

A-Engrossed
House Bill 2976

Ordered by the House March 23
Including House Amendments dated March 23

Sponsored by Representatives NOSSE, MORGAN, Senators FINDLEY, GELSER BLOUIN; Representatives BREESE-IVERSON, BYNUM, GOMBERG, GOODWIN, GRAYBER, HOLVEY, JAVADI, KROPF, NATHANSON, OSBORNE, PHAM H, RUIZ, SCHARF, WALLAN, WALTERS, Senators ANDERSON, DEMBROW, FREDERICK, MEEK, PROZANSKI, TAYLOR (at the request of Oregon Distillers Guild) (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Spirits Board as semi-independent state agency to develop and promote Oregon's distilled spirits industry. Imposes 50 cents per bottle surcharge on distilled liquor manufactured in Oregon.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to the Oregon Spirits Board; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. The Legislative Assembly finds and declares that:**

5 (1) **The development of a world-class distilled spirits industry is important to Oregon as**
6 **a whole. The vitality of the distilled spirits industry affects the well-being of Oregonians and**
7 **Oregon's rural economies and environments.**

8 (2) **It is in the public interest to encourage the orderly growth and development of**
9 **sustainable, labor-intensive, value-added agricultural industries, such as the distilled spirits**
10 **industry.**

11 (3) **State involvement in the distilled spirits industry must be coordinated to respond to**
12 **state interests and to encourage appropriate partnership and cooperation between the public**
13 **and private sectors in ensuring orderly growth and realizing statewide objectives for a**
14 **world-class distilled spirits industry.**

15 **SECTION 2. (1) The Oregon Spirits Board is established as a semi-independent state**
16 **agency subject to ORS 182.456 to 182.472.**

17 (2) **The board shall consist of nine members appointed by the Governor. The Governor**
18 **shall consider nominations or recommendations made by distilled spirits membership organ-**
19 **izations in this state, with nominating committees representative of a majority of congress-**
20 **sional districts in this state. To ensure a diversity of representation, the board shall consist**
21 **of:**

22 (a) **One member from each congressional district;**

23 (b) **One member from any one of the congressional districts that sells at least 75,000**
24 **proof gallons per year;**

25 (c) **One member from any one of the congressional districts that sells less than 25,000**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 proof gallons per year; and

2 (d) One member who represents any one of the congressional districts and who has
3 demonstrated expertise in the national and international distribution of distilled spirits.

4 (3) The term of office of a member is three years, but a member serves at the pleasure
5 of the Governor. Before the expiration of a term, the Governor shall appoint a successor
6 whose term begins on January 1 next following. A member is eligible for reappointment.

7 (4) If a vacancy occurs on the board, the Governor shall appoint a qualified individual to
8 serve the remainder of the unexpired term.

9 (5) A member appointed to the board must have:

10 (a) Expertise and experience in the Oregon distilled spirits making industry or distilled
11 spirits distribution industry; and

12 (b) A demonstrated ability and disposition to serve the state's interest regarding all as-
13 pects of the Oregon distilled spirits industry.

14 (6) During the term of office, a member must:

15 (a) Be a bona fide resident of this state, or an officer or principal owner of an entity
16 organized or registered to do business in this state;

17 (b) Have a demonstrated interest in the positive development of the Oregon distilled
18 spirits industry; and

19 (c) Be actively engaged in making distilled spirits or the national or international dis-
20 tribution of Oregon distilled spirits.

21 (7) The members of the board shall elect a chairperson and vice chairperson with duties
22 and powers determined by the board.

23 **SECTION 3.** (1) The Oregon Spirits Board shall operate for the purposes of supporting:

24 (a) The promotion of Oregon's distilled spirits industry nationally and internationally;

25 (b) The growth of the distilled spirits industry through product distribution and tourism;
26 and

27 (c) The development of educational opportunities and materials for members of Oregon's
28 distilled spirits industry.

29 (2) The board shall create and maintain a long-term strategic plan and use the long-term
30 strategic plan to guide the granting and funding decisions of the board. To the extent prac-
31 ticable, the board shall allocate funds and award grants in a manner that encourages coor-
32 dinated, cost-effective projects that are integrated to implement the board's strategic
33 statewide objectives for the development of world-class distilled spirits production in Oregon.

34 **SECTION 4.** To carry out the purposes of sections 1 to 7 of this 2023 Act, the Oregon
35 Spirits Board may:

36 (1) Appoint officers and prescribe their duties;

37 (2) Enter into agreements with and prescribe the duties of consultants, agents and ad-
38 visers;

39 (3) Appear on the board's own behalf before other boards, commissions, departments or
40 agencies of municipal or county governments, the state government or the federal govern-
41 ment;

42 (4) Procure insurance against any losses in connection with properties of the board in the
43 amounts and from any insurers that the board deems necessary or desirable;

44 (5) Accept donations, grants, bequests and devises, conditional or otherwise, of money,
45 property, services or other things of value, including the interest or earnings thereon but

1 excluding corporate stock, that may be received from a government agency or public or
2 private institution or person, to be held, used or applied for any or all of the purposes spec-
3 ified in section 3 of this 2023 Act in accordance with the terms and conditions of the do-
4 nation, grant, bequest or devise;

5 (6) Organize, conduct, sponsor, cooperate with and assist the private sector and other
6 state agencies in the conduct of conferences and tours relating to the Oregon distilled spirits
7 industry;

8 (7) Provide and pay for advisory services and technical assistance that the board finds
9 necessary or desirable; and

10 (8) Exercise any other powers necessary for the operation and functioning of the board.

11 **SECTION 5.** (1) In accordance with applicable provisions of ORS chapter 183, the Oregon
12 Spirits Board may adopt rules necessary for the administration of the duties and responsi-
13 bilities set forth in sections 1 to 7 of this 2023 Act.

14 (2) Notwithstanding ORS 182.460 and section 2 (1) of this 2023 Act, employees of the board
15 are not eligible for inclusion within the Public Employees Retirement System.

16 **SECTION 6.** (1) The report submitted by the Oregon Spirits Board under ORS 182.472
17 must include a description of the long-term strategic plan created by the board and a de-
18 scription of the progress made in implementing the statewide strategic objectives of the
19 board during the most recent biennium.

20 (2) Notwithstanding ORS 182.462:

21 (a) The board shall prepare and submit to the administrator of the Oregon Liquor and
22 Cannabis Commission annual plans and a budget recommended by the board for promotion
23 and for education during the next fiscal year.

24 (b) The board shall adopt rules specifying the procedures, criteria and timelines for the
25 preparation and approval of the annual plans and budget for promotion and educational re-
26 source development.

27 (c) The administrator shall review the annual plans and budget described in this sub-
28 section. In reviewing the annual plans and budget, the administrator shall consider whether
29 the information supplied by the board is factual and consistent with sections 1 to 7 of this
30 2023 Act and with the positive development of the Oregon distilled spirits industry. The ad-
31 ministrator shall:

32 (A) Approve the annual plans and budget prior to the commencement of the next fiscal
33 year; or

34 (B) Disapprove and return the annual plans and budget to the board with conditions
35 necessary for approval prior to the next fiscal year.

36 (d) In developing the annual plans and budget described in this subsection, the board may
37 consult with and receive coordinated support from:

38 (A) The State Department of Agriculture;

39 (B) The Oregon Tourism Commission;

40 (C) The Oregon Liquor and Cannabis Commission; and

41 (D) The Oregon Business Development Department.

42 (3) Not later than April 1 of each even-numbered year, in addition to the report described
43 in subsection (1) of this section, the board shall submit, in the manner provided in ORS
44 192.245, a report to the Legislative Assembly regarding the economic impact of the distilled
45 spirits industry in this state.

1 **SECTION 7.** (1) The Oregon Liquor and Cannabis Commission shall place a 50 cents per
2 bottle surcharge on distilled liquor, as defined in ORS 471.001, manufactured by a distillery
3 licensed under ORS 471.230 and sold to the commission in containers larger than 50 millili-
4 ters. The per bottle surcharge described in this subsection is in place of and not in addition
5 to any other per bottle surcharge on distilled liquor manufactured by a distillery licensed
6 under ORS 471.230.

7 (2) Notwithstanding ORS 471.810, and after the withdrawal of the retainer specified in
8 subsection (3) of this section, moneys collected from the per bottle surcharge described in
9 subsection (1) of this section shall be reserved for and deposited to the account described in
10 subsection (4) of this section.

11 (3) The commission shall collect the per bottle surcharge described in subsection (1) of
12 this section on behalf of the Oregon Spirits Board. The commission may retain an amount
13 sufficient to cover the costs incurred in collecting the per bottle surcharge. The commission
14 shall transfer the remaining amount to the board for deposit as provided in subsection (2)
15 of this section.

16 (4) The board shall deposit moneys transferred to the board as described in subsection
17 (3) of this section into an account created by the board pursuant to ORS 182.470. The moneys
18 described in this subsection shall be continuously appropriated to the board for the purposes
19 of carrying out sections 1 to 7 of this 2023 Act.

20 **SECTION 8.** Notwithstanding the term of office specified in section 2 of this 2023 Act, of
21 the members initially appointed to the Oregon Spirits Board:

22 (1) Three shall serve a term ending January 1, 2026;

23 (2) Three shall serve a term ending January 1, 2027; and

24 (3) Three shall serve a term ending January 1, 2028.

25 **SECTION 9.** (1) Sections 1 to 7 of this 2023 Act become operative on January 1, 2025.

26 (2) The Governor and the Oregon Liquor and Cannabis Commission may take any action
27 before the operative date specified in subsection (1) of this section that is necessary to enable
28 the Governor and the commission to exercise, on and after the operative date specified in
29 subsection (1) of this section, all of the duties, functions and powers conferred on the Gov-
30 ernor and the commission by sections 1 to 7 of this 2023 Act.

31 **SECTION 10.** This 2023 Act takes effect on the 91st day after the date on which the 2023
32 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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