

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, 471.155, 471.244, 471.274,  
3 471.282, 471.351, 471.445, 471.446, 473.045 and 473.065; and prescribing an ef-  
4 fective date.”.

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

7 **“ADMINISTRATION**

8  
9 **“SECTION 1.** ORS 471.155 is amended to read:

10 “471.155. (1) The Oregon Liquor Control Commission shall provide for the  
11 licensing of persons and cities within the state to manufacture, distribute,  
12 take orders for and sell spirits, wines, beer and other alcoholic liquors. Ex-  
13 cept as provided in subsection (2) of this section, the holder of a brewery,  
14 winery, wholesale, warehouse, grower sales privilege or brewery-public house  
15 license or the holder of a wine self-distribution permit shall give, and at all  
16 times maintain on file with the commission, a bond with a corporate surety  
17 authorized to transact business in this state. The bond shall be in form and  
18 amount acceptable to the commission, shall be payable to the commission  
19 and conditioned that the licensee or permittee will pay any fine imposed for  
20 any violation of any provision of the Liquor Control Act and that the  
21 licensee or permittee will pay all license fees, privilege taxes, taxes imposed

1 under ORS 473.045 and other taxes on alcoholic liquors, together with pen-  
2 alties and interest thereon, levied or assessed against the licensee or  
3 permittee under statutes relating to the importation, manufacture, distrib-  
4 ution, sale or taxation of alcoholic liquors in the State of Oregon.

5 “(2) Under such conditions as the commission may prescribe, the holder  
6 of a brewery, winery, wholesale, warehouse, grower sales privilege or  
7 brewery-public house license or the holder of a wine self-distribution permit  
8 may deposit, in lieu of the bond required by subsection (1) of this section,  
9 the equivalent value in cash, bank letters of credit recognized by the State  
10 Treasurer or negotiable securities of a character approved by the State  
11 Treasurer. The deposit is to be made in a bank or trust company for the  
12 benefit of the commission. Interest on deposited funds or securities shall  
13 accrue to the depositor.

14 “(3) **The commission may adopt rules to require a holder of a winery**  
15 **license under ORS 471.223, a certificate of approval under ORS 471.244,**  
16 **a self-distribution permit under ORS 471.274, a direct shipper permit**  
17 **under ORS 471.282 or an out-of-state winery permit under section 9 of**  
18 **this 2019 Act to sign, under penalty of perjury, product integrity**  
19 **statements certifying that wine having Oregon designations, American**  
20 **viticultural areas located wholly within this state or derivative names**  
21 **as defined in ORS 471.446 complies with Oregon law.**

22

23

## “WINE STANDARDS

24

25 “**SECTION 2.** ORS 471.445 is amended to read:

26 “471.445. (1) *[No licensee shall]* **A licensee may not** use or allow the use  
27 of any mark or label on the container of alcoholic liquor *[which is kept]* **that**  
28 **the licensee keeps** for sale, if the container does not precisely and clearly  
29 indicate the nature of its contents or in any way might deceive any customer  
30 as to the nature, composition, quantity, age or quality of such liquor. **In**

1 **addition, a holder of a winery license under ORS 471.223, a certificate**  
2 **of approval under ORS 471.244, a self-distribution permit under ORS**  
3 **471.274, a direct shipper permit under ORS 471.282 or an out-of-state**  
4 **winery permit under section 9 of this 2019 Act may not use or allow**  
5 **the use of any mark or label on a container of wine that the licensee,**  
6 **certificate holder or permittee produces, packages, offers for sale or**  
7 **keeps for sale, if the container in any way might deceive any customer**  
8 **as to the origin or geographic designation of the wine.**

9 “(2) [No] A licensee other than a winery licensee may **not** mix or permit  
10 the mixing of any alcoholic liquor [which] **that** the licensee is authorized to  
11 sell with any other alcoholic liquor [which] **that** the licensee is not author-  
12 ized by license to sell.

13 **“SECTION 3.** ORS 471.446 is amended to read:

14 **“471.446. (1) As used in this section, ‘derivative name’ means an**  
15 **abbreviation, a homonym, a possessive, an adjective or any other**  
16 **word, term or reference formed from using words or base terms in**  
17 **common with an appellation of origin or American viticultural area**  
18 **that is used in a manner suggestive of Oregon, a political subdivision**  
19 **of Oregon or an American viticultural area that is wholly or partially**  
20 **within Oregon.**

21 **“[(1)] (2) [No] A retail licensee [shall] may not** purchase any wine or  
22 **cider for resale except in sealed containers, the seals of which shall remain**  
23 **unbroken when it is sold for consumption off the premises.**

24 **“[(2)] (3) The Oregon Liquor Control Commission may refuse to sell, or**  
25 **may prohibit any licensee from importing, distributing or selling, any**  
26 **brand of alcoholic liquor which in its judgment is deceptively labeled or**  
27 **branded as to content, origin or geographic designation, or contains**  
28 **injurious or adulterated ingredients.**

29 **“(4) The commission may adopt rules to establish content standards**  
30 **for wine and for the use of an Oregon appellation of origin on wine**

1 labeling, packaging, advertising or marketing.

2 “(5) A wine that has ‘Oregon,’ the name of an Oregon county, an-  
3 other geographic designation of Oregon or a derivative name on its  
4 label or packaging or in its advertising or marketing is deceptively  
5 labeled or branded if:

6 “(a) Less than 100 percent of the grapes in the wine are from  
7 Oregon; or

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

9 “(6) A wine that states or implies an American viticultural area  
10 located wholly within this state, or a derivative name, on its label or  
11 packaging or in its advertising or marketing is deceptively labeled or  
12 branded if:

13 “(a) More than one American viticultural area name is stated or  
14 implied, unless resulting from the stated or implied areas overlapping  
15 or from a smaller area being nested within a larger area;

16 “(b) Except as provided in subsection (8) of this section, the Amer-  
17 ican viticultural area name:

18 “(A) Is stated or implied in a manner resembling all or part of a  
19 brand or trade name;

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

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

22 “(c) Use of the stated or implied area is not in compliance with  
23 commission standards for the American viticultural area or for  
24 varietal content;

25 “(d) Less than 100 percent of the fully fermented and finished wine  
26 is made within Oregon;

27 “(e) Additions are made to the fully fermented and finished wine  
28 outside of Oregon; or

29 “(f) Except as provided under this paragraph, actions regarding the  
30 fully fermented and finished wine are taken outside of Oregon. This

1 paragraph does not apply to:

2 “(A) The combining of bulk wine lots;

3 “(B) Aging;

4 “(C) Filtering;

5 “(D) The bottling or other packaging of wine; or

6 “(E) Actions authorized by the commission to be taken outside of  
7 Oregon.

8 “(7) Subject to subsection (8) of this section, a wine that states or  
9 implies a federally approved American viticultural area located par-  
10 tially within this state, or a derivative name, on its label or packaging  
11 or in its advertising or marketing must comply either with subsection  
12 (6) of this section or with the requirements of an adjacent state into  
13 which the American viticultural area extends.

14 “(8) Subsection (6)(b) of this section does not apply to a wine if:

15 “(a) A federal trademark registration for the brand or trade name  
16 for the wine has been lawfully maintained since December 31, 2017; or

17 “(b)(A) The brand or trade name for the wine was first used prior  
18 to December 31, 2017; and

19 “(B) The wine has been used in interstate commerce or intrastate  
20 commerce in demonstrated compliance with federal or state laws.

21 “(9) Except as provided in subsection (11) of this section, a wine is  
22 deceptively labeled or packaged as to origin if:

23 “(a)(A) The wine is from Oregon grapes that were made into wine  
24 in a state having standards of content relating to appellation of origin,  
25 American viticultural area or variety that are lower than Oregon  
26 standards;

27 “(B) The wine has ‘Oregon,’ the name of an Oregon county, another  
28 geographic designation of Oregon or a derivative name on its label or  
29 packaging; and

30 “(C) Any of the labeling, packaging, advertising or marketing fails

1 to identify the state where the wine was produced by use of the words  
2 ‘Produced in (name of state)’ in conformance with subsection (10) of  
3 this section; or

4 “(b)(A) The wine is fully finished in Oregon and is packaged in a  
5 state having standards of content relating to appellation of origin,  
6 American viticultural area or variety that are lower than Oregon  
7 standards;

8 “(B) The wine states or implies the name of an American  
9 viticultural area located wholly within this state or has ‘Oregon,’ the  
10 name of an Oregon county, another geographic designation of Oregon  
11 or a derivative name on its label or packaging; and

12 “(C) Any of the labeling, packaging, advertising or marketing fails  
13 to identify the state where the wine was bottled or packaged by bear-  
14 ing the words ‘Bottled in (name of state)’ or ‘Packaged in (name of  
15 state)’ in conformance with subsection (10) of this section.

16 “(10)(a) For purposes of subsection (9) of this section, the identifi-  
17 cation of a state having standards of content relating to appellation  
18 of origin, American viticultural area or variety that are lower than  
19 Oregon standards must, except as provided under paragraph (b) of this  
20 subsection, identify the state in a text size that is equal to, and im-  
21 mediately precedes the name of the American viticultural area, the  
22 name ‘Oregon,’ the Oregon county name, Oregon geographic desig-  
23 nation or derivative name.

24 “(b) Paragraph (a) of this subsection does not apply to a state with  
25 which the commission enters into an agreement under section 13 of  
26 this 2019 Act on or before December 31, 2025.

27 “(11) Subsections (9) and (10) of this section do not apply to a wine  
28 that is produced or fully finished in a federally approved American  
29 viticultural area that is partially within this state if the labeling,  
30 packaging, advertising and marketing complies with Oregon standards

1 or the standards of an adjacent state into which the American  
2 viticultural area extends.

3 **“SECTION 4.** Section 5 of this 2019 Act is added to and made a part  
4 of ORS chapter 471.

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

8 **“(2)** In addition to or in lieu of any assessment of a civil penalty  
9 under subsection (1) of this section, if a person that violates ORS  
10 471.466 holds a license, permit or certificate of approval issued under  
11 this chapter or ORS chapter 473, the commission may revoke the li-  
12 cense, permit or certificate of approval. The holder of a license, permit  
13 or certificate of approval that is revoked under this subsection may  
14 not obtain the issuance of a license, permit or certificate of approval  
15 under this chapter for a time period determined by the commission.  
16 The time period determined by the commission may not be less than  
17 one year and, if applicable, is subject to subsection (4) of this section.

18 **“(3)** If the commission gives a person written notice that the com-  
19 mission intends to seek a sanction against the person for a violation  
20 of ORS 471.446, the commission shall send a copy of the written notice  
21 to:

22 **“(a)** The federal Alcohol and Tobacco Tax and Trade Bureau;

23 **“(b)** The alcohol regulatory body of another state, if the commission  
24 knows that the person holds a license, permit, certificate or other  
25 authorization issued by that state; and

26 **“(c)** The alcohol regulatory body of another state if the commission  
27 knows that the wine labeled, packaged, advertised or marketed in vi-  
28 olation of ORS 471.446 is also sold, distributed, advertised or marketed  
29 in that state.

30 **“(4)** It is prima facie evidence that an applicant is unfit to be issued

1 a winery license under ORS 471.223, a certificate of approval under  
2 ORS 471.244, a self-distribution permit under ORS 471.274, a direct  
3 shipper permit under ORS 471.282 or an out-of-state winery permit  
4 under section 9 of this 2019 Act if the applicant has, within the previ-  
5 ous three years, committed acts involving the misrepresentation of an  
6 American viticultural area located wholly or partially within this state  
7 or a derivative name as defined in ORS 471.446.

8 **SECTION 6.** The Oregon Liquor Control Commission shall deter-  
9 mine the number and type of complaints received during the period  
10 beginning on the effective date of this 2019 Act and ending December  
11 31, 2023, relating to wine labeling and shall describe the dispositions  
12 of the complaints. The commission shall report its findings to an in-  
13 terim committee of the Legislative Assembly related to business, in  
14 the manner provided by ORS 192.245, no later than September 15, 2024.  
15 The report may include any recommendations by the commission for  
16 legislation to improve manufacturer compliance with ORS 471.446 and  
17 commission rules, including but not limited to any recommendation  
18 to require that wine be bottled or packaged in this state if the wine  
19 label, packaging, advertising or marketing states or implies a federally  
20 approved American viticultural area located wholly within this state  
21 or a derivative name as defined in ORS 471.446, or uses ‘Oregon,’ the  
22 name of an Oregon county, another geographic designation of Oregon  
23 or a derivative name.

24 **SECTION 7.** ORS 471.446 (6)(b) and (8) to (10), as set forth in sec-  
25 tion 3 of this 2019 Act, apply to wine labeled on or after January 1,  
26 2020. This section does not exempt any wine labeled before January 1,  
27 2020, from compliance with Oregon Liquor Control Commission rules  
28 in effect on the date the wine is labeled.

29  
30 **“WINE GRAPES AND RELATED ITEMS**



1       **“SECTION 8. Sections 9 and 10 of this 2019 Act are added to and**  
2 **made a part of ORS chapter 471.**

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

7       **“(2) The Oregon Liquor Control Commission shall make an out-of-**  
8 **state winery permit available for issuance to wineries that are located**  
9 **outside of this state. The commission may establish a fee for the per-**  
10 **mit, not to exceed the reasonable cost to the commission of adminis-**  
11 **tering and enforcing the permit system. An applicant for an**  
12 **out-of-state winery permit shall:**

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

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

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

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

22       **“(B) Wine labels, packaging and marketing materials that state or**  
23 **infer American viticultural areas that are wholly or partially located**  
24 **in Oregon or a derivative name as defined in ORS 471.446, or that have**  
25 **‘Oregon,’ the name of an Oregon county, another Oregon geographic**  
26 **designation or a derivative name on labels, packaging, advertising or**  
27 **marketing; and**

28       **“(C) Reporting requirements.**

29       **“(3)(a) Except as provided in paragraph (b) of this subsection, the**  
30 **holder of a winery license under ORS 471.223 or an out-of-state winery**

1 permit, and any person liable under ORS 576.771 for the payment of  
2 taxes under ORS 473.045, shall maintain in effect a bond in an amount  
3 established by the commission by rule and issued by a surety licensed  
4 to do business in this state. The bond must provide that the licensee  
5 or permit holder will, with regard to amounts owed under this chapter  
6 or ORS chapter 473, pay amounts the commission determines to be  
7 owed under this chapter or ORS chapter 473.

8 “(b) The commission may:

9 “(A) By rule, allow a licensee or permit holder to deposit cash or  
10 other security acceptable to the commission in lieu of obtaining a  
11 bond.

12 “(B) Allow a winery licensed under ORS 471.223 to combine a bond  
13 required under this section with any bond that the commission re-  
14 quires the licensee to maintain under ORS 471.155.

15 “(C) Waive the bond requirement for the holder of an out-of-state  
16 winery permit as provided in ORS 473.065.

17 **“SECTION 10. If a person purchases Oregon wine grapes, juice from**  
18 **Oregon wine grapes or bulk lots of Oregon wine in violation of section**  
19 **9 of this 2019 Act, the Oregon Liquor Control Commission may:**

20 “(1) Assess the person a civil penalty, not to exceed \$25,000 for each  
21 occurrence; and

22 “(2) In addition to or in lieu of any assessment of a civil penalty  
23 under subsection (1) of this section, suspend or revoke any license,  
24 permit or certificate of approval held by the person under this chapter  
25 or ORS chapter 473. The holder of a license, permit or certificate of  
26 approval that is revoked under this subsection may not obtain the is-  
27 suance of a license, permit or certificate of approval under this chap-  
28 ter for a time period determined by the commission. The time period  
29 determined by the commission may not be less than one year and, if  
30 applicable, is subject to section 5 (4) of this 2019 Act.

1        **“SECTION 11.** 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) If a winery deducts and pays the tax imposed on an item under**  
3 **this section, resale of the item in bulk to an out-of-state buyer does**  
4 **not subject the out-of-state buyer to the imposition of tax under this**  
5 **section.**

6 “[7] **(8)** Except for the tax specified in subsection (4) of this section the  
7 taxes specified under this section shall be levied and assessed to the  
8 [licensed] winery at the time of purchase of the product by the winery or of  
9 importation of the product, whichever is later. The tax specified in sub-  
10 section (4) of this section shall be levied and assessed to the licensed winery  
11 at the time the wine is made.

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

18 **“SECTION 12. (1) The Oregon Liquor Control Commission shall:**

19 **“(a) Adopt initial rules establishing bond requirements under sec-**  
20 **tion 9 (3) of this 2019 Act to become effective on the date permits are**  
21 **made available under paragraph (b) of this subsection; and**

22 **“(b) Make out-of-state winery permits available for issuance under**  
23 **section 9 of this 2019 Act on or before January 1, 2021.**

24 **“(2) Sections 9 and 10 of this 2019 Act and the amendments to ORS**  
25 **473.045 by section 11 of this 2019 Act apply to transactions for Oregon**  
26 **wine grapes, juice from Oregon wine grapes or bulk lots of Oregon**  
27 **wine that are placed in transit on or after July 1, 2021.**

28

29 **“ENFORCEMENT AUTHORITY**

30

1       **“SECTION 13. The Oregon Liquor Control Commission, with the**  
2 **advice and consent of the Attorney General, may enter into agree-**  
3 **ments with agencies of other states in which the participating agencies**  
4 **agree to provide reciprocal support to enforce the laws of Oregon and**  
5 **the other states with regard to wine labeling, wine packaging, wine**  
6 **advertising and marketing and the taxation of wine, wine grapes or**  
7 **other wine ingredients.**

8       **“SECTION 14.** ORS 471.040 is amended to read:

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

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

23       **“SECTION 15.** ORS 471.244 is amended to read:

24       “471.244. (1) No licensee of the Oregon Liquor Control Commission shall  
25 manufacture, import into, or purchase in the State of Oregon for resale  
26 therein any malt beverages, cider or wine unless the manufacturer of such  
27 malt beverages, cider or wine has first obtained from the commission a cer-  
28 tificate of approval, except that with respect to malt beverages, cider or wine  
29 manufactured outside the United States, the certificate of approval may be  
30 obtained by the person importing same into the United States. Such certif-

1 icate of approval shall be granted only to manufacturers or importers who  
2 shall have entered into an agreement with the commission to furnish a report  
3 to the commission, on or before the 20th day of each month, showing the  
4 quantity of malt beverages, cider or wine delivered to each licensee of the  
5 commission during the preceding calendar month, and to faithfully comply  
6 with all laws of the State of Oregon pertaining to traffic in malt beverages,  
7 cider or wine. If any holder of such certificate, or any officer, agent or em-  
8 ployee of such holder, shall violate any term or provision of such agreement,  
9 or submit any false or fictitious report, the commission may, in its dis-  
10 cretion, suspend or revoke such certificate.

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

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

24 “**SECTION 16.** ORS 471.274 is amended to read:

25 “471.274. (1) The Oregon Liquor Control Commission may issue a wine  
26 self-distribution permit to a United States manufacturer of wine or cider. The  
27 commission may issue a wine self-distribution permit only to a manufacturer  
28 of wine or cider that:

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

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

2       “(2) The holder of a wine self-distribution permit may sell at wholesale  
3 and transport wine or cider that the manufacturer produces directly to the  
4 commission, or to retail licensees in the manner provided by this section. A  
5 wine self-distribution permit allows the holder to sell wine or cider that the  
6 holder produces only to retail licensees who hold a valid endorsement issued  
7 by the commission authorizing receipt of wine or cider from the holder of a  
8 wine self-distribution permit.

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

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

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

28       “(6)(a) Except as provided in paragraph (b) of this subsection, a retail  
29 licensee that receives wine or cider from holders of wine self-distribution  
30 permits must make a monthly report to the commission, using a form pre-

1 scribed by the commission, listing the amount of all wine or cider received  
2 from permit holders in the previous month, and the names of the permit  
3 holders from whom the wine or cider was received. Retail licensees shall  
4 retain such purchase records for products received from permit holders as  
5 may be required by the commission.

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

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

15 “(8) The holder of a wine self-distribution permit consents to the juris-  
16 diction of the commission and the courts of this state for the purpose of  
17 enforcing the provisions of this chapter, ORS chapter 473 and any related  
18 laws or rules **including, but not limited to, laws or rules regarding the**  
19 **labeling and packaging of wine. In addition to or in lieu of any action**  
20 **described in subsection (10) of this section, the commission may pro-**  
21 **hibit the transporting or resale of any product sold at wholesale by a**  
22 **holder of a wine self-distribution permit that violates any provision**  
23 **of this chapter, ORS chapter 473 or any related laws or rules with re-**  
24 **gard to wine.**

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

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

30 **“SECTION 17.** ORS 471.282 is amended to read:



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

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

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

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

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

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

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

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

28 “(c) If the application is based on a license issued by another state, the  
29 person must include in the application a true copy of the license issued to  
30 the person by the other state or include sufficient information to allow ver-

1 ification of the license by electronic means or other means acceptable to the  
2 commission.

3 “(d) If the application is based on a license issued by another state, or the  
4 application is by a nonprofit trade association described in subsection (1)(d)  
5 of this section, the person or association must pay a \$50 registration fee and  
6 maintain a bond or other security described in ORS 471.155 in the minimum  
7 amount of \$1,000.

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

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

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

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

14 “(5) Sales and shipments under a direct shipper permit must be made di-  
15 rectly to a resident of this state in containers that are conspicuously labeled  
16 with the words: ‘CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE  
17 21 YEARS OR OLDER REQUIRED FOR DELIVERY.’

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

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

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

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

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

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

4       “(c) A person holding a direct shipper permit consents to the jurisdiction  
5 of the commission and the courts of this state for the purpose of enforcing  
6 the provisions of this section and any related laws or rules **including, but**  
7 **not limited to, laws or rules regarding the labeling and packaging of**  
8 **wine. In addition to or in lieu of any other action described in this**  
9 **section, the commission may prohibit the delivery of malt beverages,**  
10 **wine or cider sold or shipped by a holder of a direct shipper permit**  
11 **that violates any provision of this chapter or ORS chapter 473 with**  
12 **regard to wine or any related laws or rules with regard to wine.**

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

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

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

1 license.

2 “(10) The commission may refuse to issue or may suspend or revoke a  
3 direct shipper permit if the permit holder fails to comply with the provisions  
4 of this section. A person may sell and ship malt beverages, wine or cider  
5 under a direct shipper permit only for as long as the person has the license  
6 issued by this state or another state that authorizes the person to hold a  
7 direct shipper permit. A direct shipper permit does not authorize the ship-  
8 ment of malt beverages by a permit holder described in subsection (1)(b) of  
9 this section or lacking authority as provided under subsection (2) of this  
10 section.

11 “(11) Any person who knowingly or negligently delivers malt beverages,  
12 wine or cider under the provisions of this section to a person under 21 years  
13 of age, or who knowingly or negligently delivers malt beverages, wine or  
14 cider under the provisions of this section to a visibly intoxicated person,  
15 violates ORS 471.410.

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

22 **“SECTION 18.** ORS 471.351 is amended to read:

23 “471.351. (1) The Oregon Liquor Control Commission has the right after  
24 72 hours’ notice to the owner or the agent of the owner to make an exam-  
25 ination of the books and may at any time make an examination of the  
26 premises of any person licensed under this chapter, or to check the alcoholic  
27 content of liquors carried by the licensee, for the purpose of determining  
28 compliance with this chapter and the rules of the commission.

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

1       “(3) If a person holds, or by law is required to hold, a winery license  
2 under ORS 471.223, a certificate of approval under ORS 471.244, a self-  
3 distribution permit under ORS 471.274, a direct shipper permit under  
4 ORS 471.282 or an out-of-state winery permit under section 9 of this  
5 2019 Act, an authorized agent of the commission may exercise the  
6 powers granted to the commission under subsection (1) of this section.  
7 In addition to any other powers granted the commission under this  
8 section, the commission may adopt rules to require that the person  
9 make wine manufacturing and distribution records available for in-  
10 spection by the commission or its authorized agent.

11       “SECTION 19. ORS 473.065 is amended to read:

12       “473.065. (1) If a manufacturer’s total tax liability under ORS 473.030 (1)  
13 in the previous calendar year was less than \$1,000, the manufacturer may  
14 deposit with the Oregon Liquor Control Commission an amount in cash equal  
15 to the manufacturer’s total tax liability under ORS 473.030 (1) for the previ-  
16 ous calendar year in lieu of the bond required by ORS 471.155 (1).

17       “(2) If a manufacturer’s actual tax liability under ORS 473.030 (1) is less  
18 than the amount deposited under subsection (1) of this section, the man-  
19 ufacturer may request that the commission refund the excess funds or may  
20 apply those funds toward the manufacturer’s tax liability under ORS 473.030  
21 (1) for the next calendar year.

22       “(3) If a manufacturer’s actual tax liability under ORS 473.030 (1) is  
23 greater than the amount deposited under subsection (1) of this section, the  
24 manufacturer shall pay to the commission the additional amount owed in the  
25 manner required under ORS 473.060.

26       “(4) Unless the commission determines that a winery, grower sales privi-  
27 lege or warehouse licensee or direct shipper, **out-of-state winery** or wine  
28 self-distribution permit holder presents an unusual risk for nonpayment of  
29 any license fees, privilege taxes, agricultural products taxes or other tax,  
30 penalty or interest imposed under this chapter or ORS chapter 471, the

1 commission shall waive the bond required under ORS 471.155 (1) for the  
2 licensee or permit holder if:

3 “(a) The licensee or permit holder was not liable for a privilege tax under  
4 this chapter in the immediately preceding calendar year and does not expect  
5 to be liable for a privilege tax under this chapter in the current calendar  
6 year; or

7 “(b) The licensee or permit holder of a business established during the  
8 current calendar year does not expect to be liable for a privilege tax under  
9 this chapter in the current calendar year. As used in this paragraph, ‘busi-  
10 ness’ means:

11 “(A) A winery.

12 “(B) A business operated pursuant to a license issued under ORS 471.227.

13 “(C) A warehouse.

14 “(D) A business operated pursuant to a permit issued under ORS 471.274.

15 “(E) A business operated pursuant to a permit issued under ORS 471.282.

16

17 **“CAPTIONS**

18

19 **“SECTION 20. The unit captions used in this 2019 Act are provided**  
20 **only for the convenience of the reader and do not become part of the**  
21 **statutory law of this state or express any legislative intent in the**  
22 **enactment of this 2019 Act.**

23

24 **“EFFECTIVE DATE**

25

26 **“SECTION 21. This 2019 Act takes effect on the 91st day after the**  
27 **date on which the 2019 regular session of the Eightieth Legislative**  
28 **Assembly adjourns sine die.”.**

29