



**OREGON LIQUOR CONTROL COMMISSION**  
The Commission proposes to adopt the following  
**Oregon Administrative Rules:**

**Distillery Package**  
**(OAR 845-005-0431 & OAR 845-006-0452)**

**PUBLIC HEARING:**

Commission staff will hold a public hearing on this proposed action:

**Date:** May 26, 2009  
**Time:** 10:00 am  
**Location:** Oregon Liquor Control Commission  
9079 SE McLoughlin Boulevard  
Portland, OR 97222

Phone: (503) 872-5004 (toll free within Oregon 1-800-452-6522)  
Fax: (503) 872-5110

**Presiding Officer:** Jennifer Huntsman

(Auxiliary aids for persons with disabilities are available upon advance request)

**CAPTION: Adoption of two new rules governing distilled liquor tastings provided on a distillery licensee's premises**

The Commission is proposing the adoption of 2 new rules, OAR 845-005-0431 & OAR 845-006-0452. These rules will describe both the qualifications and the requirements a distillery licensee must meet in order to provide tastings on its premises or on another premises owned or leased by the licensee. The 2007 legislature passed Senate Bill (SB) 451, effective January 1, 2008. Senate Bill 451 amended ORS 471.230 removing the restriction that permitted tastings of only brandy or pot distilled liquor. This statutory change, which opens up the possibility of tasting rooms to a lot more distillery licensees, prompted the Commission to initiate rulemaking to address the basic guidelines these tasting rooms must follow.

You can obtain a copy of the proposed amendments by calling Laura Paul at 503-872-5105, or the toll-free number listed above. Rule drafts are also available on the OLCC web site: <http://oregon.gov/OLCC/> - go to the "Liquor Laws and Rules" button, then follow the link to "OLCC Proposed Rulemaking", then "Distillery Rulemaking", and finally "Final Staff Rule Draft". If you wish to give your views, arguments, or information on this matter, you may do so at the public hearing, or you can submit comments by June 9, 2009. You can also email your comments to: [jennifer.huntsman@state.or.us](mailto:jennifer.huntsman@state.or.us).

**Documents faxed, mailed or emailed must be received by 5:00 pm on June 9, 2009.**

ORS 183.335(2)(G) requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business. That comment must also be received by 5:00 pm on June 9, 2009.

The Commission reserves the right to request and receive additional comments at any time on or before the date the Commission takes final action on the proposed rule.

**Statutory Authority:** ORS 471, including ORS 471.030, 471.040, 471.730(1) & (5)

**Other Authority:** None

**Statutes Implemented:** ORS 471.230

**Need for the Rule(s):** The Commission is proposing the adoption of 2 new rules, OAR 845-005-0431 & OAR 845-006-0452. These rules will describe both the qualifications and the requirements a distillery licensee must meet in order to provide tastings on its premises or on another premises owned or leased by the licensee. The 2007 legislature passed Senate Bill (SB) 451, effective January 1, 2008. Senate Bill 451 amended ORS 471.230 removing the restriction that permitted tastings of only brandy or pot distilled liquor. This statutory change, which opens up the possibility of tasting rooms to a lot more distillery licensees, prompted the Commission to initiate rulemaking to address the basic guidelines these tasting rooms must follow.

**Documents Relied Upon, and where they are available:** Minutes of Advisory Committee meetings of March 20, 2008 and February 25, 2009 available from the Commission's rules coordinator, Jennifer Huntsman, at 9079 SE McLoughlin Boulevard Portland, OR 97222.

Or Laws 2007, ch 134 §1 (SB 451)

(The laws are available at the website of the Oregon Legislative Counsel at [http://www.leg.state.or.us/bills\\_laws/home.htm](http://www.leg.state.or.us/bills_laws/home.htm).)

**Fiscal and Economic Impact, including Statement of Cost of Compliance:** This statement takes into account the fiscal impact on **(a)** Distillery licensees; **(b)** local government; **(c)** state agencies; and **(d)** the public.

**(a) Distillery licensees.** The Commission anticipates only minimal fiscal impact from the proposed rule adoptions. Because historically, only a few distilleries have been operating tasting rooms under their statutory authority to do so, these new tasting regulations will affect most distillery licensees prospectively if they choose to offer tastings at their premises in the future. Through the rule Advisory Committee process, the Commission has incorporated feedback from distilleries (both those who currently offer tastings and those who will be applying in the future) into the current version of the draft rules. Because the proposed rules by-in-large reflect current practice with regards to tastings on a distillery licensee's premises, the Advisory Committee anticipates minimal fiscal impact on distillery licensees. Rules that allow distilleries the option to charge a fee to the public for tastings could help cover the cost of purchasing from the Commission the liquor used, thus having some potential for a positive impact. Advisory Committee members also anticipated a minimal negative impact from both the establishment of a process for distinguishing trade visitors from the public, and also the time and resources used to complete the initial tasting application form and process.

**(b) Local government.** The Commission does not anticipate any fiscal impact on local government from the proposed rule adoptions.

**(c) State agencies.** The Commission does not anticipate any fiscal impact on state agencies from the proposed rule adoptions.

**(d) The public.** The Commission does not anticipate any significant fiscal impact on the public from the proposed rule adoptions.

**Cost of Compliance:** There should only be minimal costs for distillery licensees to comply with these rule adoptions. There are no additional reporting or recordkeeping requirements required for compliance. There is no requirement for additional equipment. There may be a small increase in the cost of supplies or labor depending on which method a distillery licensee chooses in order to meet the requirement of distinguishing between trade visitors and the public. There would be a minimal one-time increase in administration as distillery licensees complete the initial tasting application process.

**Because there is not adequate information available to accurately project the fiscal impact, the Commission is unable to calculate the potential fiscal impacts.**

**How were small businesses involved in the development of this rule?** The Commission assumes the majority of its licensees are small businesses. We invited licensees, industry representatives, and public safety representatives, including moderation groups, to the Advisory Committee meeting where this matter was discussed.

**Administrative Rule Advisory Committee consulted? Yes.** An Advisory Committee met on both March 20, 2008 and February 25, 2009. Members included industry representatives, licensees, and members representing moderation and public safety concerns. The Committee assisted in writing this Fiscal Impact Statement.

(This notice mailed May 1, 2009)