

# House Bill 4138

Sponsored by Representatives HIEB, NOSSE, Senator FREDERICK; Representatives DIEHL, SANCHEZ, Senator DEMBROW (Pre-session 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 **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest:** The Act says the OLCC can let a person work before they get a real permit, makes some people apply for permits and lets the OLCC charge a new fee. (Flesch Readability Score: 74.8).

Allows the Oregon Liquor and Cannabis Commission to issue provisional service permits to an applicant for a service permit. Requires an applicant for a license that allows on-premises consumption to apply for a service permit. Allows the commission to charge a fee for issuance or renewal of a third-party delivery facilitator service permit.

Declares an emergency, effective on passage.

## A BILL FOR AN ACT

Relating to the Oregon Liquor and Cannabis Commission; creating new provisions; amending ORS 471.175, 471.178, 471.200, 471.221, 471.223, 471.230, 471.360, 471.365, 471.375 and 471.534; and declaring an emergency.

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

## ALCOHOL SERVICE PERMITS

**SECTION 1.** ORS 471.175 is amended to read:

471.175. (1) The holder of a full on-premises sales license may sell by the drink at retail wine, malt beverages, cider and distilled liquor. Except as provided in this section and ORS 471.176, all alcoholic beverages sold under a full on-premises sales license must be consumed on the licensed premises.

(2) A full on-premises sales license may be issued only to a:

(a) Nonprofit private club, as described in subsection (11) of this section.

(b) Public passenger carrier as provided in ORS 471.182.

(c) Commercial establishment, as defined in ORS 471.001 (2).

(d) Public location that does not qualify for licensing under paragraphs (a) to (c) of this subsection if:

(A) Food is cooked and served at the location;

(B) The predominant business activity at the location is other than the preparation or serving of food or the serving of alcohol; and

(C) The location meets any minimum food service requirements established by Oregon Liquor and Cannabis Commission rule.

(e) Caterer, subject to the requirements of ORS 471.184.

(3) The holder of a full on-premises sales license shall allow a patron to remove a partially consumed bottle of wine from the licensed premises if the wine is served in conjunction with the

**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 patron's meal, the patron is not a minor and the patron is not visibly intoxicated.

2 (4) The holder of a full on-premises sales license may purchase any distilled liquor from an agent  
 3 of the commission appointed pursuant to ORS 471.750 at a discount of not more than five percent  
 4 off the regular listed price fixed by the commission, together with all taxes, in a manner prescribed  
 5 by commission rule. For purposes of compensation by the commission, the appointed agent shall be  
 6 credited with such sales at full retail cost. The commission may not require the licensee to purchase  
 7 more than one container of distilled liquor at a time if the distilled liquor:

8 (a) Except as provided in subsection (12) of this section, has a retail sales price of \$30 or more  
 9 per container;

10 (b) Is available through a distributor in the United States that does not require the commission  
 11 to acquire more than one case of the distilled liquor in a single transaction;

12 (c) Is not regularly stocked by the commission; and

13 (d) Is ordered in a 750 milliliter container size if available in that size.

14 (5) The holder of a full on-premises sales license may purchase distilled liquor only from a retail  
 15 sales agent of the commission or from another person licensed under this section who has purchased  
 16 the distilled liquor from a retail sales agent of the commission.

17 (6) The holder of a full on-premises sales license may purchase for sale at retail malt beverages,  
 18 wine and cider only from a holder of a license or permit issued by the commission that authorizes  
 19 sales of malt beverages, wine or cider at wholesale to licensees of the commission.

20 (7) The holder of a full on-premises sales license may sell for consumption off the licensed  
 21 premises malt beverages, wine and cider in securely covered containers provided by the consumer  
 22 that have capacities of not more than two gallons each.

23 (8) The holder of a full on-premises sales license may sell for consumption off the licensed  
 24 premises malt beverages, wine and cider in factory-sealed containers.

25 (9)(a) The holder of a full on-premises sales license may deliver malt beverages, wine and cider  
 26 that are sold for off-premises consumption under the privileges of the license to retail customers in  
 27 this state without a direct shipper permit issued under ORS 471.282. Any deliveries by the licensee  
 28 are subject to any rules adopted by the commission relating to deliveries made under this sub-  
 29 section.

30 (b) The holder of a full on-premises sales license that uses a third-party delivery facilitator to  
 31 make deliveries under this subsection is not responsible for ensuring that the deliveries made by the  
 32 third-party delivery facilitator meet any requirements applicable to the deliveries.

33 (10) On or before the 20th day of each month, the holder of a full on-premises sales license shall  
 34 submit to the commission a report showing the quantity of malt beverages, wine or cider received  
 35 from the holder of a direct to retailer permit issued under ORS 471.274 during the immediately  
 36 preceding calendar month, and any other information required by the commission by rule.

37 (11) A nonprofit private club, including but not limited to a fraternal or veterans organization,  
 38 may qualify for a full on-premises sales license under this section only if the club meets any mini-  
 39 mum membership, nonprofit status and food service requirements established by commission rule.

40 (12) Beginning January 1, 2017, the commission may annually adjust the price threshold estab-  
 41 lished in subsection (4)(a) of this section by a percentage equal to the percentage change in the  
 42 Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bu-  
 43 reau of Labor Statistics of the United States Department of Labor. However, the commission may  
 44 not adjust the price threshold to be less than \$30.

45 **(13) An applicant for a full on-premises sales license shall at the time of application apply**

1 **for a service permit under ORS 471.375.**

2 [(13)] (14) The commission may adopt rules to carry out this section.

3 **SECTION 2.** ORS 471.178 is amended to read:

4 471.178. (1) The holder of a limited on-premises sales license may sell by the drink at retail wine,  
5 malt beverages and cider. Except as provided in this section, all alcoholic beverages sold under a  
6 limited on-premises sales license must be consumed on the licensed premises.

7 (2) The holder of a limited on-premises sales license may sell malt beverages, wine and cider in  
8 factory-sealed containers for consumption off the licensed premises.

9 (3) The holder of a limited on-premises sales license may sell for consumption off the licensed  
10 premises malt beverages, wine and cider in securely covered containers provided by the consumer  
11 and that have capacities of not more than two gallons each.

12 (4)(a) The holder of a limited on-premises sales license may deliver malt beverages, wine and  
13 cider that are sold for off-premises consumption under the privileges of the license to retail cus-  
14 tomers in this state without a direct shipper permit issued under ORS 471.282. Any deliveries by the  
15 holder of a limited on-premises sales license are subject to any rules adopted by the commission  
16 relating to deliveries made under this subsection.

17 (b) The holder of a limited on-premises sales license that uses a third-party delivery facilitator  
18 to make deliveries under this subsection is not responsible for ensuring that the deliveries made by  
19 the third-party delivery facilitator meet any requirements applicable to the deliveries.

20 (5) The holder of a limited on-premises sales license shall allow a patron to remove a partially  
21 consumed bottle of wine from the licensed premises if the wine is served in conjunction with the  
22 patron's meal, the patron is not a minor and the patron is not visibly intoxicated.

23 (6) The holder of a limited on-premises sales license may purchase for sale at retail malt  
24 beverages, wine and cider only from the holder of a license or permit issued by the commission that  
25 authorizes sales of malt beverages, wine or cider at wholesale to licensees of the commission.

26 (7) On or before the 20th day of each month, the holder of a limited on-premises sales license  
27 shall submit to the commission a report showing the quantity of malt beverages, wine or cider re-  
28 ceived from the holder of a direct to retailer permit issued under ORS 471.274 during the imme-  
29 diately preceding calendar month, and any other information required by the commission by rule.

30 **(8) An applicant for a limited on-premises sales license shall at the time of application**  
31 **apply for a service permit under ORS 471.375.**

32 [(8)] (9) The commission may adopt rules to carry out this section.

33 **SECTION 3.** ORS 471.200 is amended to read:

34 471.200. (1) A brewery-public house license allows the licensee to:

35 (a) Manufacture on the licensed premises, store, transport, sell to wholesale malt beverage and  
36 wine licensees of the Oregon Liquor and Cannabis Commission and export malt beverages;

37 (b) Sell malt beverages manufactured on or off the licensed premises at retail for consumption  
38 on or off the premises;

39 (c) Sell malt beverages in brewery-sealed packages at retail directly to the consumer for con-  
40 sumption off the premises;

41 (d) Sell on the licensed premises at retail malt beverages manufactured on or off the licensed  
42 premises in unpasteurized or pasteurized form directly to the consumer for consumption off the  
43 premises, delivery of which may be made in a securely covered container supplied by the consumer;

44 (e) Sell wine and cider at retail for consumption on or off the premises;

45 (f) Sell for consumption off the premises wines and cider in securely covered containers supplied

1 by the consumer and having capacities of not more than two gallons each;

2 (g) Conduct the activities, except manufacturing, described in paragraphs (a) to (f) of this sub-  
3 section at two locations other than the premises where the manufacturing occurs;

4 (h) Obtain a special events brewery-public house license entitling the holder to conduct the ac-  
5 tivities allowed under paragraphs (b) to (f) of this subsection at a designated location other than the  
6 location set forth in the brewery-public house license for a period not exceeding five days;

7 (i) Distribute malt beverages manufactured at the licensed premises to any other premises li-  
8 censed to the same licensee, whether a manufacturer, wholesaler or retail premises; and

9 (j) Distribute for export, in any amount, malt beverages manufactured at the licensed premises.

10 (2) In addition to the privileges specified in subsection (1) of this section, in any calendar year  
11 a brewery-public house licensee may sell at wholesale and distribute to licensees of the commission  
12 no more than 7,500 barrels of malt beverages produced by the brewery-public house licensee.

13 (3) A brewery-public house licensee, or any person having an interest in the licensee, is a retail  
14 licensee for the purposes of ORS 471.394 and, except as otherwise provided by this section and ORS  
15 471.396, may not acquire or hold any right, title, lien, claim or other interest, financial or otherwise,  
16 in, upon or to the premises, equipment, business or merchandise of any manufacturer or wholesaler,  
17 as defined in ORS 471.392. A brewery-public house licensee, or any person having an interest in the  
18 licensee, is also a manufacturer for the purposes of ORS 471.394 and, except as otherwise provided  
19 by this section and ORS 471.396, may not acquire or hold any right, title, lien, claim or other in-  
20 terest, financial or otherwise, in, upon or to the premises, equipment, business or merchandise of  
21 any other retail licensee, as defined in ORS 471.392.

22 (4)(a) Except as provided in this subsection, a brewery-public house licensee, or any person  
23 having an interest in the licensee, is a retail licensee for the purposes of ORS 471.398 and, except  
24 as otherwise provided by this section and ORS 471.400, may not accept directly or indirectly any  
25 financial assistance described in ORS 471.398 from any manufacturer or wholesaler, as defined in  
26 ORS 471.392. A brewery-public house licensee, or any person having an interest in the licensee, is  
27 also a manufacturer for the purposes of ORS 471.398 and, except as otherwise provided by this sec-  
28 tion and ORS 471.400, may not provide directly or indirectly any financial assistance described in  
29 ORS 471.398 to any retail licensee, as defined in ORS 471.392. The prohibitions on financial assist-  
30 ance in ORS 471.398 do not apply to financial assistance between manufacturing and retail busi-  
31 nesses licensed to the same person under the provisions of this section.

32 (b) The commission may issue more than one brewery-public house license at a single premises  
33 if each licensee:

34 (A) Has a valid Brewer's Notice issued by the federal Alcohol and Tobacco Tax and Trade Bu-  
35 reau at the premises address; and

36 (B) Otherwise complies with ORS 471.398.

37 (c) A brewery-public house licensee may produce malt beverages for another brewery-public  
38 house licensee under a custom order agreement. The commission may adopt rules regarding the  
39 contents of custom order agreements.

40 (5) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person  
41 having an interest in the licensee, may also hold a winery license authorized by ORS 471.223. A  
42 brewery-public house licensee, or any person having an interest in the licensee, may also hold a  
43 warehouse license authorized by ORS 471.242.

44 (6) Notwithstanding subsection (3) of this section, a brewery-public house licensee is eligible for  
45 limited on-premises sales licenses and temporary sales licenses.

1 (7) Notwithstanding subsection (3) of this section, a brewery-public house licensee, or any person  
 2 having an interest in the licensee, may also hold a full on-premises sales license. If a person holds  
 3 both a brewery-public house license and a full on-premises sales license, nothing in this chapter shall  
 4 prevent the sale by the licensee of both distilled liquor and malt beverages manufactured under the  
 5 brewery-public house license.

6 (8) Notwithstanding any other provision of this chapter, a brewery-public house licensee, or any  
 7 person having an interest in the licensee, may also hold a distillery license. No provision of this  
 8 chapter prevents a brewery-public house licensee that also holds a distillery license from being ap-  
 9 pointed by the commission as the distillery’s retail outlet agent for the purpose of selling distilled  
 10 liquors under ORS 471.230.

11 (9) Notwithstanding subsection (3) of this section, the commission by rule may authorize a  
 12 brewery-public house licensee to coproduce special events with other manufacturers.

13 (10)(a) Notwithstanding subsection (3) of this section, a brewery-public house licensee may hold,  
 14 directly or indirectly, an interest in a manufacturer or wholesaler, provided that the interest does  
 15 not result in exercise of control over, or participation in the management of, the manufacturer’s or  
 16 wholesaler’s business or business decisions and does not result in exclusion of any competitor’s  
 17 brand of alcoholic liquor.

18 (b) Notwithstanding subsection (3) of this section, a manufacturer or wholesaler, and any officer,  
 19 director or substantial stockholder of any corporate manufacturer or wholesaler, may hold, directly  
 20 or indirectly, an interest in a brewery-public house licensee, provided that the interest does not re-  
 21 sult in exercise of control over, or participation in the management of, the licensee’s business or  
 22 business decisions and does not result in exclusion of any competitor’s brand of alcoholic liquor.

23 (11) A brewery-public house licensee may purchase for sale at retail:

24 (a) Wine and cider only from the holder of a license or permit issued by the commission that  
 25 authorizes the sale of wine or cider at wholesale to licensees of the commission; and

26 (b) Malt beverages not manufactured by the brewery-public house licensee only from the holder  
 27 of a license or permit issued by the commission that authorizes the sale of malt beverages at  
 28 wholesale to licensees of the commission.

29 (12) On or before the 20th day of each month, a brewery-public house licensee shall submit to  
 30 the commission a report showing the quantity of malt beverages, wine or cider received from the  
 31 holder of a direct to retailer permit issued under ORS 471.274 during the immediately preceding  
 32 calendar month, and any other information required by the commission by rule.

33 (13) For purposes of ORS chapter 473, a brewery-public house licensee shall be considered to  
 34 be a manufacturer.

35 (14) The holder of a brewery-public house license that uses a third-party delivery facilitator to  
 36 make deliveries on behalf of the holder is not responsible for ensuring that deliveries made by the  
 37 third-party delivery facilitator meet any requirements applicable to the deliveries.

38 **(15) An applicant for a brewery-public house license shall at the time of application apply**  
 39 **for a service permit under ORS 471.375.**

40 ~~[(15)]~~ (16) The commission may adopt rules to carry out this section.

41 **SECTION 4.** ORS 471.221 is amended to read:

42 471.221. (1) As used in this section, “common control” means:

43 (a) That a manufacturer, or any officer, director, substantial stockholder or other substantial  
 44 equity holder in the manufacturer:

45 (A) Directly or indirectly holds 50 percent or more interest in the brewery licensee; or

- 1 (B) Has authority to direct the management of the brewery licensee; or  
 2 (b) That a brewery licensee, or any officer, director, substantial stockholder or other substantial  
 3 equity holder in the brewery licensee:  
 4 (A) Directly or indirectly holds 50 percent or more interest in another manufacturer; or  
 5 (B) Has authority to direct the management of another manufacturer.  
 6 (2) A brewery license authorizes the licensee to:  
 7 (a) Manufacture malt beverages on the licensed premises.  
 8 (b) Sell to wholesale malt beverage and wine licensees, import, store, transport or export:  
 9 (A) Malt beverages produced on the licensed premises; or  
 10 (B) Malt beverages of a brand produced by a manufacturer that is under common control with  
 11 the brewery licensee.  
 12 (c) Sell wine, malt beverages or cider on the licensed premises at retail for consumption on or  
 13 off the licensed premises.  
 14 (d) Sell, in securely covered containers supplied by the consumer and having a capacity of not  
 15 more than two gallons each, wine, malt beverages or cider for off-premises consumption.  
 16 (e) Obtain a special events brewery license that entitles the holder to conduct the activities al-  
 17 lowed under paragraphs (c) and (d) of this subsection at a designated location other than the one  
 18 set forth in the brewery license for a period not exceeding five days.  
 19 (f) Notwithstanding ORS 471.392 to 471.400, subject to ORS 471.175, hold a full on-premises sales  
 20 license.  
 21 (g) Conduct any activities authorized under paragraph (c), (d) or (f) of this subsection at up to  
 22 two additional locations approved by the Oregon Liquor and Cannabis Commission.  
 23 (3) Subject to ORS 471.235, a brewery licensee may hold a wholesale malt beverage and wine  
 24 license. A brewery licensee must hold a wholesale malt beverage and wine license if the brewery  
 25 licensee:  
 26 (a) Imports, stores, transports or exports malt beverages of brands that are not produced by the  
 27 licensee or a manufacturer under common control with the licensee; or  
 28 (b) Except as provided in this paragraph, sells or distributes malt beverages. This paragraph  
 29 does not apply to malt beverages described in subsection (2)(a) or (b) of this section sold at a li-  
 30 censed premises described in subsection (2)(a) of this section.  
 31 (4) A brewery licensee and a winery licensee may not be under common control unless the  
 32 winery licensee:  
 33 (a) Uses its premises to produce wine or cider; and  
 34 (b) Holds a valid producer and blender basic permit issued by the federal Alcohol and Tobacco  
 35 Tax and Trade Bureau.  
 36 (5) Notwithstanding any other provision of this chapter, a brewery licensee, a manufacturer that  
 37 is under common control with the brewery licensee or any officer, director, substantial stockholder  
 38 or other substantial equity holder in the brewery licensee or in a manufacturer that is under com-  
 39 mon control with the brewery licensee may not sell malt beverages at retail at more than three lo-  
 40 cations in this state regardless of the number or type of licenses held by the licensee, manufacturer,  
 41 officer, director, stockholder or equity holder.  
 42 (6) A brewery licensee may produce malt beverages for a brewery-public house licensee under  
 43 a custom order agreement. The commission may adopt rules regarding the contents of custom order  
 44 agreements.  
 45 (7) A brewery licensee that uses a third-party delivery facilitator to make deliveries on behalf

1 of the licensee is not responsible for ensuring that deliveries made by the third-party delivery  
2 facilitator meet any requirements applicable to the deliveries.

3 **(8)(a) An applicant for a brewery license shall at the time of application apply for a ser-**  
4 **vice permit under ORS 471.375.**

5 **(b) The commission may adopt rules to carry out this subsection.**

6 **SECTION 5.** ORS 471.223 is amended to read:

7 471.223. (1) As used in this section, "control" means that the licensee:

8 (a) Owns the brand under which the wine or cider is labeled; or

9 (b) Performs or has the legal right to perform all of the acts common to a brand owner under  
10 the terms of a trademark license or similar agreement that for the brand under which the wine or  
11 cider is labeled has a term of at least three years.

12 (2) The holder of a winery license may:

13 (a) Import wine or cider in containers that have a capacity of more than four liters.

14 (b) Import wine or cider in containers that have a capacity of four liters or less if the brand of  
15 wine or cider is under the control of the licensee.

16 (c) Bottle, produce, blend, store, transport or export wines or cider.

17 (d) Sell wines or cider at wholesale to the Oregon Liquor and Cannabis Commission or to  
18 licensees of the commission.

19 (e) Sell wines or cider at retail directly to the consumer for consumption on or off the licensed  
20 premises.

21 (f) Sell malt beverages at retail for consumption on or off the licensed premises.

22 (g) Sell for consumption off the premises malt beverages, wines and cider in securely covered  
23 containers that are supplied by the consumer and have capacities of not more than two gallons each.

24 (h) Conduct under the winery license any activities described in paragraphs (a) to (g) of this  
25 subsection at five or fewer premises designated by the commission.

26 (i) Purchase from or through the commission brandy or other distilled liquors for fortifying  
27 wines or cider.

28 (j) Obtain a special events winery license that entitles the holder to conduct the activities al-  
29 lowed under paragraphs (e) to (g) of this subsection at a designated location other than the one set  
30 forth in the winery license for a period not to exceed five days.

31 (3) A winery licensee shall allow a patron to remove a partially consumed bottle of wine from  
32 the licensed premises if the patron is not a minor and the patron is not visibly intoxicated.

33 (4) Except as provided in subsection (5) of this section, in order to hold a winery license the  
34 licensee shall:

35 (a) Possess at a bonded premises within Oregon a valid producer and blender basic permit issued  
36 by the federal Alcohol and Tobacco Tax and Trade Bureau; or

37 (b) Possess a valid wine blender or valid wholesaler basic permit issued by the federal Alcohol  
38 and Tobacco Tax and Trade Bureau and have a written contract with a winery licensed under par-  
39 agraph (a) of this subsection that authorizes the winery to produce for the licensee a brand of wine  
40 or cider that is under the control of the licensee.

41 (5) Subsection (4) of this section does not apply if a licensee produces only cider under the  
42 winery license.

43 (6) A winery licensee may sell and ship malt beverages, wine or cider directly to a resident of  
44 this state only if the licensee has a direct shipper permit issued under ORS 471.282.

45 (7) A winery licensee, or any person having an interest in the licensee, may also hold a full

1 on-premises sales license. If a winery licensee, or a person having an interest in the licensee, also  
 2 holds a full on-premises sales license, the provisions of this chapter do not prevent the licensee or  
 3 person from both selling wine or cider bottled and produced under the winery license and selling  
 4 alcoholic liquor as authorized under the full on-premises sales license.

5 (8) More than one winery licensee may exercise the privileges of a winery license at a single  
 6 location. The commission may not refuse to issue a winery license to a person for the production  
 7 of wine or cider on specified premises based on the fact that other winery licensees also produce  
 8 wine or cider on those premises.

9 (9) If a winery licensee does not possess at a bonded premises within Oregon a valid producer  
 10 and blender basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau, the  
 11 licensee may exercise the privileges described in this section only for wine and cider brands that  
 12 are under the control of the licensee.

13 (10) The holder of a winery license that uses a third-party delivery facilitator to make deliveries  
 14 on behalf of the winery licensee is not responsible for ensuring that deliveries made by the third-  
 15 party delivery facilitator meet any requirements applicable to the deliveries.

16 (11)(a) **An applicant for a winery license shall at the time of application apply for a ser-**  
 17 **vice permit under ORS 471.375.**

18 **(b) The commission may adopt rules to carry out this subsection.**

19 **SECTION 6.** ORS 471.230 is amended to read:

20 471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend,  
 21 denature and store distilled liquor, to sell the distilled liquor to the Oregon Liquor and Cannabis  
 22 Commission and to transport the distilled liquor out of this state for sale outside this state.  
 23 Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in  
 24 containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes.  
 25 A distillery licensee may not sell any alcoholic beverage within this state except to the commission  
 26 or as provided in this section. However, any agricultural producer or association of agricultural  
 27 producers or the legal agents of an agricultural producer or association of agricultural producers  
 28 that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl  
 29 and industrial alcohol for use in the arts and industry are not required to obtain a license from the  
 30 commission.

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

33 (a) Permit tastings of distilled liquor approved by the commission for sale in Oregon and manu-  
 34 factured in Oregon by the distillery licensee or by another distillery licensee. Tastings may be of  
 35 the distilled liquor alone or with a mix of other liquids. If any of the other liquids are distilled li-  
 36 quors, they must be distilled liquors on the list of products approved by the commission for retail  
 37 sale in Oregon and must be purchased by the licensee at the retail price established by the com-  
 38 mission. This paragraph does not authorize sales by the drink of distilled liquor. The tastings may  
 39 be conducted on the licensed premises of the distillery and at no more than five other premises  
 40 owned or leased by the licensee. The commission may allow more than one distillery licensee to use  
 41 the same premises at the same time for conducting tastings if the premises are a primary production  
 42 location and the licensees share the premises or are owned by the same entity. If the manufacturer  
 43 of the distilled liquor obtains distilled liquor for conducting tastings from the inventory of the  
 44 commission, the licensee shall pay the commission a processing fee.

45 (b) Obtain a special events distillery license.



1 (c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of  
2 retailing distilled liquor at locations where tastings are permitted under paragraph (a) of this sub-  
3 section or subsection (4)(a) of this section. A distillery retail outlet agent may sell at locations  
4 where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the  
5 list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon  
6 by the distillery licensee or by another distillery licensee that uses the same premises as a primary  
7 production location or is owned by the same entity as the distillery licensee.

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

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

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

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

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

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

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

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

44 **(6)(a) An applicant for a distillery license shall at the time of application apply for a**  
45 **service permit under ORS 471.375.**

**(b) The commission may adopt rules to carry out this section.**

**SECTION 7.** ORS 471.230, as amended by section 3, chapter 649, Oregon Laws 2021, is amended to read:

471.230. (1) A distillery license allows the licensee to import, manufacture, distill, rectify, blend, denature and store distilled liquor, to sell the distilled liquor to the Oregon Liquor and Cannabis Commission and to transport the distilled liquor out of this state for sale outside this state. Distillery licensees may purchase and sell distilled liquor from or to another distillery licensee in containers having a capacity greater than one U.S. gallon for blending and manufacturing purposes. A distillery licensee may not sell any alcoholic beverage within this state except to the commission or as provided in this section. However, any agricultural producer or association of agricultural producers or the legal agents of an agricultural producer or association of agricultural producers that manufactures and converts agricultural surpluses, by-products and wastes into denatured ethyl and industrial alcohol for use in the arts and industry are not required to obtain a license from the commission.

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

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

(b) Obtain a special events distillery license.

(c) Apply for appointment by the commission as a distillery retail outlet agent for purposes of retailing distilled liquor at locations where tastings are permitted under paragraph (a) of this subsection or subsection (4)(a) of this section. A distillery retail outlet agent may sell at locations where tastings are allowed under paragraph (a) of this subsection only distilled liquor that is on the list of products approved by the commission for retail sale in Oregon and is manufactured in Oregon by the distillery licensee or by another distillery licensee that uses the same premises as a primary production location or is owned by the same entity as the distillery licensee.

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

(4) A distillery licensee that holds a special events distillery license may conduct an event on premises designated in the special events distillery license. Except as provided in this subsection, a special events distillery license may be valid for a period not exceeding five days. The commission shall limit the approval of special events distillery licenses for a distillery licensee at the same location to not more than 62 days during a calendar year. A distillery licensee conducting a special event 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. Tastings may be of the distilled liquor alone or with  
 3 a mix of other liquids. If any of the other liquids are distilled liquors, they must be distilled liquors  
 4 on the list of products approved by the commission for retail sale in Oregon and must be purchased  
 5 by the licensee at the retail price established by the commission. If the manufacturer of the distilled  
 6 liquor obtains distilled liquor for conducting tastings from the inventory of the commission, the  
 7 licensee shall pay the commission a processing fee.

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

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

20 **(5)(a) An applicant for a distillery license shall at the time of application apply for a**  
 21 **service permit under ORS 471.375.**

22 **(b) The commission may adopt rules to carry out this section.**

23 **SECTION 8.** ORS 471.360 is amended to read:

24 471.360. (1) *[Except as otherwise provided in ORS 471.375:]*

25 *[(a)]* Any person employed by a licensee of the Oregon Liquor and Cannabis Commission must  
 26 have a valid service permit issued by the commission if the person:

27 *[(A)] (a)* Participates in any manner in the mixing, selling or service of alcoholic liquor for  
 28 consumption on the premises where served or sold; or

29 *[(B)] (b)* Participates in the dispensing of malt beverages, wines or cider sold in securely covered  
 30 containers provided by the consumer.

31 *[(b)] (2)* A licensee of the commission may not *[permit]* **allow** any person who *[lacks]* **does not**  
 32 **hold** a service permit required *[of the person under paragraph (a) of this subsection]* **under sub-**  
 33 **section (1) of this section to:**

34 *[(A)] (a) [To]* Mix, sell or serve any alcoholic liquor for consumption on licensed premises; or

35 *[(B)] (b) [To]* Dispense malt beverages, wines or cider sold in securely covered containers pro-  
 36 vided by the consumer.

37 *[(c)] (3)* A permittee shall make the service permit available at any time while on duty for im-  
 38 mediate inspection by any regulatory specialist or by any other peace officer.

39 *[(2)] (4)* The commission may waive the requirement for a service permit for an employee of a  
 40 licensee whose primary function is not the sale of alcoholic liquor or food, including but not limited  
 41 to public passenger carriers, hospitals, or convalescent, nursing or retirement homes.

42 *[(3)] (5)* Violation of the requirements of this section is a Class B violation.

43 **SECTION 9.** ORS 471.365 is amended to read:

44 471.365. (1) A service permit *[shall be]* **or a provisional service permit is** a purely personal  
 45 privilege, valid only upon licensed premises, for the period of time stated *[thereon]* **on the service**

1 **permit or as otherwise specified**, and may be suspended or revoked for any reason set forth in  
 2 ORS 471.360 to 471.385.

3 (2) *[No service permit shall be used by any person other than the person to whom it is issued]* **A**  
 4 **service permit or provisional service permit may not be used by any person other than the**  
 5 **person to whom the service permit or provisional service permit is issued.** *[Except as provided*  
 6 *in ORS 471.375,]* The licensee shall verify the identification of the permittee and determine that the  
 7 permittee has in possession a service permit **or provisional service permit** before allowing the  
 8 permittee to mix, sell or serve alcoholic liquor for consumption on the licensed premises.

9 **SECTION 10.** ORS 471.375 is amended to read:

10 471.375. *[(1) Any person who has not had a permit refused or revoked or whose permit is not under*  
 11 *suspension may mix, sell or serve alcoholic beverages as provided under subsection (3) of this section*  
 12 *if the person prepares in duplicate an application for a service permit prior to mixing, selling or serv-*  
 13 *ing any alcoholic beverage for consumption on licensed premises. Until a person who has prepared an*  
 14 *application under this subsection receives a service permit, the licensee for the premises shall make a*  
 15 *copy of the application available for immediate inspection by any regulatory specialist or by any other*  
 16 *peace officer.]*

17 *[(2)]* **(1)(a)** An applicant for a service permit must be 18 years of age or over.

18 **(b)** Application for a service permit *[shall]* **must** be made on a form acceptable to the Oregon  
 19 Liquor and Cannabis Commission. The applicant shall truly answer all questions, provide any fur-  
 20 ther information required and pay a fee not to exceed \$50.

21 *[(3) An applicant described in subsection (1) of this section may:]*

22 *[(a) Participate in the mixing, selling or service of alcoholic beverages for consumption on the*  
 23 *premises where served or sold; and]*

24 *[(b) Participate in the dispensing of malt beverages, wine or cider sold in securely covered con-*  
 25 *tainers provided by the consumer.]*

26 **(2)(a) Upon receipt of an application for a service permit under subsection (1) of this**  
 27 **section, the commission may issue to the applicant a provisional service permit to allow the**  
 28 **applicant to participate, as if the applicant held a valid service permit:**

29 **(A) In any manner in the mixing, selling or serving of alcoholic liquor for consumption**  
 30 **on the premises where served or sold; and**

31 **(B) In the dispensing of malt beverages, wine or cider sold in securely covered containers**  
 32 **provided by the consumer.**

33 **(b) A provisional service permit issued under this subsection:**

34 **(A) Shall be treated in the same manner as a service permit issued under this section.**

35 **(B) Expires upon issuance of a service permit under issued under this section.**

36 **(3) An applicant for a license under ORS 471.175, 471.178, 471.200, 471.221, 471.223 or**  
 37 **471.230 shall apply for a service permit under subsection (1) of this section.**

38 **(4) The commission may adopt rules to carry out this section.**

39  
 40 **THIRD-PARTY DELIVERY FACILITATORS**

41  
 42 **SECTION 11.** ORS 471.534 is amended to read:

43 471.534. (1) In order to engage in the delivery of alcoholic beverages, a third-party delivery  
 44 facilitator must hold a permit issued by the Oregon Liquor and Cannabis Commission and must  
 45 comply with applicable requirements under this chapter.

1 (2)(a) The commission may refuse to issue a permit, and may suspend or revoke a permit, if the  
 2 commission finds or has reasonable grounds to believe that:

3 (A) A third-party delivery facilitator is, or has a financial interest in, a manufacturer;

4 (B) A third-party delivery facilitator provided material false or misleading information to the  
 5 commission or omitted information that should have been provided to the commission; or

6 (C) Subject to paragraph (b) of this subsection, a third-party delivery facilitator, or any person  
 7 used by or acting on behalf or at the direction of the third-party delivery facilitator, does not have  
 8 a good record of compliance under this chapter, as assessed upon initial application for a permit  
 9 under this section and annually upon application for renewal of a permit issued under this section.

10 (b) The commission shall establish by rule a process through which the commission shall notify  
 11 a third-party delivery facilitator of a compliance issue as described under paragraph (a)(A) of this  
 12 subsection and allow the third-party delivery facilitator an opportunity to cure the issue prior to the  
 13 commission's refusal to issue or renew the third-party delivery facilitator's permit under this section.

14 (3) A retail licensee, as defined in ORS 471.392, is eligible to qualify as a third-party delivery  
 15 facilitator. A retail licensee that is also a third-party delivery facilitator may exercise any privilege  
 16 granted by the retail license.

17 (4)(a) A third-party delivery facilitator acting on behalf of an eligible business may:

18 (A) Deliver, or cause to be delivered, alcoholic beverages to the physical possession of a final  
 19 consumer on behalf of an eligible business;

20 (B) Advertise alcoholic beverages available for retail sale;

21 (C) Solicit, receive and accept orders for alcoholic beverages from final consumers; and

22 (D) Receive payment for alcoholic beverages ordered by final consumers.

23 (b) A third-party delivery facilitator may engage in an activity described in this section only  
 24 when the third-party delivery facilitator is acting on behalf of an eligible business.

25 (c) A third-party delivery facilitator may use only a delivery person who meets the requirements  
 26 of ORS 471.524 to deliver alcoholic beverages to a final consumer.

27 (d) A third-party delivery facilitator that is an individual who is a delivery person must meet the  
 28 requirements of ORS 471.524, including the requirement to hold a valid driver license.

29 (5) A third-party delivery facilitator may charge an eligible business a fee for delivering alco-  
 30 holic beverages on behalf of the eligible business.

31 (6) A third-party delivery facilitator shall maintain and make available records to the commis-  
 32 sion as required by the commission by rule.

33 (7)(a) The commission may adopt rules as necessary to regulate third-party delivery facilitators.

34 **(b) The commission may adopt rules to establish a fee for issuing and renewing a third-**  
 35 **party delivery facilitator permit under this section.**

36 (8)(a) An eligible business may use a third-party delivery facilitator to carry out, on behalf of  
 37 the eligible business, deliveries of alcoholic beverages to final consumers that the eligible business  
 38 is authorized to make. In carrying out a delivery described in this subsection, a third-party delivery  
 39 facilitator shall ensure that the delivery is made in compliance with any requirements applicable to  
 40 the delivery.

41 (b) The commission shall adopt rules to carry out this subsection.

42 (9) An eligible business that uses a third-party delivery facilitator to deliver alcoholic beverages  
 43 on behalf of the eligible business is not responsible for any failure of the third-party delivery  
 44 facilitator, or a delivery person employed by or contracted with the third-party delivery facilitator,  
 45 to comply with the requirements of ORS 471.521 to 471.537 or rules adopted under ORS 471.521 to

1 471.537.

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3

**CAPTIONS**

4

5 **SECTION 12.** The unit captions used in this 2024 Act are provided only for the conven-  
6 ience of the reader and do not become part of the statutory law of this state or express any  
7 legislative intent in the enactment of this 2024 Act.

8

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**EFFECTIVE DATE**

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11 **SECTION 13.** This 2024 Act being necessary for the immediate preservation of the public  
12 peace, health and safety, an emergency is declared to exist, and this 2024 Act takes effect  
13 on its passage.

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