor Control Commission has the right after  
19 72 hours’ notice to the owner or the agent of the owner to make an exam-  
20 ination of the books and may at any time make an examination of the  
21 premises of any person licensed under this chapter, or to check the alcoholic  
22 content of liquors carried by the licensee, for the purpose of determining  
23 compliance with this chapter and the rules of the commission.

24 “(2) The commission shall not require the books of any licensee to be  
25 maintained on the premises of the licensee.

26 **“(3) If the licensee is a manufacturer of wine, an authorized agent**  
27 **of the commission may exercise the powers granted to the commission**  
28 **under subsection (1) of this section. In addition to any other powers**  
29 **granted the commission under this section, the commission or its au-**  
30 **thorized agent may:**

1       “(a) Require the licensee to maintain, and make available for in-  
2       spection by the commission or agent, records regarding:

3       “(A) Wine grape contracts;

4       “(B) Wine grape shipping;

5       “(C) Weigh tags;

6       “(D) Production work orders;

7       “(E) Ingredient purchase orders and invoices;

8       “(F) Fermentation or cellar additions;

9       “(G) Cellar treatments;

10       “(H) Cellar transfers;

11       “(I) Bottling; and

12       “(J) Wine warehousing and shipping.

13       “(b) Enter onto wine manufacturing premises during normal busi-  
14       ness hours for any purpose reasonably related to the administration  
15       and enforcement of this chapter or ORS chapter 473, including but not  
16       limited to, any inspections or examinations of the premises and the  
17       taking of statements under oath from persons involved in the wine  
18       manufacturing process.

19       “SECTION 17. ORS 471.730 is amended to read:

20       “471.730. The function, duties and powers of the Oregon Liquor Control  
21       Commission include the following:

22       “(1) To control the manufacture, possession, sale, purchase, transporta-  
23       tion, importation and delivery of alcoholic liquor in accordance with the  
24       provisions of this chapter and ORS 474.105 and 474.115.

25       “(2) To grant, refuse, suspend or cancel licenses and permits for the sale  
26       or manufacture of alcoholic liquor, or other licenses and permits in regard  
27       thereto, and to permit, in its discretion, the transfer of a license of any  
28       person.

29       “(3) To collect the taxes and duties imposed by statutes relating to alco-  
30       holic liquors, and to issue, and provide for cancellation, stamps and other

1 devices as evidence of payment of such taxes or duties.

2 “(4) To investigate and aid in the prosecution of every violation of stat-  
3 utes relating to alcoholic liquors, to seize alcoholic liquor manufactured,  
4 sold, kept, imported or transported in contravention of this chapter and ORS  
5 474.105 and 474.115, and apply for the confiscation thereof, whenever required  
6 by statute, and cooperate in the prosecution of offenders before any court  
7 of competent jurisdiction.

8 “(5) To adopt such regulations as are necessary and feasible for carrying  
9 out the provisions of this chapter and ORS 474.105 and 474.115 and to amend  
10 or repeal such regulations. When such regulations are adopted they shall  
11 have the full force and effect of law.

12 “(6) To exercise all powers incidental, convenient or necessary to enable  
13 it to administer or carry out any of the provisions of this chapter and ORS  
14 474.105 and 474.115.

15 “(7)(a) To control, regulate and prohibit any advertising by manufactur-  
16 ers, wholesalers or retailers of alcoholic liquor by the medium of newspapers,  
17 letters, billboards, radio or otherwise.

18 “(b) **To control, regulate and prohibit any advertising by manufac-**  
19 **turers, wholesalers or retailers of wine by electronic media or the**  
20 **medium of labeling or packaging statements or inferences.**

21 “(8) To sell, license, regulate and control the use of alcohol for scientific,  
22 pharmaceutical, manufacturing, mechanical, industrial and other purposes,  
23 and to provide by regulation for the sale thereof for such uses.

24

25

## “CAPTIONS

26

27 “**SECTION 18. The unit captions used in this 2019 Act are provided**  
28 **only for the convenience of the reader and do not become part of the**  
29 **statutory law of this state or express any legislative intent in the**  
30 **enactment of this 2019 Act.**

1   **“EFFECTIVE DATE**

2

3           **“SECTION 19. This 2019 Act takes effect on the 91st day after the**  
4 **date on which the 2019 regular session of the Eightieth Legislative**  
5 **Assembly adjourns sine die.”.**

6   \_\_\_\_\_