

House Bill 3730

Sponsored by Representative NOSSE

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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act says what "low-proof spirit beverage" means and that some OLCC licensees can sell low-proof spirit beverages. The Act also says that there is a tax on the sale of a low-proof spirit beverage. (Flesch Readability Score: 65.7).

Allows a licensee, permittee or certificate holder authorized to import, export, sell, distribute, ship or deliver wine to import, export, sell, distribute, ship and deliver low-proof spirit beverages. Defines "low-proof spirit beverages." Conditionally allows a distillery licensee to distribute or deliver low-proof spirit beverages. Allows a distillery licensee to import, manufacture, offer tasting of and make certain sales of low-proof spirit beverages. Allows an importer of distilled liquor to import low-proof spirit beverages.

Imposes a tax on the privilege of engaging in business as a manufacturer or importing distributor of low-proof spirit beverages. Creates exceptions. Makes provisions regarding tax payments, liens and record keeping applicable for low-proof spirit beverages.

Applies to low-proof spirit beverages manufactured or imported on or after January 1, 2026.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to low-proof spirit beverages; creating new provisions; amending ORS 430.256, 471.155,
3 471.230, 471.810, 473.060, 473.065, 473.070, 473.080, 473.090, 473.100, 473.140, 473.150, 473.160 and
4 473.170; prescribing an effective date; and providing for revenue raising that requires approval
5 by a three-fifths majority.

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

7 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 471.**

8 **SECTION 2. (1) As used in this section, "low-proof spirit beverage" means an alcoholic**
9 **beverage that:**

10 (a) **Contains, at a minimum, a mixture of distilled liquor and a nonalcoholic liquid;**

11 (b) **Contains not more than 14 percent alcohol by volume; and**

12 (c) **Is sold at retail in a factory-sealed container that does not exceed 375 milliliters in**
13 **volume.**

14 (2) **Notwithstanding ORS 471.186, the holder of an off-premises sales license that holds a**
15 **license for a premises that is greater than 4,000 square feet may, at the premises, sell and**
16 **deliver a low-proof spirit beverage. The retail sale and delivery of low-proof spirit beverages**
17 **under this subsection is subject to the same restrictions and requirements imposed under**
18 **this chapter and by the Oregon Liquor and Cannabis Commission by rule for retail sales and**
19 **delivery of wine by off-premises sales licensees.**

20 (3)(a) **Subject to paragraph (c) of this subsection, a holder of a full on-premises sales li-**
21 **cence, limited on-premises sales license, temporary sales license, brewery-public house li-**
22 **cence, brewery license, winery license, grower sales privilege license or other license under**
23 **this chapter that allows the sale of wine for on-premises consumption may sell a low-proof**
24 **spirit beverage for on-premises consumption.**

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 **(b) Subject to paragraph (c) of this subsection, a holder of a license under this chapter**
2 **that allows the sale of wine in factory-sealed containers for off-premises consumption may**
3 **sell a low-proof spirit beverage at the premises for off-premises consumption. Any limitations**
4 **imposed on a licensee described in this subsection with regard to the sale of wine apply to**
5 **the sale of a low-proof spirit beverage by the licensee.**

6 **(c) This subsection does not allow a sale other than a sale at retail in conformance with**
7 **subsection (1)(c) of this section.**

8 **(4)(a) A holder of a winery license, grower sales privilege license, wholesale malt beverage**
9 **and wine license, warehouse license, certificate of approval under ORS 471.244 or other li-**
10 **cence, certificate or permit under this chapter that allows the person to import or export**
11 **wine into or out of this state may import or export a low-proof spirit beverage on the same**
12 **terms that the person is allowed to import or export wine.**

13 **(b) A holder of a certificate of approval under ORS 471.251 may import a low-proof spirit**
14 **beverage on the same terms that the holder of a certificate of approval under ORS 471.244**
15 **may import a low-proof spirit beverage.**

16 **(5) A holder of a wholesale malt beverage and wine license, warehouse license or other**
17 **license, certificate or permit under this chapter that allows the person to distribute or ship**
18 **wine in this state may distribute or ship a low-proof spirit beverage on the same terms that**
19 **the person is allowed to distribute or ship wine in this state.**

20 **(6)(a) A holder of a winery license, grower sales privilege license, wholesale malt beverage**
21 **and wine license, warehouse license, direct shipper permit, certificate of approval under ORS**
22 **471.244, direct to retailer permit or other license, certificate or permit under this chapter**
23 **that allows the person to deliver wine to a licensee of the commission may deliver a low-**
24 **proof spirit beverage to a licensee of the commission on the same terms that the person is**
25 **allowed to deliver wine.**

26 **(b) A holder of a distillery license or a certificate of approval under ORS 471.251 that pays**
27 **to the commission an amount equal to the fee for a direct to retailer permit may deliver a**
28 **low-proof spirit beverage to a licensee of the commission on the same terms as a holder of**
29 **a direct to retailer permit.**

30 **(7)(a) A holder of a direct shipper permit, warehouse license or other license, certificate**
31 **or permit under this chapter that allows the person to deliver wine directly to a resident of**
32 **this state for personal use may deliver a low-proof spirit beverage directly to a resident of**
33 **this state for personal use on the same terms that the person is allowed to deliver wine.**

34 **(b) A holder of a distillery license or a certificate of approval under ORS 471.251 that pays**
35 **to the commission an amount equal to the fee for a direct shipper permit may deliver a**
36 **low-proof spirit beverage directly to a resident of this state for personal use on the same**
37 **terms as a holder of a direct shipper permit.**

38 **(8) Any liability insurance or bonding requirement imposed on a licensee under this**
39 **chapter regarding the sale or service of a low-proof spirit beverage must be identical to the**
40 **liability insurance or bonding requirement imposed on a licensee under this chapter regard-**
41 **ing the sale or service of wine.**

42 **(9) A nonprofit or charitable organization may sell a low-proof spirit beverage at an**
43 **auction or through a raffle on the same terms that the organization may sell wine under**
44 **ORS 471.162. This subsection does not allow the sale of a low-proof spirit beverage that is**
45 **not manufactured in this state or imported into this state as provided under this chapter.**

1 (10) An individual entering this state may possess an amount of low-proof spirit beverage
 2 that does not exceed the amount of wine that ORS 471.405 allows an individual entering the
 3 state to possess.

4 (11) ORS 471.740 and 471.745 do not apply to low-proof spirit beverages.

5 (12) Subsections (2) to (7) of this section do not allow a holder of a license, certificate or
 6 permit issued under this chapter to:

7 (a) Carry out any function or power regarding wine that the holder is not otherwise al-
 8 lowed to carry out under the license, certificate or permit; or

9 (b) Carry out any function or power regarding distilled liquor, other than low-proof spirit
 10 beverages, that the holder is not otherwise allowed to carry out under the license, certificate
 11 or permit.

12 **SECTION 3.** Section 4 of this 2025 Act is added to and made a part of ORS chapter 473.

13 **SECTION 4.** (1) As used in this section, “low-proof spirit beverage” has the meaning
 14 given that term in section 2 of this 2025 Act.

15 (2) A tax is imposed on the privilege of engaging in business as a manufacturer or im-
 16 porting distributor of low-proof spirit beverages. The tax shall be _____ cents per gallon
 17 of low-proof spirit beverage manufactured or imported.

18 (3) In computing the privilege tax imposed under this section:

19 (a) A low-proof spirit beverage is not subject to tax more than once.

20 (b) A tax may not be levied, collected or imposed upon any low-proof spirit beverage sold
 21 to the Oregon Liquor and Cannabis Commission or exported from this state.

22 (c) A tax may not be levied, collected or imposed upon any low-proof spirit beverage given
 23 away and consumed on the licensed premises of a distillery licensee, or sold to or by a vol-
 24 untary nonincorporated organization of army, air corps or navy personnel operating a place
 25 for the sale of goods pursuant to regulations promulgated by the proper authority of each
 26 such service.

27 (d) A tax may not be levied, collected or imposed upon any low-proof spirit beverage de-
 28 termined by the commission to be unfit for human consumption or unsalable.

29 **SECTION 5.** ORS 471.230 is amended to read:

30 471.230. (1)(a) A distillery license allows the licensee to:

31 (A) Import, manufacture, distill, rectify, blend, denature and store distilled liquor[, to];

32 (B) Sell the distilled liquor to the Oregon Liquor and Cannabis Commission [*and to*];

33 (C) Transport the distilled liquor out of this state for sale outside this state[. *Distillery licensees*
 34 *may*]; **and**

35 (D) Purchase and sell distilled liquor from or to another distillery licensee in containers having
 36 a capacity greater than one U.S. gallon for blending and manufacturing purposes. A distillery
 37 licensee may not sell any alcoholic beverage within this state except to the commission or as pro-
 38 vided in this section.

39 (b) An [*However, any*] agricultural producer [*or*], **an** association of agricultural producers or the
 40 [*legal agents*] **agent** of an agricultural producer or association of agricultural producers that manu-
 41 factures and converts agricultural surpluses, by-products and wastes into denatured ethyl and in-
 42 dustrial alcohol for use in the arts and industry [*are*] **is** not required to obtain a license from the
 43 commission.

44 (2) If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal
 45 Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

1 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
 2 factured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of
 3 the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled li-
 4 quors, they must be distilled liquors on the list of products approved by the commission for retail
 5 sale in Oregon and must be purchased by the licensee at the retail price established by the com-
 6 mission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may
 7 be conducted on the licensed premises of the distillery and at no more than five other premises
 8 owned or leased by the licensee. The commission may allow more than one distillery licensee to use
 9 the same premises at the same time for conducting tastings if the premises are a primary production
 10 location and the licensees share the premises or are owned by the same entity. If the manufacturer
 11 of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the
 12 commission, the licensee shall pay the commission a processing fee.

13 (b) Obtain a special events distillery license.

14 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of
 15 *[retailing]* **selling at retail** distilled liquor at locations where tastings are permitted under para-
 16 graph (a) of this subsection or subsection (4)(a) of this section. A distillery retail outlet agent may
 17 sell at locations where tastings are allowed under paragraph (a) of this subsection only distilled li-
 18 quor that is on the list of products approved by the commission for retail sale in Oregon and is
 19 manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the
 20 same premises as a primary production location or is owned by the same entity as the distillery
 21 licensee.

22 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may hold one or more full on-
 23 premises sales licenses. All distilled liquor sold under a full on-premises sales license must be pur-
 24 chased from the commission.

25 (4) A distillery licensee that holds a special events distillery license may conduct an event on
 26 premises designated in the special events distillery license. Except as provided in this subsection,
 27 a special events distillery license may be valid for a period not exceeding five days. The commission
 28 shall limit the approval of special events distillery licenses for a distillery licensee at the same lo-
 29 cation to not more than 62 days during a calendar year. A distillery licensee conducting a special
 30 event may:

31 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
 32 factured in Oregon by the distillery licensee. Tastings may be of the distilled liquor alone or with
 33 a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors
 34 on the list of products approved by the commission for retail sale in Oregon and must be purchased
 35 by the licensee at the retail price established by the commission. If the manufacturer of the distilled
 36 liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the
 37 licensee shall pay the commission a processing fee.

38 (b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells under this
 39 paragraph must include distilled liquor that the licensee manufactured in Oregon. Any distilled li-
 40 quor contained in the drink must be on the list of products approved by the commission for retail
 41 sale in Oregon. The distillery licensee selling the drink must purchase all distilled liquor contained
 42 in the drink at the retail price set by the commission for the month in which the drink is sold.

43 (c) If the distillery licensee has been appointed as a distillery retail outlet agent under sub-
 44 section (2)(c) of this section, sell distilled liquor in factory-sealed containers for consumption off the
 45 licensed premises. A distillery retail outlet agent may sell at a location where tastings are allowed

1 under paragraph (a) of this subsection only distilled liquor that is on the list of products approved
 2 by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee.
 3 The distillery retail outlet agent must sell the distilled liquor at the retail price set by the com-
 4 mission for the month of sale.

5 (5) The commission shall pay a distillery retail outlet agent compensation for distilled liquor
 6 retail sales by the agent under subsection (2)(c) or (4)(c) of this section. The compensation rate shall
 7 be:

8 (a) For the first \$250,000 of annual total combined retail sales from all distillery retail outlet
 9 agent tasting locations operated by the distillery licensee under subsection (2)(a) or (4)(a) of this
 10 section, 45 percent of the retail price set by the commission for the sold distilled liquor.

11 (b) For distilled liquor retail sales by the agent that are not described in paragraph (a) of this
 12 subsection, 17 percent of the retail price set by the commission for the sold distilled liquor.

13 **(6)(a) In addition to any other privilege granted to a distillery licensee, a distillery**
 14 **licensee may import, manufacture, blend and store low-proof spirit beverages as defined in**
 15 **section 2 of this 2025 Act. A distillery licensee may sell a low-proof spirit beverage:**

16 **(A) To export;**

17 **(B) To any commission licensee authorized under section 2 of this 2025 Act to sell, dis-**
 18 **tribute or deliver low-proof spirit beverages; or**

19 **(C) At retail directly to the consumer for consumption off of the distillery's licensed**
 20 **premises.**

21 **(b) A distillery licensee may conduct tastings of low-proof spirit beverages at any location**
 22 **where the licensee may conduct tastings of distilled liquor under subsection (2) or (4) of this**
 23 **section.**

24 **SECTION 6.** ORS 471.230, as amended by section 3, chapter 649, Oregon Laws 2021, is amended
 25 to read:

26 471.230. (1)(a) A distillery license allows the licensee to:

27 **(A)** Import, manufacture, distill, rectify, blend, denature and store distilled liquor[, *to*];

28 **(B)** Sell the distilled liquor to the Oregon Liquor and Cannabis Commission [*and to*];

29 **(C)** Transport the distilled liquor out of this state for sale outside this state[. *Distillery licensees*
 30 *may*]; **and**

31 **(D)** Purchase and sell distilled liquor from or to another distillery licensee in containers having
 32 a capacity greater than one U.S. gallon for blending and manufacturing purposes. A distillery
 33 licensee may not sell any alcoholic beverage within this state except to the commission or as pro-
 34 vided in this section.

35 **(b) An** [*However, any*] agricultural producer [*or*], **an** association of agricultural producers or the
 36 [*legal agents*] **agent** of an agricultural producer or association of agricultural producers that manu-
 37 factures and converts agricultural surpluses, by-products and wastes into denatured ethyl and in-
 38 dustrial alcohol for use in the arts and industry [*are*] **is** not required to obtain a license from the
 39 commission.

40 (2) If a distillery licensee holds a valid distilled spirits plant basic permit issued by the federal
 41 Alcohol and Tobacco Tax and Trade Bureau for the licensed premises, the distillery licensee may:

42 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
 43 factured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of
 44 the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled li-
 45 quors, they must be distilled liquors on the list of products approved by the commission for retail

1 sale in Oregon and must be purchased by the licensee at the retail price established by the com-
2 mission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may
3 be conducted on the licensed premises of the distillery and at no more than five other premises
4 owned or leased by the licensee. The commission may allow more than one distillery licensee to use
5 the same premises at the same time for conducting tastings if the premises are a primary production
6 location and the licensees share the premises or are owned by the same entity. If the manufacturer
7 of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the
8 commission, the licensee shall pay the commission a processing fee.

9 (b) Obtain a special events distillery license.

10 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of
11 *[retailing]* **selling at retail** distilled liquor at locations where tastings are permitted under para-
12 graph (a) of this subsection or subsection (4)(a) of this section. A distillery retail outlet agent may
13 sell at locations where tastings are allowed under paragraph (a) of this subsection only distilled li-
14 quor that is on the list of products approved by the commission for retail sale in Oregon and is
15 manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the
16 same premises as a primary production location or is owned by the same entity as the distillery
17 licensee.

18 (3) Notwithstanding ORS 471.392 to 471.400, a distillery licensee may hold one or more full on-
19 premises sales licenses. All distilled liquor sold under a full on-premises sales license must be pur-
20 chased from the commission.

21 (4) A distillery licensee that holds a special events distillery license may conduct an event on
22 premises designated in the special events distillery license. Except as provided in this subsection,
23 a special events distillery license may be valid for a period not exceeding five days. The commission
24 shall limit the approval of special events distillery licenses for a distillery licensee at the same lo-
25 cation to not more than 62 days during a calendar year. A distillery licensee conducting a special
26 event may:

27 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-
28 factured in Oregon by the distillery licensee. Tastings may be of the distilled liquor alone or with
29 a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors
30 on the list of products approved by the commission for retail sale in Oregon and must be purchased
31 by the licensee at the retail price established by the commission. If the manufacturer of the distilled
32 liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the
33 licensee shall pay the commission a processing fee.

34 (b) Permit sales by the drink of distilled liquor. A drink that a distillery licensee sells under this
35 paragraph must include distilled liquor that the licensee manufactured in Oregon. Any distilled li-
36 quor contained in the drink must be on the list of products approved by the commission for retail
37 sale in Oregon. The distillery licensee selling the drink must purchase all distilled liquor contained
38 in the drink at the retail price set by the commission for the month in which the drink is sold.

39 (c) If the distillery licensee has been appointed as a distillery retail outlet agent under sub-
40 section (2)(c) of this section, sell distilled liquor in factory-sealed containers for consumption off the
41 licensed premises. A distillery retail outlet agent may sell at a location where tastings are allowed
42 under paragraph (a) of this subsection only distilled liquor that is on the list of products approved
43 by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee.
44 The distillery retail outlet agent must sell the distilled liquor at the retail price set by the com-
45 mission for the month of sale.

1 (5)(a) In addition to any other privilege granted to a distillery licensee, a distillery
 2 licensee may import, manufacture, blend and store low-proof spirit beverages as defined in
 3 section 2 of this 2025 Act. A distillery licensee may sell a low-proof spirit beverage:

4 (A) To export;

5 (B) To any commission licensee authorized under section 2 of this 2025 Act to sell, dis-
 6 tribute or deliver low-proof spirit beverages; or

7 (C) At retail directly to the consumer for consumption off of the distillery's licensed
 8 premises.

9 (b) A distillery licensee may conduct tastings of low-proof spirit beverages at any location
 10 where the licensee may conduct tastings of distilled liquor under subsection (2) or (4) of this
 11 section.

12 **SECTION 7.** ORS 473.060 is amended to read:

13 473.060. (1) The privilege taxes imposed by ORS 473.030 and 473.035 **and section 4 of this 2025**
 14 **Act** shall be paid to the Oregon Liquor and Cannabis Commission. The taxes covering the periods
 15 for which statements are required to be rendered by ORS 473.070 shall be paid before the time for
 16 filing such statements expires or, as concerns wines, on or before the 20th day of the month after
 17 such wines have been withdrawn from federal bond. If not so paid, a penalty of 10 percent and in-
 18 terest at the rate of one percent a month or fraction of a month shall be added and collected. The
 19 commission may refund any tax payment imposed upon or paid in error by any licensee or holder
 20 of a direct to retailer permit issued under ORS 471.274 or a direct shipper permit issued under ORS
 21 471.282, and may waive the collection or refund the payment of any tax imposed and collected on
 22 wine, cider or malt beverages subsequently exported from this state, sold to a federal
 23 instrumentality or to the commission, or determined by the commission to be unfit for human con-
 24 sumption or unsalable.

25 (2) The commission may waive any interest or penalty assessed to a manufacturer or holder of
 26 a permit described in subsection (1) of this section subject to the tax imposed under ORS 473.030
 27 or 473.035 **or section 4 of this 2025 Act** if the commission, in its discretion, determines that the
 28 manufacturer or permit holder has made a good faith attempt to comply with the requirements of
 29 this chapter.

30 (3) Except in the case of fraud, the commission may not assess any interest or penalty on any
 31 tax due under ORS 473.030 or 473.035 **or section 4 of this 2025 Act** following the expiration of 36
 32 months from the date on which was filed the statement required under ORS 473.070 reporting the
 33 quantity of wine, cider or malt beverages upon which the tax is due.

34 (4) A manufacturer or holder of a permit described in subsection (1) of this section may appeal
 35 a tax imposed under ORS 473.030 or 473.035 **or section 4 of this 2025 Act** in the manner of a
 36 contested case under ORS chapter 183.

37 **SECTION 8.** ORS 473.070 is amended to read:

38 473.070. (1) On or before the 20th day of each month:

39 (a) Every manufacturer shall file with the Oregon Liquor and Cannabis Commission a statement
 40 of the quantity of wine, cider [*and*], malt beverages **and low-proof spirit beverages** produced,
 41 purchased or received by the manufacturer during the preceding calendar month.

42 (b) Every holder of a direct to retailer permit issued under ORS 471.274 shall file with the
 43 commission a statement of the quantity of wine, cider [*and*], malt beverages **and low-proof spirit**
 44 **beverages** the holder transported to the holder of a license issued under ORS 471.175, 471.178,
 45 471.186, 471.190 or 471.200 during the preceding calendar month.

1 (c) Every holder of a direct shipper permit issued under ORS 471.282 shall file with the com-
2 mission a statement of the quantity of wine, cider, [and] malt beverages **and low-proof spirit**
3 **beverages** the holder delivered directly to an Oregon resident during the preceding three calendar
4 months.

5 (2) Notwithstanding subsection (1) of this section, a manufacturer of wine, the holder of a direct
6 to retailer permit or the holder of a direct shipper permit that was not liable for a privilege tax
7 under this chapter in the prior calendar year and that does not expect to be liable for a privilege
8 tax under this chapter in the current calendar year, or a manufacturer of wine, the holder of a di-
9 rect to retailer permit or the holder of a direct shipper permit that is newly established during the
10 current calendar year and that does not expect to be liable for a privilege tax under this chapter
11 in the current calendar year, may file a single annual statement of the quantity of wine produced,
12 purchased or received by the manufacturer, the holder of a direct to retailer permit or the holder
13 of a direct shipper permit during the current calendar year. The annual statement shall be filed with
14 the commission on or before January 20 of the following year.

15 (3) The commission shall by rule establish procedures that allow manufacturers, importing dis-
16 tributors, holders of direct to retailer permits and holders of direct shipper permits to use electronic
17 means to:

18 (a) File statements required under this section; and

19 (b) Pay privilege taxes imposed by ORS 473.030 and 473.035.

20 **SECTION 9.** ORS 473.080 is amended to read:

21 473.080. If any manufacturer or holder of a direct to retailer permit issued under ORS 471.274
22 or a direct shipper permit issued under ORS 471.282 fails, neglects or refuses to file a statement
23 required by ORS 473.070 or files a false statement, the Oregon Liquor and Cannabis Commission
24 shall estimate the amount of wine, cider [and], malt beverages **and low-proof spirit beverages**
25 produced, purchased or received by the manufacturer or permit holder and assess the privilege tax
26 thereon. The manufacturer or permit holder shall be estopped from complaining of the amount so
27 estimated.

28 **SECTION 10.** ORS 473.090 is amended to read:

29 473.090. The privilege tax required to be paid by ORS 473.030 and 473.035 **and section 4 of this**
30 **2025 Act** constitutes a lien upon, and has the effect of an execution duly levied against, any and
31 all property of the manufacturer or the holder of a direct to retailer permit issued under ORS
32 471.274 or a direct shipper permit issued under ORS 471.282, attaching at the time the beverages
33 subject to the tax were produced, purchased or received, as the case may be, and remaining until
34 the tax is paid or the property sold in payment thereof. The lien created by this section is para-
35 amount to all private liens or encumbrances.

36 **SECTION 11.** ORS 473.100 is amended to read:

37 473.100. (1) Whenever any manufacturer or holder of a direct to retailer permit issued under
38 ORS 471.274 or a direct shipper permit issued under ORS 471.282 is delinquent in the payment of
39 the privilege tax provided for in ORS 473.030 and 473.035 **and section 4 of this 2025 Act**, the
40 Oregon Liquor and Cannabis Commission or its duly authorized representative shall seize any
41 property subject to the tax and sell, at public auction, property so seized, or a sufficient portion
42 thereof to pay the privilege tax due, together with any penalties imposed under ORS 473.060 for such
43 delinquency and all costs incurred on account of the seizure and sale.

44 (2) Written notice of the intended sale and the time and place thereof, shall be given to such
45 delinquent manufacturer or holder of a permit described in subsection (1) of this section and to all

1 persons appearing of record to have an interest in the property, at least 10 days before the date set
 2 for the sale. The notice shall be enclosed in an envelope addressed to the manufacturer or permit
 3 holder at the last-known residence or place of business of the manufacturer or permit holder in this
 4 state, if any, and in the case of any person appearing of record to have an interest in such property,
 5 addressed to such person at the last-known place of residence of the person, if any. The envelope
 6 shall be deposited in the United States mail, postage prepaid. In addition, notice shall be published
 7 for at least 10 days before the date set for such sale, in a newspaper of general circulation published
 8 in the county in which the property seized is to be sold. If there is no newspaper of general circu-
 9 lation in such county, the notice shall be posted in three public places in such county for the 10-day
 10 period. The notice shall contain a description of the property to be sold, a statement of the amount
 11 of the privilege taxes, penalties and costs, the name of the manufacturer or permit holder and the
 12 further statement that, unless the privilege taxes, penalties and costs are paid on or before the time
 13 fixed in the notice for the sale, the property, or so much thereof as may be necessary, will be sold
 14 in accordance with law and the notice.

15 **SECTION 12.** ORS 473.140 is amended to read:

16 473.140. Every manufacturer and holder of a direct to retailer permit issued under ORS 471.274
 17 or a direct shipper permit issued under ORS 471.282 shall keep a complete and accurate record of
 18 all sales of wine, cider [*and*], malt beverages **and low-proof spirit beverages**, a complete and ac-
 19 curate record of the number of gallons imported, produced, purchased, manufactured, brewed,
 20 fermented or delivered, and the date of importation, production, purchase, manufacturing, brewing,
 21 fermentation or delivery. The records must be in the form and contain other information as the
 22 Oregon Liquor and Cannabis Commission may prescribe. The commission, by rule or regulation, may
 23 require the delivery of statements by distributors to purchasers, with wine, cider [*and*], malt
 24 beverages **and low-proof spirit beverages**, and prescribe the matters to be contained in the state-
 25 ments. The records and statements must be preserved by the distributor and the purchaser respec-
 26 tively, for a period of three years, and must be offered for inspection at any time upon oral or
 27 written demand by the commission or its duly authorized agents.

28 **SECTION 13.** ORS 473.150 is amended to read:

29 473.150. (1) The Oregon Liquor and Cannabis Commission may, at any time, examine the books
 30 and records of a holder of a direct to retailer permit issued under ORS 471.274 or direct shipper
 31 permit issued under ORS 471.282 or of any manufacturer of wine, cider [*or*], malt beverages **or**
 32 **low-proof spirit beverages**, and may appoint auditors, investigators and other employees that the
 33 commission considers necessary to enforce its powers and perform its duties under this section.

34 (2) Every holder of a direct to retailer permit or direct shipper permit and every manufacturer
 35 shall maintain and keep for three years all records, books and accounts required by this chapter and
 36 shall provide copies of those records, books and accounts to the commission when requested by the
 37 commission.

38 **SECTION 14.** ORS 473.160 is amended to read:

39 473.160. Every person transporting wine, cider [*or*], malt beverages **or low-proof spirit**
 40 **beverages** within this state, whether [*such*] **the** transportation originates within or without this
 41 state, shall keep a true and accurate record of [*wine, cider or malt*] **the** beverages transported. The
 42 record shall include ingredients which may be used in the manufacture, production, brewing or
 43 fermentation of the [*wine, cider or malt*] beverages, showing such facts with relation to those
 44 beverages, their ingredients and their transportation, as the Oregon Liquor and Cannabis Commis-
 45 sion may require. The records shall be open to inspection by the representative of the commission

1 at any time. The commission may require from any such person sworn returns of all or any part of
 2 the information shown by the records.

3 **SECTION 15.** ORS 473.170 is amended to read:

4 473.170. (1) A manufacturer or a holder of a direct to retailer permit issued under ORS 471.274
 5 or a direct shipper permit issued under ORS 471.282 may not:

6 (a) Fail to pay the privilege tax prescribed in ORS 473.030 and 473.035 **and section 4 of this**
 7 **2025 Act** when it is due; or

8 (b) Falsify the statement required by ORS 473.070.

9 (2) A person may not:

10 (a) Refuse to permit the Oregon Liquor and Cannabis Commission or any of its representatives
 11 to make an inspection of the books and records authorized by ORS 473.140 to 473.160;

12 (b) Fail to keep books of account prescribed by the commission or required by this chapter;

13 (c) Fail to preserve the books for three years for inspection of the commission; or

14 (d) Alter, cancel or obliterate entries in the books of account for the purpose of falsifying any
 15 record required by this chapter to be made, maintained or preserved.

16 **SECTION 16.** ORS 471.810 is amended to read:

17 471.810. (1) At the end of each month, the Oregon Liquor and Cannabis Commission shall certify
 18 the amount of moneys available for distribution in the Oregon Liquor and Cannabis Commission
 19 Account and, after withholding such moneys as it may deem necessary to pay its outstanding obli-
 20 gations, shall within 35 days of the month for which a distribution is made direct the State Treas-
 21 urer to pay the amounts due, upon warrants drawn by the Oregon Department of Administrative
 22 Services, as follows:

23 (a) Fifty-six percent, or the amount remaining after the distribution under subsection (4) of this
 24 section, credited to the General Fund available for general governmental purposes wherein it shall
 25 be considered as revenue during the quarter immediately preceding receipt;

26 (b) Twenty percent to the cities of the state in such shares as the population of each city bears
 27 to the population of the cities of the state, as determined by Portland State University last preceding
 28 such apportionment, under ORS 190.510 to 190.610;

29 (c) Ten percent to counties in such shares as their respective populations bear to the total
 30 population of the state, as estimated from time to time by Portland State University; and

31 (d) Fourteen percent to the cities of the state to be distributed as provided in ORS 221.770 and
 32 this section.

33 (2) The commission shall direct the Oregon Department of Administrative Services to transfer
 34 50 percent of the revenues from the taxes imposed by ORS 473.030 and 473.035 **and 28 percent of**
 35 **the revenues received from the tax imposed under section 4 of this 2025 Act** to the Mental
 36 Health Alcoholism and Drug Services Account in the General Fund to be paid monthly as provided
 37 in ORS 430.380. **Revenues received from the tax imposed under section 4 of this 2025 Act are**
 38 **to be used for youth alcohol use prevention programs.**

39 (3) If the amount of revenues received from the taxes imposed by ORS 473.030 for the preceding
 40 month was reduced as a result of credits claimed under ORS 473.047, the commission shall compute
 41 the difference between the amounts paid or transferred as described in subsections (1)(b), (c) and (d)
 42 and (2) of this section and the amounts that would have been paid or transferred under subsections
 43 (1)(b), (c) and (d) and (2) of this section if no credits had been claimed. The commission shall direct
 44 the Oregon Department of Administrative Services to pay or transfer amounts equal to the differ-
 45 ences computed for subsections (1)(b), (c) and (d) and (2) of this section from the General Fund to

1 the recipients or accounts described in subsections (1)(b), (c) and (d) and (2) of this section.

2 (4) Notwithstanding subsection (1) of this section, no city or county shall receive for any fiscal
 3 year an amount less than the amount distributed to the city or county in accordance with ORS
 4 471.350 (1965 Replacement Part), 473.190 and 473.210 (1965 Replacement Part) and this section dur-
 5 ing the 1966-1967 fiscal year unless the city or county had a decline in population as shown by its
 6 census. If the population declined, the per capita distribution to the city or county shall be not less
 7 than the total per capita distribution during the 1966-1967 fiscal year. Any additional funds required
 8 to maintain the level of distribution under this subsection shall be paid from funds credited under
 9 subsection (1)(a) of this section.

10 (5) Notwithstanding subsection (1) of this section, amounts to be distributed from the Oregon
 11 Liquor and Cannabis Commission Account that are attributable to a per bottle surcharge imposed
 12 by the Oregon Liquor and Cannabis Commission, shall be credited to the General Fund.

13 **SECTION 17.** ORS 430.256 is amended to read:

14 430.256. (1) The Director of the Oregon Health Authority shall administer alcohol and drug
 15 abuse programs, including but not limited to programs or components of programs described in ORS
 16 430.397 to 430.401 and 475.225 and ORS chapters 430 and 801 to 822.

17 (2) Subject to ORS 417.300 and 417.305, the director shall:

18 (a) Report to the Alcohol and Drug Policy Commission on accomplishments and issues occurring
 19 during each biennium, and report on a new biennial plan describing resources, needs and priorities
 20 for all alcohol and drug abuse programs.

21 (b) Develop within the Oregon Health Authority priorities for alcohol and drug abuse programs
 22 and activities.

23 (c) Conduct statewide and special planning processes that provide for participation from state
 24 and local agencies, groups and individuals.

25 (d) Identify the needs of special populations including minorities, elderly, youth, women and in-
 26 dividuals with disabilities.

27 (e) Subject to ORS chapter 183, adopt such rules as are necessary for the performance of the
 28 duties and functions specified by this section.

29 (3) The director may apply for, receive and administer funds, including federal funds and grants,
 30 from sources other than the state. Subject to expenditure limitation set by the Legislative Assembly,
 31 funds received under this subsection may be expended by the director:

32 (a) For the study, prevention or treatment of alcohol and drug abuse and dependence in this
 33 state.

34 (b) To provide training, both within this state and in other states, in the prevention and treat-
 35 ment of alcohol and drug abuse and dependence.

36 (4) The director shall, in consultation with state agencies and counties, establish guidelines to
 37 coordinate program review and audit activities by state agencies and counties that provide funds to
 38 alcohol and drug prevention and treatment programs. The purpose of the guidelines is to minimize
 39 duplication of auditing and program review requirements imposed by state agencies and counties on
 40 alcohol and drug prevention and treatment programs that receive state funds, including programs
 41 that receive **revenues from** beer and wine tax [*revenues*] **and low-proof spirit beverage tax** under
 42 ORS 430.380 and 471.810.

43 **SECTION 18.** ORS 471.155 is amended to read:

44 471.155. (1) The Oregon Liquor and Cannabis Commission shall provide for the licensing of per-
 45 sons and cities within the state to manufacture, distribute, take orders for and sell spirits, wines,

1 beer and other alcoholic liquors. Except as provided in subsection (2) of this section, the holder of
 2 a brewery, winery, wholesale, warehouse, grower sales privilege or brewery-public house license or
 3 the holder of a direct to retailer permit shall give, and at all times maintain on file with the com-
 4 mission, a bond with a corporate surety authorized to transact business in this state. The bond shall
 5 be in form and amount acceptable to the commission, shall be payable to the commission and con-
 6 ditioned that the licensee or permittee will pay any fine imposed for any violation of any provision
 7 of the Liquor Control Act and that the licensee or permittee will pay all license fees, privilege taxes,
 8 taxes imposed under ORS 473.045 and other taxes on alcoholic liquors, together with penalties and
 9 interest thereon, levied or assessed against the licensee or permittee under statutes relating to the
 10 importation, manufacture, distribution, sale or taxation of alcoholic liquors in the State of Oregon.

11 (2) Under such conditions as the commission may prescribe, the holder of a brewery, winery,
 12 wholesale, warehouse, grower sales privilege or brewery-public house license or the holder of a di-
 13 rect to retailer permit may deposit, in lieu of the bond required by subsection (1) of this section, the
 14 equivalent value in cash, bank letters of credit recognized by the State Treasurer or negotiable se-
 15 curities of a character approved by the State Treasurer. The deposit is to be made in a bank or trust
 16 company for the benefit of the commission. Interest on deposited funds or securities shall accrue to
 17 the depositor.

18 **(3) The bonding provisions of this section do not apply to section 4 of this 2025 Act.**

19 **SECTION 19.** ORS 473.065 is amended to read:

20 473.065. (1) If the total tax liability under ORS 473.030 (1) of a manufacturer or holder of a direct
 21 to retailer permit issued under ORS 471.274 or a direct shipper permit issued under ORS 471.282 in
 22 the previous calendar year was less than \$1,000, the manufacturer or permit holder may deposit with
 23 the Oregon Liquor and Cannabis Commission an amount in cash equal to the manufacturer's or
 24 permit holder's total tax liability under ORS 473.030 (1) for the previous calendar year in lieu of the
 25 bond required by ORS 471.155 (1).

26 (2) If the actual tax liability under ORS 473.030 (1) of a manufacturer or holder of a permit de-
 27 scribed in subsection (1) of this section is less than the amount deposited under subsection (1) of this
 28 section, the manufacturer or permit holder may request that the commission refund the excess funds
 29 or may apply those funds toward the manufacturer's or permit holder's tax liability under ORS
 30 473.030 (1) for the next calendar year.

31 (3) If the actual tax liability under ORS 473.030 (1) of a manufacturer or holder of a permit de-
 32 scribed in subsection (1) of this section is greater than the amount deposited under subsection (1)
 33 of this section, the manufacturer or permit holder shall pay to the commission the additional amount
 34 owed in the manner required under ORS 473.060.

35 (4) Unless the commission determines that a winery, grower sales privilege or warehouse
 36 licensee or direct shipper or direct to retailer permit holder presents an unusual risk for nonpay-
 37 ment of any license fees, privilege taxes, agricultural products taxes or other tax, penalty or interest
 38 imposed under this chapter or ORS chapter 471, the commission shall waive the bond required under
 39 ORS 471.155 (1) for the licensee or permit holder if:

40 (a) The licensee or permit holder was not liable for a privilege tax under this chapter in the
 41 immediately preceding calendar year and does not expect to be liable for a privilege tax under this
 42 chapter in the current calendar year; or

43 (b) The licensee or permit holder of a business established during the current calendar year does
 44 not expect to be liable for a privilege tax under this chapter in the current calendar year. As used
 45 in this paragraph, "business" means:

1 (A) A winery.

2 (B) A business operated pursuant to a license issued under ORS 471.227.

3 (C) A warehouse.

4 (D) A business operated pursuant to a permit issued under ORS 471.274.

5 (E) A business operated pursuant to a permit issued under ORS 471.282.

6 **(5) The section does not apply to section 4 of this 2025 Act.**

7 **SECTION 20. Section 4 of this 2025 Act and the amendments to ORS 430.256, 471.155,**
8 **471.810, 473.060, 473.065, 473.070, 473.080, 473.090, 473.100, 473.140, 473.150, 473.160 and 473.170**
9 **by sections 7 to 19 of this 2025 Act apply to low-proof spirit beverages manufactured or im-**
10 **ported on or after January 1, 2026.**

11 **SECTION 21. (1) Section 2 of this 2025 Act and the amendments to ORS 430.256, 471.155,**
12 **471.230, 471.810, 473.060, 473.065, 473.070, 473.080, 473.090, 473.100, 473.140, 473.150, 473.160 and**
13 **473.170 by sections 5 to 19 of this 2025 Act become operative on January 1, 2026.**

14 **(2) The Oregon Liquor and Cannabis Commission and the Director of the Oregon Health**
15 **Authority may take any action before the operative date specified in subsection (1) of this**
16 **section that is necessary for the commission and the director to exercise, on and after the**
17 **operative date specified in subsection (1) of this section, all of the duties, functions and**
18 **powers conferred on the commission and the director by section 2 of this 2025 Act and the**
19 **amendments to ORS 430.256, 471.155, 471.230, 471.810, 473.060, 473.065, 473.070, 473.080, 473.090,**
20 **473.100, 473.140, 473.150, 473.160 and 473.170 by sections 5 to 19 of this 2025 Act.**

21 **SECTION 22. This 2025 Act takes effect on the 91st day after the date on which the 2025**
22 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**

23