

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2020 Regular Session
Legislative Revenue Office

Bill Number: SB 1565
Revenue Area: Liquor Revenue
Economist: Mazen Malik
Date: 02/06/2020

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Establishes rates of compensation to be paid by Oregon Liquor Control Commission to distillery retail outlet agent for distilled liquor retail sales by agent.

Revenue Impact in millions:

	2019-21	2021-23	2023-25
Liquor Revenue	(\$0.37)	(\$1.56)	(\$1.60)
General Fund	(\$0.21)	(\$0.87)	(\$0.90)
Cities	(\$0.12)	(\$0.53)	(\$0.54)
Counties	(\$0.04)	(\$0.16)	(\$0.16)

Impact Explanation:

Distilleries are treated like liquor stores but are permitted to sell their own liquor out of their own tasting rooms. Each distiller is allowed a maximum of 5 tasting rooms in addition to the main distillery (for a total of 6 tasting rooms). There are about 45 distilleries selling liquor out of 104 tasting rooms. Under current law, the liquor sales through the tasting rooms are treated the same as liquor sales through stores with the same agent compensation formula, markup formula, surcharge and listing process. However, for the tasting rooms, OLCC never sees the liquor sold in tasting rooms but distillers are required to file weekly reports on their sales and remit the net profit to the state after taking out their manufacturing cost and their compensation as retail agents. The compensation rate has been averaging about 17% in the last couple of years. This measure fixes that rate in statutes at 17% for sales over \$250,000. For distillers selling below \$250,000, they will be compensated at 45% rate.

Creates, Extends, or Expands Tax Expenditure: Yes No

The policy purpose of this measure is to incentivize the small distilleries and allow them the chance to grow their products.