

House Bill 3197-2 Amendment

Point-of-Sale Tax Imposed on the Purchase of Beer, Cider, and Wine

Background

The Department of Revenue administers several taxes collected at the point-of-sale. House Bill (HB) 3197 and the -2 amendment propose to implement a new point-of-sale tax on the purchase of beer, cider, and wine beverages. The tax would be collected from the seller for the purchase of on-premises and off-premises consumption. Tax collected by the seller is held in trust for the State of Oregon until reported and remitted to the department for each calendar quarter.

Considerations

The Department of Revenue will experience a scheduled IT system upgrade, covering our 63 current revenue streams, that will occur August 2025 to December 2026. The department will not be able to implement new tax programs until January 2027 with configuration starting mid-2026. Depending on the complexity of any new program, a longer delay may be necessary.

This new point-of-sale tax on beer, wine, and cider will require significant resources to implement and administer. The department anticipates that the taxpayer base will be significantly larger than any of the other non-income tax programs administered by the department, due to the large number of sellers that are licensed with the Oregon Liquor and Cannabis Commission (OLCC) for both on-premises and off-premises consumption of the subject beverages. The department anticipates a General Fund fiscal impact to establish the program, however ongoing administration and enforcement would be paid from the tax receipts as specified in the -2 amendment.

Taxpayer eligibility for the “small brewery” exclusion will require certification by OLCC. The department is not aware of a source for brewery production amounts aside from the OLCC administered tax on the privilege of making or importing malt beverages, wine, or cider in Oregon.

The department is working with Representative Sanchez and her staff on an amendment that will aid in the department’s ability to implement and administer the point-of-sale tax imposed by the -2 amendment to HB 3197.

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