NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 845
OREGON LIQUOR CONTROL COMMISSION

FILING CAPTION: The rules make legislative and technical changes to Division 20 of Chapter 845.

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 11/22/2019 11:55 PM
The Agency 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.

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Filed By:
Emily Febles
Rules Coordinator

HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 11/20/2019
TIME: 2:00 PM - 3:00 PM
OFFICER: Emily Febles
ADDRESS: OLCC
9079 SE McLoughlin Blvd
Portland, OR 97222

SPECIAL INSTRUCTIONS:
Public Hearing will close at 2:20 if no one has signed-in to offer comment by that time.

NEED FOR THE RULE(S):
The 2019 legislature made several changes to Division 20 of Chapter 845, known as Oregon's Bottle Bill provisions. These rules implement those changes. Additionally, during the operation and management of the Bottle Bill, staff identified areas that needed amendments to make language more clear and concise and to ensure continued viable operation of the program. Senate Bill 93 adds two types of redemption centers; full-service redemption centers and dealer redemption centers. Senate Bill 247 adds containers that contain hard seltzer and containers that contain kombucha to types of beverage containers covered by provisions of Bottle Bill. Senate Bill 590B limits space considered to be occupied by dealer for purposes of obligation to redeem beverage containers. Senate Bill 914 requires certain distributors and importers to register with distributor cooperatives and provide certain information to distributor cooperatives.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:
Senate Bill 93 (available on the Oregon State Legislature's webpage.)
Senate Bill 247 (available on the Oregon State Legislature's webpage.)
Senate Bill 590B (available on the Oregon State Legislature's webpage.)
FISCAL AND ECONOMIC IMPACT:

This statement takes into account the fiscal impact on: (a) Local Government; (b) State Agencies; (c) the Public; and (d) Redemption Centers

(a) Local Government. The Commission anticipates no new fiscal impact on local government from the proposed amendments.

(b) State Agencies. The Commission anticipates no new fiscal impact on outside state agencies from the proposed amendments. The Commission anticipates a positive fiscal impact to the OLCC. The proposed amendments will save on postage, mailing supplies, and staff time to collect information from distributors. The proposed amendments derived from Senate Bill 247, will also allow the OLCC to acquire a second Bottle Bill dedicated position.

(c) The Public. The Commission anticipates a positive fiscal impact on the public from the proposed amendments to the extent that the proposed amendments allow for greater access to redemption centers to return containers.

(d) Existing and Future Redemption Centers. While the Commission recognizes that there will be a negative fiscal impact on existing and future redemption centers because a fee will be imposed to operate as a redemption center, this change is a result of Senate Bill 247 and cannot be amended by proposed rules.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The Commission anticipates no new costs of compliance to comply with the proposed amendments for state agencies, local government or the public.

(2) Small Businesses

(a) The Commission estimates there to be around 4,000 businesses under 5,000 square feet subject to Bottle Bill provisions. The Commission used existing liquor license designations, and also estimated non-liquor license holders subject to bottle bill provisions, when determining this number.

(b) Small businesses considered to be “distributors” under the Bottle Bill will have a neutral fiscal change because they will still have to do annual reporting, but the organization that collects the information has changed from the OLCC to the Oregon Beverage Recycling Cooperative (ORBC.) The Commission recognizes that the legislature has required the additional reporting requirement of “size” of container during annual reporting. This reporting requirement will add additional administrative and reporting requirements to all businesses considered to be “distributors,” including small businesses considered to be “distributors.”

(c) There will be a positive fiscal impact on small businesses located in new “Dealer Redemption” zones under the proposed rules. If a Dealer Redemption center is set-up, it will lessen staff and labor time at small businesses subject to Bottle Bill provisions because they will have to count fewer redeemable containers in these zones. Storage space needed by small businesses subject to Bottle Bill provisions, will also be lessened in these zones because small businesses will be able to limit the number of containers they must accept per day to 24. Small businesses in a new
Dealer Redemption zone will need less cleaning equipment and cleaning supplies because of the reduced mess from the additional containers that they no longer have to accept.

Describe how small businesses were involved in the development of these rule(s):
Small businesses, including small grocers and a representative of distributors (including small distributors), served on the Rules Advisory Committee.

Was an administrative rule advisory committee consulted? Yes

Rules proposed:

Amend: 845-020-0005

Rule summary: This section describes the definitions used in the chapter 20 rule sections.

Changes to rule:

845-020-0005
Definitions ¶

(1) The terms defined in ORS 459A.700 have the same meaning in OAR 845-020-0005 through 845-020-0060. ¶
(2) "Area of a Business" means the square footage of the entire building or portion of the building leased or owned by the dealer. The area of a business only includes the retail space and not the square footage of the entire business, if: ¶
(a) The retail space is less than 5,000 square feet; ¶
(b) The retail space occupies less than 50 percent of the leased or owned space where retail operations are located; and ¶
(c) The nonretail space is used in whole or in part for the manufacturing of beverages. ¶
(3) "Cider" means an alcoholic beverage made from the fermentation of the juice of apples or pears that contains not less than one-half of one percent and not more than 8.5 percent of alcohol by volume, including, but not limited to, flavored, sparkling or carbonated cider. ¶
(4) "Convenience zone" means a sector within a radius of a redemption center specified by the Commission that determines which dealers may participate in a redemption center and that impacts the number of containers a store must accept. ¶
(5) "Dealer redemption center" means a location that serves one or more dealers doing business in an area that is not part of a convenience zone specified by the Commission under ORS 459A.738, at which any person may return empty beverage containers for beverages that were purchased in Oregon and receive payment of the refund value of the beverage containers. ¶
(6) "Full-service redemption center" means a location that meets the requirements of ORS 459A.737, at which any person may return empty containers for beverages that were purchased in Oregon and receive payment of the refund value of the beverage containers. ¶
(7) "Hard seltzer" means any sugar-based alcoholic beverage that contains carbonated water or any malt-based alcoholic beverage, that containing more than one-half of one percent of alcohol by volume and not carbonated water and is not a malt beverage, as that term is defined in ORS 471.001. ¶
(8) "Kind of beverage" means the type of beverage in a container that is required to have a refund value and does not refer to the size of the container or brand of beverage. The "kind of beverage" categories are: ¶
(a) Water; ¶
(b) Carbonated soft drinks; ¶
(c) All other non-alcoholic beverages (excluding dairy milk and plant-based milk, infant formula, and liquid meal
replacements); ¶
(d) Alcoholic beverages (excluding distilled liquor and wine); and ¶
(e) Beverages containing marijuana or hemp. ¶
(9) "Kombucha" means a fermented beverage that is made from tea and does not contain more than 21 percent of alcohol by volume. "Wine" includes fortified wine. "Wine" does not include cider. ¶
(10) "Liquid Meal Replacement" means a ready-to-drink liquid with caloric and nutritional value intended to replace a regular meal. ¶
(411) “Milk” means a beverage that consists of only dairy milk and flavorings, and/or nutritional additives. This "Milk" includes: ¶
(a) Flavored milk beverages, such as chocolate milk; ¶
(b) Cultured milk, such as kefir and buttermilk; and ¶
(c) Lactose free milk and lactose free milk. "Milk" does not include kefir, drinkable yogurt, buttermilk, smoothies, shakes, any beverage that is primarily milk but includes other ingredients such as fruit, and any beverage that is primarily milk but is marketed as a beverage other than a milk, such as a smoothie or shake. ¶
(12) “Person.” As used in OAR 845-020-0005 through 845-020-0060, unless the context requires otherwise: "Person" includes individuals, corporations, associations, firms, partnerships, and joint stock companies. ¶
(913) “Plant-Based Milk” means beverages consisting primarily of liquid extracted from nuts, grains, legumes and seeds. This includes flavored plant-based milk beverages. Coconut water is not a plant-based milk. ¶
(6) “Meal Replacement Beverage” means a beverage that is intended to replace one or more daily meals. ¶
(7) As used in OAR 845-020-0005 through 845-020-0060, unless the context requires otherwise: “Person” includes individuals, corporations, associations, firms, partnerships, and joint stock companies. "Wine" includes fortified wine, cider over 8.5 percent alcohol by volume, and mead. "Wine" does not include cider that is not more than 8.5 percent of alcohol by volume, partnerships, and joint stock companies. "Seltzer" or "Kombucha." ¶
Statutory/Other Authority: ORS 459A, 459.992(4), 471.030, 471.730(1) & (5), 472.030, 472.060(1) ¶
Statutes/Other Implemented: 459A.725
CHANGES TO RULE:

845-020-0016

Container Exemptions

(1) ORS 459A.702 directs and enables the Commission to exempt certain beverages from having a refund value as specified in 459A.705. ¶

(2) Unless exempt under ORS 459A.705 or these rules. ¶

(2) Beverage containers with the following beverage types are exempt from having a refund value: ¶

(a) Distilled Spirits; ¶
(b) Wine; ¶
(c) Milk and plant-based milks; ¶
(d) Infant formula; and ¶
(e) Liquid meal replacement beverages. ¶

(3) The following container types and sizes are exempt from having a refund value: ¶

(a) Any malt beverage containers of beer, water, or soft drinks larger than four ounces and holding more than three fluid liters; and ¶
(b) Any other beverage containers that holds under four ounces and one and one-half liters; ¶

(4) Any container types other than metal, glass, and plastic bottles are exempt from having a refund value, including the following: ¶

(a) Metal containers that require a tool to be opened; ¶
(b) Foil pouches; ¶
(c) Cartons; and ¶
(d) Drink boxes. ¶

(5) Manufacturers of kombucha, hard seltzer, oral electrolyte replacement beverages, kefir, drinkable yogurt, buttermilk, smoothies, shakes, any beverage that is primarily milk but includes other ingredients such as fruit, and any beverage that is primarily milk but is marketed as a beverage other than a milk, such as a smoothie or shake, will have until January 1, 2021 to have these containers labeled with the refund value. Until that date, these containers are redeemable and containers of these beverages may be sold or offered for sale in Oregon regardless of the refund value or lack of refund value indicated on the containers.

Statutory/Other Authority: ORS 459A, 459A.702
Statutes/Other Implemented: 459A.702, 459A.705
AMEND: 845-020-0020

RULE SUMMARY: This section describes requirements, including annual registration, for full-service redemption centers.

CHANGES TO RULE:

845-020-0020
Full-Service Redemption Centers ¶

(1) The Commission shall approve a full-service redemption center if it finds the redemption center will provide a convenient service to consumers for the return of empty beverage containers. The Commissioners delegate to the Administrator the authority to grant or deny redemption center applications in accordance with this rule. ¶

(2) The Commission considers factors such as the following factors in determining whether or not a full-service redemption center provides a convenient service to consumers for the return of empty beverage containers: ¶

(a) Location of the redemption center; ¶
(b) Kinds of beverage containers accepted at the redemption center; ¶
(c) Dealers occupying 5,000 or more square feet within a redemption center zone that will be served by the redemption center and their distance from the redemption center; ¶
(d) Dealers occupying 5,000 or more square feet within a redemption center zone that will not be served by the redemption center and their distance from the redemption center; ¶
(e) Days and hours of operation of the redemption center; ¶
(f) Parking facilities serving the redemption center; ¶
(g) Evidence showing that the redemption center meets all applicable local ordinances and zoning requirements will be located in an area zoned for commercial use under state statute or local ordinance or will be located in an area that will provide more convenient service given the proximity of the location to the dealers within the convenience zones; ¶
(h) The cap, if any, on the number of beverage containers per person per day that the redemption center will accept; ¶
(i) Payment method(s) offered by the redemption center for redeemed beverage containers; ¶
(j) The projected volume of beverage container returns at the redemption center as compared to the actual returns at the dealers to be served by the redemption center; and ¶
(k) A description of how consumers will be notified of the redemption center’s location, services, and service hours. ¶

(3) Annual Registration. Once a full-service redemption center is approved by the Commission, the person responsible for the operation of the full-service redemption center must register with the Commission and pay the prescribed fee by July 1 of each calendar year for the upcoming year. ¶

(a) The annual registration form will be furnished by the Commission. The registration form will not be considered complete unless the person responsible for the operation of the redemption center provides the Commission with the following: ¶

(A) A list and exact address of each redemption center the person is responsible for operating during the upcoming year; ¶
(B) The fee for each full-service redemption center the person is responsible for operating; and ¶
(C) Any additional information needed to process the registration. ¶

(b) The Commission will withdraw its approval of the redemption center if a person responsible for operating the redemption center fails to submit the required information or pay the required fee by July 1 of each year. Once the Commission withdraws its approval, the redemption center will be required to cease all operations until the required information or required fee is submitted. ¶

(4) Full-Service Redemption Center Convenience Zones. For each full-service redemption center, the Commission must specify up to two convenience zones. Full-service redemption centers are not required to have a second convenience zone. ¶
(a) The first convenience zone must be the sector within a radius of not more than two miles around the full-service redemption center.

(b) The second convenience zone must be the sector beginning at the border of the first convenience zone and continuing to a radius of not more than three and one-half miles around the full-service redemption center.

Statutory/Other Authority: ORS 459A.735
Statutes/Other Implemented: ORS 459A.735
Any person desiring approval of a full-service redemption center shall make application to the Commission upon forms to be furnished by the Commission. The application shall include the following and such additional information as the Commission may require:

1. Name and address of each person to be responsible for the establishment and operation of the redemption center;
2. Exact location and mailing address of redemption center;
3. Kinds of beverage containers that will be accepted at the redemption center;
4. Names and addresses of the dealers occupying 5,000 or more square feet within a redemption center zone that will be served by the redemption center;
5. Names and addresses of the dealers occupying 5,000 or more square feet within a redemption center zone that will not be served by the redemption center;
6. Distances from the redemption center to the dealers occupying 5,000 or more square feet within a redemption center zone that will be served;
7. Distances from the redemption center to dealers occupying 5,000 or more square feet within a redemption center zone that will not be served;
8. Days and hours of operation of the redemption center;
9. Description of parking facilities to serve the redemption center;
10. Evidence showing that a redemption center meets the zoning requirements and other applicable will be located in an area zoned for commercial use under state statute or local ordinances of the regulating local jurisdiction; will be located in an area that will provide more convenient service given the proximity of the location to the dealers within the convenience zones;
11. The cap, if any, on the number of beverage containers per person per day that will be accepted at the redemption center;
12. Payment method(s) for redeemed beverage containers;
13. The projected volume of beverage container returns at the redemption center as compared to the actual returns at the dealers to be served by the redemption center; and
14. A description of how consumers will be notified of the redemption center’s location, services, and service hours.

Statutory/Other Authority: ORS 459A.735, 459A.737
Statutes/Other Implemented: ORS 459A.735
Rule 845-020-0027

Dealer Redemption Centers

(1) Requirements. An individual may establish a dealer redemption center to serve one or more dealers doing business in an area that is not part of a full-service redemption center convenience zone specified by the Commission under ORS 459A.738 and 845-020-0020(4). An individual operating a dealer redemption center must:

(a) Provide secure drop-off service at no charge for empty beverage containers to be returned by any person for the refund value established by ORS 459A.705 in a bag or other bulk return container sold for that purpose;

(b) Provide an accounting mechanism by which a person may redeem the refund value of beverage containers returned in bulk either immediately in cash from a dealer participating in the dealer redemption center or no later than one week after the beverage containers are dropped off;

(c) Be serviced by a distributor cooperative for purposes of transporting and processing redeemed beverage containers;

(d) Be available for persons to return beverage containers to the dealer redemption center during any time that a participating dealer is open between the hours of 8 a.m. and 8 p.m. Notwithstanding the provisions of this subsection, the dealer where the dealer redemption center is located must accept beverage containers and pay the refund value pursuant to ORS 459A.710 and ORS 459A.715 at all hours the dealer is open; and

(e) Be of a sufficient capacity to provide a convenient service to the public as the Commission may determine.

(2) Distributor Cooperative Responsibilities.

(a) A distributor cooperative that services a dealer redemption center must provide notice to the Commission no later than 14 days after the date that a dealer redemption center:

(A) Begins providing drop-off service to persons for the return of empty beverage containers; or

(B) Ceases operations.

(b) A distributor cooperative that services a dealer redemption center must annually provide the Commission the names and addresses of the dealers served by all dealer redemption centers serviced by the distributor cooperative, and such additional information as the Commission may require.

(3) Dealer Redemption Participation. Any dealer doing business within a dealer redemption center convenience zone established by the Commission may participate in, be served by, and pay the cost of participation in the dealer redemption center. Dealers participating in a dealer redemption center may refuse to accept and to pay the refund value of more than 24 individual empty beverage containers returned by any one person during one day.

(4) Dealer Redemption Center Convenience Zones.

(a) If a dealer redemption center is established in a city having a population of less than 10,000 people, the Commission shall specify a dealer redemption center convenience zone of the sector within a radius of not more than one mile around the dealer redemption center.

(b) Any dealer doing business within a one mile radius of a Commission-specified dealer redemption center convenience zone may participate in, be served by, and pay the cost of participation in the dealer redemption center.
AMEND: 845-020-0035

RULE SUMMARY: The sections describes when a dealer is not required to accept containers.

CHANGES TO RULE:

845-020-0035
When Dealer Not Required to Accept Containers ¶

(1) The Commission does not interpret ORS 459A.710 to require a dealer to accept an empty beverage container, if the dealer: ¶
(a) The area of the business occupies a total enclosed space of 5,000 or more square feet in a single location and has not offered the kind of beverage for sale within the past six months; ¶
(b) The area of the business occupies a total enclosed space of less than 5,000 square feet in a single location and has not offered the kind, size, and brand of beverage for sale within the past six months; ¶
(c) The dealer has reasonable grounds to believe the beverage was sold at retail outside Oregon; ¶
(d) The dealer has reasonable grounds to believe that the beverage container was obtained from or through a distributor without paying the refund value. The primary goal of this subsection is to prevent distributors, recyclers or others from putting containers through the refund/return system more than once without paying the refund value; or ¶
(e) The dealer has reasonable grounds to believe that the container has already been redeemed, such as through a reverse vending process. ¶
(2) Dealers must not use this rule to frustrate the requirement of the Beverage Container Act that requires dealers to accept return of: ¶
(a) Up to 144 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business, if the dealer occupies a total enclosed space of 5,000 or more square feet in a single location and is not in a redemption center zone; ¶
(b) Up to 144 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business if the dealer occupies a total enclosed space of 5,000 or more square feet in a single location, is in a full-service redemption center zone, and is approved by the Commission for an exemption under ORS 459A.738(5)(c); ¶
(c) Up to 50 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business, if the dealer occupies a total enclosed space of less than 5,000 square feet in a single location and is not in a full-service redemption center zone; ¶
(d) Up to 24 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business if the dealer occupies a total enclosed space of 5,000 or more square feet in a single location, is in Zone 2 of a full-service redemption center, and participates in that redemption center; ¶
(e) Up to 24 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business if the dealer occupies a total enclosed space of less than 5,000 square feet in a single location and is in a full-service redemption center zone; ¶
(f) 24 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business if a dealer establishes a dealer redemption center and if a dealer participates in a dealer redemption center; or ¶
(fg) Up to 350 beverage containers sold in Oregon from any person in any one day at all hours the dealer is open for business if the dealer occupies a total enclosed space of 5,000 or more square feet in a single area, is in a full-
service redemption center convenience zone, and does not participate in that redemption center. This requirement is in addition to other equivalent services to the redemption center that the dealer must provide as specified in ORS 459A.738(5).

Statutory/Other Authority: 459A.738, ORS 459A.715, ORS 459A.705
Statutes/Other Implemented: 459A.738
RULE SUMMARY: This section describes sanctions and penalties.

CHANGES TO RULE:

845-020-0040
Sanctions and Civil Penalties
(1) The Commission is charged with ensuring that consumers are able to return redeemable containers to dealers and redemption centers, and dealers are able to return containers to distributors and distributor cooperatives.¶

(2) Sanctions. The Commission will sanction or may impose a civil penalty for any violation of Chapter 459A and Division 20 of Oregon Administrative Rules Chapter 845.¶

(3a) Sanction Schedule. ¶
(a) Penalties for licensees of the Commission. Non-compliant dealers may be subject to violation of the rules contained within Division 20 of OAR Chapter 845 or ORS 459A.700 to 459A.737 is a Category V violation, as defined in 845-006-0500 - Exhibit I.¶

(b) Civil Penalties for dealers that are not licensees of the Commission. A violation per ORS 459A.717(1).¶

(b) Notwithstanding subsection (a) of these rules contained within Division 20 of Chapter 845 or ORS 459A.700 to 459A.737 carries a civil penalty of $500.00.¶

(4) Non-compliant distributors and importers, as described in ORS 459A.718(5), and non-compliant dealers, as described in ORS 459A.738(5), may be subject to violations per ORS 459A.717(2).

Statutory/Other Authority: ORS 459A.710, 459A.717, 459A.718
Statutes/Other Implemented: 459A.717