

## HB 2013 A STAFF MEASURE SUMMARY

### House Committee On Economic Development and Small Business

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**Action Date:** 04/04/23

**Action:** Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

**Vote:** 11-0-0-0

**Yeas:** 11 - Bynum, Diehl, Elmer, Javadi, Lively, Morgan, Nguyen D, Osborne, Pham H, Ruiz, Walters

**Fiscal:** Fiscal impact issued

**Revenue:** Has minimal revenue impact

**Prepared By:** Erin Seiler, LPRO Analyst

**Meeting Dates:** 3/2, 3/28, 4/4

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#### WHAT THE MEASURE DOES:

Changes wine self-distribution permit to direct to retailer permit. Holder of direct to retailer permit holder may sell at wholesale and transport malt beverages, wine or cider that permit holder produced, fermented, manufactured or blended directly to Oregon Liquor and Cannabis Commission (OLCC) or holder of brewery-public house, temporary, on-premises, limited on-premises, and off-premises sales license. OLCC may issue direct to retailer permit to manufacturer of malt beverages, wine, or cider who is: resident of another state or territory of the United States; licensed by other state or territory to manufacture malt beverages, wine or cider; and holds certificate of approval issued by OLCC. Specifies application process, requirement to post bond, annual renewal requirement, and fee payment. Confers responsibility for paying all taxes imposed and meeting all reporting requirements on permit holder. Permits OLCC to refuse, cancel, suspend, or restrict certificate or permit under certain conditions. Permits holders of brewery-public house, temporary, on-premises, limited on-premises, and off-premises sales license to purchase for sale at retail malt beverages, wine, and cider only from holder of license or permit issued by OLCC that authorizes sales of malt beverages, wine, or cider at wholesale to licensees of OLCC. Brewery-public house, temporary, on-premises, limited on-premises, and off-premises licensees are required to report each month on the quantity of malt beverage, wine or cider received from direct to retail permit holder. Provides rulemaking authority to OLCC to implement reporting requirements. Permits holder of direct shipper permit to sell and ship malt beverages, in addition to wine and cider, to person who is at least 21 years of age and for personal use and not resale. Shipment may not exceed two cases of cider or malt beverages that contains not more than nine liters per case to any resident per month or five cases of wine that contains not more than nine liters per case to any resident per month. Prohibits individual under the age of 21 from receiving malt beverages, wine, or cider from direct shipper permit holder. Requires direct to retailer permit holder to file report with OLCC statement of the quantity of wine, cider and malt beverages the holder transported to the holder of brewery-public house, temporary, on-premises, limited on-premises, and off-premises sales license during the preceding calendar month. Requires direct shipper permit holder to file with OLCC statement of the quantity of wine, cider, and malt beverages the holder delivered directly to an Oregon resident during the preceding three calendar months. Measure becomes operative January 1, 2024. Takes effect on 91<sup>st</sup> day following adjournment sine die.

#### ISSUES DISCUSSED:

- Legislation establishing permit to allow out-of-state wineries to sell wine and cider products direct to consumers and retailers
- Ability of out-of-state breweries to sell direct to retailers and consumers
- Impact of changes to alcohol distribution on public health
- Economic discrimination between in and out-of-state wineries and breweries

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- Possible federal Commerce Clause violation by treating in and out-of-state breweries differently
- Pending lawsuit against Oregon Liquor and Cannabis Commission

### **EFFECT OF AMENDMENT:**

Replaces the measure.

### **BACKGROUND:**

In 2007, the Legislative Assembly passed legislation permitting the then-named Oregon Liquor Control Commission (commission) to issue wine self-distribution permit to a wine or cider manufacturer based within the United States. The measure allowed a permit holder to sell at wholesale and transport wine or cider that the manufacturer produces directly to the commission, or to retail licensees who hold a valid endorsement issued by the commission authorizing the receipt of wine or cider from the permit holder.

House Bill 2013 A renames the wine self-distribution permit to the direct to retailer permit in order to include malt beverages. A direct to retailer permit holder may sell at wholesale and transport malt beverages, wine or cider that permit holder produced, fermented, manufactured or blended directly to the Oregon Liquor and Cannabis Commission or holder of brewery-public house, temporary, on-premises, limited on-premises, and off-premises sales license.