

# LIQUOR REVENUES

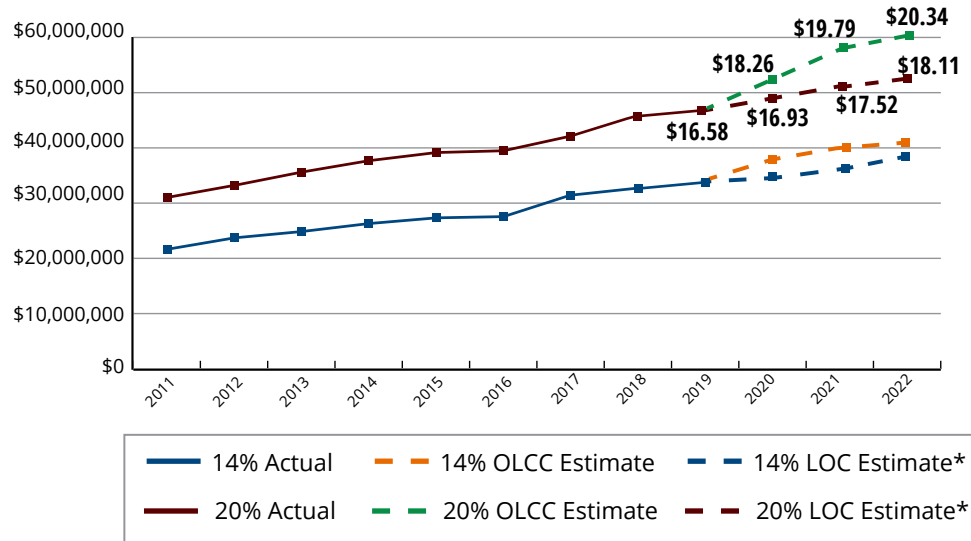


2019-2020 Per Capita Estimated Disbursement (OLCC): **\$18.27**

2020-2021 Per Capita Estimated Disbursement (OLCC): **\$19.79**

## Actual and Projected Liquor Tax Disbursements to Cities with Per Capita Distributions

	14% Share	20% Share
<b>Actuals<sup>1</sup></b>		
2009-10	\$21,024,999	\$30,035,713
2010-11	\$21,894,531	\$31,277,901
2011-12	\$23,965,892	\$34,236,988
2012-13	\$25,109,271	\$35,870,387
2013-14	\$26,556,890	\$37,938,414
2014-15	\$27,588,752	\$39,412,503
2015-16	\$27,814,601	\$39,735,144
2016-17	\$30,073,374	\$42,961,962
2017-18	\$31,632,000	\$45,188,168
2018-19	\$33,424,766	\$47,749,666
<b>Estimates</b>		
2019-20		
OLCC	\$37,301,000	\$53,287,000
LOC*	\$34,651,028	\$49,388,900
2020-21		
OLCC	\$40,409,000	\$57,727,000
LOC*	\$35,932,164	\$51,117,827
2021-22		
OLCC	\$41,536,000	\$59,337,000
LOC*	\$37,213,299	\$52,846,754



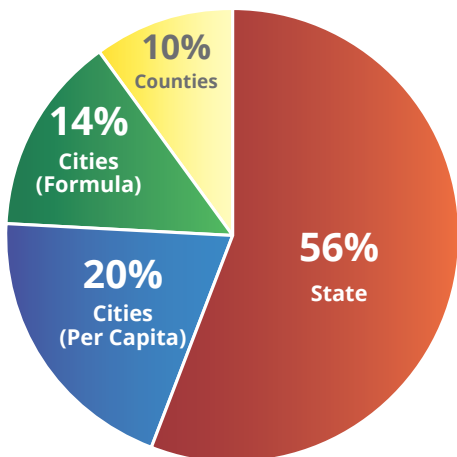
Cities' share of this state shared revenue is 34%, of which 20% is distributed per capita, with 14% distributed using a formula that factors in property taxes, population and income. The three major contributors to this revenue source are: the sale of distilled spirits; liquor licensing fees; and taxes on beer, wine and cider.

Distilled spirit sales make up more than 95% of this revenue source. The state maintains the exclusive right to sell packaged distilled spirits and sets the mark-up on products using a wholesale price formula. This means that the bulk of this state shared revenue source technically is based on profits, and not taxes. The mark-up formula on distilled spirits has not been changed since 1993. The Oregon Liquor Control Commission (OLCC) also continues to impose a temporary 50 cents per bottle surcharge on distilled spirits, but those revenues have been directed by the Legislature to the state's general fund, not to the shared revenue fund. The surcharge, unless extended by the OLCC, expires on June 30, 2021. Distillery tasting room compensation and liquor store agent compensation continue to be the subject of extensive conversations at the legislature, the numbers presented here reflect current law, changes to how sellers are compensated could affect these estimates.

At approximately 8 cents per gallon, or about 4 cents on a six-pack, Oregon's beer and cider tax is one of the lowest in the country. Oregon's beer tax rate has remained unchanged since 1978. The state wine tax is in the middle compared to other states at 67 cents per gallon. The wine tax has not been increased since 1983.

\*The OLCC's forecast has been consistently higher than actual revenues and thus the LOC has also provided a simple regression line forecast that is more conservative to assist cities in budgeting.

## Distribution of Liquor Tax Revenues



## LIQUOR STATE SHARED REVENUE AT A GLANCE

<b>Revenue Sources</b>	<ul style="list-style-type: none"> <li>• Privilege taxes on beer, wine and cider (ORS Ch. 473)</li> <li>• License fees</li> <li>• Profit from distilled spirits sales</li> <li>• Miscellaneous revenue in the OLCC account</li> </ul> <p><i>Note:</i> 50 cents distilled spirits per bottle surcharge is NOT included in state shared revenues (it goes to state general fund)</p>	
<b>Tax Rates</b>	<ul style="list-style-type: none"> <li>• \$2.60/ barrel (31 gallons) for malt beverages and cider</li> <li>• \$0.65/gallon for wine + \$0.10/gallon for wine with greater than 14% alcohol + \$.02/gallon (directed to Oregon Wine Board)</li> </ul> <p><b>Profit Markup Formula for Distilled Spirits:</b></p> <ul style="list-style-type: none"> <li>• Up to \$78.06/case cost:                             <ul style="list-style-type: none"> <li>○ (Landed cost x 2.131) plus \$1.40 freight/bottles per case</li> <li>○ Round to the next \$.05 and add \$.50 surcharge/bottle (surcharge goes to General Fund and is not shared with cities)</li> </ul> </li> <li>• Over \$78.06/case cost:                             <ul style="list-style-type: none"> <li>○ [(Landed cost plus \$14.45) x 1.798] plus \$1.40 freight/bottles per case</li> <li>○ Rounded to the next \$ .05 + \$ .50 surcharge/bottle (surcharge goes to General Fund and is not shared with cities)</li> </ul> </li> </ul>	
<b>Agency Administration of Revenues</b>	OLCC certifies revenue; Department of Administrative Services (DAS) makes payment to cities.	
<b>Distribution Calculation</b>	<b>14% Share of Liquor Revenues</b>	<b>20% Share of Liquor Revenues</b>
<b>Payment Schedule</b>	Quarterly	Monthly
<b>Requirements</b>	<p><b>Ordinance Requirement:</b> Before July 31:</p> <ul style="list-style-type: none"> <li>• Pass an ordinance or resolution requesting state shared revenue money;</li> <li>• Hold public hearings before the budget committee and city council regarding the city's use of state shared revenues;</li> <li>• Submit documentation, such as the short form distributed by DAS, certifying compliance; and</li> <li>• Levy property taxes for the preceding year.</li> </ul> <p><b>AND</b></p> <p><b>Certification requirement</b> (Same as required by 20% share)</p>	<p><b>Certification Requirement:</b> Cities in counties with populations greater than 100,000 must certify<sup>1</sup> that the city provides at least four of the following municipal services:</p> <ul style="list-style-type: none"> <li>• Fire protection;</li> <li>• Police protection;</li> <li>• Street construction, maintenance and lighting;</li> <li>• Sanitary sewers;</li> <li>• Storm sewers;</li> <li>• Planning, zoning and subdivision control; or</li> <li>• One or more utility services.</li> </ul>
<b>Use of Revenue Restrictions</b>	Unrestricted	
<b>Local Tax Preemption</b>	Yes. Cities may not impose a tax or fee on malt beverages or any alcoholic liquors (See ORS 471.045 and ORS 473.190). Cities also are restricted on the amount they may impose for licensing fees. (See ORS 471.166)	
<b>Key Statutes</b>	ORS 221.760-.770 (requirements to receive revenues); 471.810 (distribution of moneys in OLCC account); 473.005-.060 (tax provisions)	

<sup>1</sup> See ORS 221.760 (imposing certification requirement for cities in counties with a population greater than 100,000 to receive revenues from cigarette, gas and liquor taxes). Counties with a population greater than 100,000 are: Clackamas, Deschutes, Douglas, Jackson, Lane, Linn, Marion, Multnomah, Washington and Yamhill.