

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2976 - 1**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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Prepared by: Emily Coates

Reviewed by: April McDonald, Haylee Morse-Miller, Paul Siebert, Matt Stayner, Michelle Deister, Kim To,  
John Borden

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**Measure Description:**

Establishes Oregon Spirits Board as semi-independent state agency to develop and promote Oregon's distilled spirits industry.

**Government Unit(s) Affected:**

Department of Agriculture, Office of the Governor, Oregon Business Development Department, Tourism Commission, Oregon Liquor and Cannabis Commission, Department of Justice, Department of Administrative Services

**Summary of Fiscal Impact:**

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

**Analysis:**

The measure establishes the Oregon Spirits Board as a semi-independent state agency, consisting of nine members appointed by the Governor. The measure requires the Board to prepare and submit annual plans and budget recommendations to the Oregon Liquor and Cannabis Commission (OLCC) during the next fiscal year. In developing the annual plans and budget, the board may work with the Oregon Department of Agriculture, OLCC, Oregon Business Development Department, and the Oregon Tourism Commission.

In addition, the measure requires OLCC to place a 50-cent bottle surcharge on distilled liquor that is manufactured by a distillery licensee and sold to the commission in containers larger than 50 milliliters; this surcharge is in place of and not in addition to any other per bottle surcharge on distilled liquor manufactured by a distillery licensed under ORS 471.230. The measure requires OLCC on behalf of the Oregon Spirits Board, which will use funds to promote and grow the Oregon distilled spirits industry. The measure requires the Board to submit a report, no later than April 1 of each even-numbered year, to the Legislative Assembly regarding the economic impact of the distilled spirits industry in Oregon. The measure becomes operative January 1, 2025 and allows the Office of the Governor and OLCC to take action before the operative date.

The Legislative Fiscal Office notes that under current law, there is a 50-cent surcharge on all bottles sold in Oregon, generating an estimated \$45 million during the 2023-25 biennium for deposit into the General Fund. The measure would divert the surcharge on bottles produced by Oregon distillers to support the newly created Distilled Spirits Board, resulting in a decrease to the General Fund. The Legislative Revenue Office will provide further analysis on the overall revenue impact of this measure to the General Fund. OLCC reports that the agency would not provide administrative support to the Board and, the administrative costs of transferring revenue will be absorbed within existing resources.

There is a minimal fiscal impact for the Department of Agriculture, Department of Justice, and the Oregon Tourism Commission. There is no fiscal impact for the Oregon Business Development Department, Office of the Governor, and Department of Administrative Services. This measure has a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.