

**SB 316 A STAFF MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Prepared By:** Michelle Deister, Budget Analyst

**Meeting Dates:** 6/10

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**WHAT THE MEASURE DOES:**

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

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Distilleries are treated like liquor stores, but are allowed to sell their own liquor out of their 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. As of 2019, there were about 65 distilleries selling liquor out of 104 tasting rooms. The liquor sales through the tasting rooms are treated the same as liquor sales through stores with the same 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 16% to 17% in the last few years. This measure fixes that rate at 17% in statutes for sales over \$250,000. For those distillers selling through tasting rooms the first \$250,000 in sales are compensated at 45% rate. Tasting rooms have been experiencing strong double-digit growth prior to 2020, however, they are among the businesses that have experienced significant slowing related to the COVID pandemic. The "-1" amendment imposes a six year sunset on the special tax treatment.