

A GUIDE TO MANUFACTURING AND WHOLESALING DISTILLED LIQUOR IN OREGON



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Table of Contents

Торіс	Page
Oregon Distillery License: Getting Started with the Basics	2
Denatured or Non-Denatured Alcohol	3
Import, Manufacture, and Store Non-Denatured Distilled Liquor in Oregon	3
Exceptions to the Oregon License Requirement	4
Privileges Unique to an Oregon Distillery Licensee	4
Oregon Distillery Providing Tastings on its Annual Premises and Five other Locations	4
Qualify to Sell Your Product Directly to Retail Consumers	4
Obtain a Special Event Distillery License (SED)	5
Obtain a Full On-Premises Sales License from the OLCC	5
Sell Bulk Distilled Liquor Directly to another OLCC Distillery Licensee	6
Sell Bulk Distilled Liquor Directly to a Person or Business with an Industrial Alcohol	6
Authority (IAA)	
Privileges Available to All Oregon Manufacturers and Wholesalers of Distilled Liquor	6
Have Your Product in Oregon Retail Liquor Stores	6
Provide Tastings at a Full On-Premises Sales License (OAR 845-005-0428)	6
Promotional Events at a Full On-Premises Licensed Premises (OAR 845-006-0446)	6
Provide Tastings in an Oregon Retail Liquor Store (OAR 845-015-0155)	7
Offer Samples of Your Product to Retail Sales Agents (OAR 845-015-0180)	7
Provide Tastings and Samples of Your Product to Industry	7
Provide Customized Information to a Bottle of Distilled Liquor	7
Provide Products & Services to a <u>Nonprofit</u> TSL Licensee	8
Provide Products to a Nonprofit Organization Conducting a Raffle or Auction	8
Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR)	9

OREGON DISTILLERY LICENSE GETTING STARTED WITH THE BASICS

Step 1: Apply for an Oregon Distillery License

- Obtain an application packet: <u>Distillery License OLCC application page</u>
- Note: If you would like to provide tastes of the distilled liquor you make in Oregon, as addressed in step 3 on this page, be sure to also include the "Oregon Distillery Tasting Privilege" application form. <u>Oregon Distillery Tasting Privilege application form</u>
- Submit the application packet to: <u>olcc.liquorlicenseapplication@oregon.gov</u>
- For questions or help completing your application, email: <u>olcc.alcohollicensing@oregon.gov</u>

Step 2: Get Distilled Liquor Approved for Sale by the Bottle in Oregon

- Call the OLCC Purchasing Division at 503-872-5040.
- You must provide proof that you have obtained a Certificate of Label Approval (COLA) from the federal Alcohol and Tobacco Tax and Trade Bureau (TTB).
- To obtain information on the TTB Distillery Permit and label approval: <u>TTB website</u>

Step 3: Get Approved to Provide Tastes of Distilled Liquor at Your Business to Consumers

- If you did not submit your "Oregon Distillery Tasting Privilege" application form in step 1 on this page, you must do so now. <u>Oregon Distillery Tasting Privilege application form</u>
- Submit the application packet to: <u>olcc.liquorlicenseapplication@oregon.gov</u>

Step 4: Get Approved to Sell Sealed Containers of Distilled Liquor at Your Business Directly to Consumers

• You must be appointed by the OLCC as a distillery retail outlet agent. To do this, call the OLCC Retail Services Division at 503-872-5020 or email at <u>OLCC.RetailServices@oregon.gov</u>

Step 5 (optional): Obtain an Industrial Alcohol Authority (IAA)

- An IAA will allow you to sell non-denatured 80 to 200 proof alcohol directly to another holder of an IAA in Oregon. Examples of others that could hold an IAA in Oregon include Oregon wineries, food processors, marijuana extractors, etc.
- IAA application: <u>IAA Application</u>

Denatured or Non-Denatured Alcohol

- "Denatured alcohol" means ethanol (ethyl alcohol) with additives for the purpose of making it unfit for human consumption.
 - \rightarrow Denatured alcohol is not considered an alcoholic beverage or alcoholic liquor in Oregon.
 - → Denatured alcohol may be imported into Oregon and stored, possessed, sold, purchased, transferred, shipped, delivered, and transported in Oregon without an OLCC-issued Industrial Alcohol Authority (IAA) or Distillery license.
- "Non-denatured alcohol" means any liquid or solid containing more than one-half of one percent alcohol by volume and capable of being consumed by a human being.

Distilled Liquor in Oregon

- As per Oregon Revised Statute (ORS) 471.001(4), distilled liquor means any alcoholic beverage other than wine, cider, or malt beverage. Distilled liquor includes distilled spirits.
- Other common names for "distilled liquor" are distilled spirits, hard liquor, hard alcohol, ethyl alcohol, and ethanol.
- Typically, distilled liquor comes from a distillation process. Oregon considers distilling to be any process that separates <u>beverage alcohol</u> (also known as ethanol or ethyl alcohol) from any substance or mixture. The two primary methods of distilling are using a still to apply heat and freeze distillation.
- However, in Oregon, it is not a requirement that the liquor be distilled to be considered distilled liquor. A fermented liquor that does not meet the definition of cider, malt beverage, or wine would be considered a distilled liquor.

Importing Non-Denatured Distilled Liquor into Oregon

- Ship/deliver, or cause to be shipped/delivered, non-denatured distilled liquor coming from outside of Oregon <u>directly to the OLCC</u>.
 - \rightarrow No OLCC Distillery license or Industrial Alcohol Authority (IAA) is needed for this activity.
- Importing from outside of Oregon non-denatured distilled liquor that is <u>under 190 proof</u> directly to an address in Oregon <u>where the address is other than the OLCC</u>.
 - → An OLCC Distillery license and a Distillery Permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) is needed for this activity.
- Importing from outside Oregon non-denatured distilled liquor that is <u>190 to 200 proof</u> directly to an address in Oregon <u>where the address is other than the OLCC</u>. The person will need either:
 - → An OLCC Distillery license and a Distillery Permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB); or
 - \rightarrow An Industrial Alcohol Authority (IAA) issued by the OLCC.

Manufacture (distill, rectify, blend, denature, or otherwise produce) <u>Non-Denatured</u> Distilled Liquor in Oregon

- An OLCC Distillery license and a Distillery Permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) is needed for this activity.
- Note: there is no exemption from this requirement for "home-distilling."

Store Non-Denatured Distilled Liquor in Oregon with the Intent to Process and/or Sell it

- An OLCC Distillery license and a Distillery Permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) is needed for this activity.
- Note: You don't need an Oregon Distillery license if you are storing distilled liquor for personal use, such as for consumption in the home, or if you hold a Full On-Premises Sales license issued under ORS 471.175 and the alcohol is stored at your licensed premises.

Exceptions to the Oregon License Requirement

If one of the following <u>exceptions</u> applies you will not need an Oregon Distillery license; however, you may still need a federal permit from the TTB:

- As per ORS 471.230(1), any agricultural producer, or association of agricultural producers, or legal agents thereof who manufacture and convert agriculture surpluses, by-products, and wastes into denatured ethyl and industrial alcohol for use in the arts and industry may do so in Oregon without obtaining an Oregon Distillery license from the OLCC.
- People who produce in Oregon alcohol for fuel and who comply with OAR 845-004-0100 do not need an Oregon Distillery license from the OLCC. Link to: <u>OAR 845-004-0100</u>
- People who import into Oregon non-denatured 190 to 200 proof grain and ethyl alcohol only for scientific, pharmaceutical, manufacturing, mechanical, and industrial purposes and who comply with OAR 845-004-0101 need only an Industrial Alcohol Authority (IAA) from the OLCC. Note: importing for other purposes and/or conducting other activity may require an Oregon Distillery license from the OLCC. Link to: <u>OAR 845-004-0101</u>
 - \rightarrow You must obtain an IAA from the OLCC <u>prior</u> to conducting this activity in Oregon.
 - → IAA application: <u>IAA Application</u>
- People in Oregon who want to obtain non-denatured 80 to 200 proof grain and ethyl alcohol from a company in Oregon that has already legally manufactured it in, or imported it into, Oregon.
 - \rightarrow The company in Oregon from which the alcohol is obtained must have an IAA.
 - \rightarrow The person obtaining the alcohol must have an IAA <u>prior</u> to conducting this activity in Oregon.
 - → The person using the alcohol may use it only for scientific, pharmaceutical, manufacturing, mechanical, and industrial purposes.
 - → IAA application: <u>IAA Application</u>

PRIVILEGES UNIQUE TO AN OREGON DISTILLERY LICENSEE

Oregon Distillery Providing Tastings on its Annual Premises and Five other Locations

- An Oregon Distillery licensee with a valid distilled spirits plant (DSP) basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) may qualify to provide tastings of product to consumers and industry on its <u>annually</u> licensed distillery premises and at no more than five other premises owned or leased by the licensee.
 - \rightarrow You must supply to the OLCC proof of your TTB DSP permit.
 - \rightarrow You must apply and receive approval from the OLCC <u>prior</u> to providing tastings. There is no added fee for this privilege.
 - → To obtain approval you must follow OAR 845-005-0431. Completing and submitting the "Distillery Tasting Privilege" application form will help you meet this requirement.
 - \rightarrow Once you are approved, you must follow OAR 845-006-0452.
 - → <u>Oregon Distillery Tasting Privilege application form</u>.
 - \rightarrow Submit the form to: <u>olcc.liquorlicenseapplication@oregon.gov</u>
- If you are not an Oregon Distillery licensee, you can't qualify for this privilege.

Qualify to Sell Your Product Directly to Retail Consumers

• An Oregon Distillery licensee with a valid distilled spirits plant (DSP) basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) may qualify to have factory-sealed

containers of product available for sale directly to retail consumers on its <u>annually</u> licensed distillery premises and at no more than five other premises owned or leased by the licensee.

- \rightarrow You must supply to the OLCC proof of your TTB DSP permit.
- → You must <u>first</u> be approved by the OLCC to provide tastings of your product to consumers and industry on your <u>annually</u> licensed distillery premises. You may choose not to provide the tastes; however, you must be approved to do so.
- → You must then be approved by the OLCC to provide tastings of your product to consumers and industry at <u>each</u> other premises at which you want to sell containers directly to retail consumers (this can be at no more than five other premises owned or leased by you). Again, you may choose not to provide the tastes; however, you must be approved to do so.
- \rightarrow You must identify the retail outlet area where you intend to sell the containers (and the retail outlet must be separate from the production area).
- \rightarrow You can't sell to Oregon retail licensees from this retail outlet.
- To start the process of getting approved as a Distillery Retail Outlet Agent, call the OLCC Retail Services Division at 503-872-5020 or email at <u>OLCC.RetailServices@oregon.gov</u>
- If you are not an Oregon Distillery licensee, you can't qualify for this privilege.

Obtain a Special Event Distillery License (SED)

- An Oregon Distillery licensee with a valid distilled spirits plant (DSP) basic permit issued by the federal Alcohol and Tobacco Tax and Trade Bureau (TTB) is eligible to apply for a special license, called a "Special Events Distillery" (SED), for an event on or off of your annually licensed distillery premises. Once your application for an SED is approved, the SED will allow you to provide for free or sell tastes and/or drinks of distilled liquor for drinking on the special event licensed premises and sell factory-sealed containers of distilled liquor for taking off of the special event licensed premises.
 - → You must <u>first</u> be approved to: 1) provide tastes of distilled liquor on your annually licensed distillery premises or at no more than five other premises owned or leased by you; <u>and</u> 2) sell factory-sealed containers of your product directly to retail consumers at your annually licensed distillery premises or at no more than five other premises owned or leased by you. NOTE: you may choose not to provide the tastes and/or sell factory-sealed containers; however, you must be approved to do so.
 - → You must obtain approval from the OLCC <u>prior</u> to <u>each</u> SED event by completing the SED application form. The OLCC fee is \$10 per license day (the local city or county where your event is held will likely also charge a fee).
 - \rightarrow The sale of factory-sealed containers is allowed only from 7:00 am to 10:00 pm.
 - \rightarrow The taste and/or drink must contain distilled liquor manufactured in Oregon by you.
 - \rightarrow The qualifications and requirements are in OAR 845-005-0413.
 - \rightarrow Link to OLCC SED information page: <u>SED information</u>
 - \rightarrow <u>SED application</u>
- If you are not an Oregon Distillery licensee, you can't qualify for this privilege.

Obtain a Full On-Premises Sales License from the OLCC

- An Oregon Distillery licensee may qualify to obtain a Full On-Premises Sales license from the OLCC (which allows the sale and service of distilled liquor by the drink) at the Distillery annually licensed premises.
 - → You must receive a Full On-Premises Sales license from the OLCC prior to providing this service. There is an additional license fee.
 - \rightarrow You must provide the required food service at all times.

- → Full On-Premises sales license information page
- → All distilled liquor sold under a Full On-Premises sales license must be purchased from the OLCC. You must report to the OLCC any distilled liquor that you manufacture and then use under a Full On-Premises sales license to serve by the drink.
- → If you have questions about obtaining a Full On-Premises sales license, email olcc.liquorlicenseapplication@oregon.gov
- If you are a manufacturer or wholesaler of distilled liquor and not an Oregon Distillery licensee, you can't qualify for this privilege.

Sell Bulk Distilled Liquor Directly to another OLCC Distillery Licensee

As per ORS 471.230(1), an Oregon distillery license allows the licensee to sell distilled liquor to another Oregon distillery licensee *in containers having a capacity greater than one U.S. gallon* for blending and manufacturing purposes.

Sell Bulk Distilled Liquor Directly to a Person or Business with an Industrial Alcohol Authority

If you obtain an Industrial Alcohol Authority (IAA) you may sell non-denatured distilled liquor that is 80 to 200 proof directly to another person or business with an IAA.

PRIVILEGES AVAILABLE TO ALL MANUFACTURERS AND WHOLESALERS OF DISTILLED LIQUOR IN OREGON

Have Your Product in Oregon Retail Liquor Stores

- All manufacturers and wholesalers of distilled liquor wanting to have distilled liquor available in Oregon Retail Liquor Stores must first obtain approval from the OLCC.
- To start the process of getting your product approved by the OLCC, call the OLCC Purchasing Division at 503-872-5040
- Note that if you are already an Oregon Distillery licensee, or are in the process of becoming an Oregon Distillery licensee, you are not automatically approved to have your product available in Oregon Retail Liquor Stores; that is, you must work with the OLCC Purchasing Division to get this approval.

Provide Tastings at a Full On-Premises Sales License under OAR 845-005-0428

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may participate in distilled liquor educational seminars and sample tasting events on the premises of a Full On-Premises Sales licensee.
 - → The event must be sponsored by the Full On-Premises Sales licensee and be held on the Full On-Premises Sales licensee's annually (not temporarily) licensed premises.
 - \rightarrow You do not need to fill out an application or pay a fee, but you must follow the requirements in OAR 845-005-0428.

Promotional Events at a Full On-Premises Licensed Premises under OAR 845-006-0446

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may assist a Full On-Premises Sales licensee with promotional events.
- You do not need to fill out an application or pay a fee, but you must follow the requirements in OAR 845-006-0446.

Provide Tastings in an Oregon Retail Liquor Store under OAR 845-015-0155

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may provide tastings of product to consumers in an Oregon Retail Liquor Store.
 - \rightarrow You do not need to fill out an application or pay a fee, but you must follow the requirements in OAR 845-015-0155.

Offer Samples of Your Product to Retail Sales Agents under OAR 845-015-0180

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may offer samples of product to Retail Sales Agents.
 - \rightarrow You do not need to fill out an application or pay a fee, but you must follow the requirements in OAR 845-015-0180.

Provide Tastings and Samples of Your Product to Industry

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may provide tastings and samples of product to <u>industry</u>.
- Tastings are allowed when the event is open <u>only</u> to industry (in other words, the event is closed to the general public).
- For an Oregon Distillery licensee, the tastings and samples allowed under this privilege are in addition to both: 1) the tastings and samples that are open to both the general public and the industry at your <u>annually</u> licensed distillery premises and at no more than five other premises owned or leased by you; <u>and</u> 2) the tastings and samples at a location where you have a temporary special event (SED) license for the event.
- You do not need to fill out an application or pay a fee, but you must follow the requirements in:
 - OAR 845-013-0060(2)(d)(C): you may give sample tastings to participants at a retailer educational seminar that is not open to the public; and
 - OAR 845-006-0353(3), OAR 845-006-0370(5), and OAR 845-013-0060(2)(d)(A): you may give samples and tastings to Full On-Premises Sales licensees and their representatives; however, the samples and tastings must be of a product that the licensee doesn't carry, each tasting doesn't exceed one-quarter ounce by measured pour, a sample must be in a factory-sealed container which does not exceed 50 ml, and the Full On-Premises Sales licensee can't sell the samples or serve, give, or offer them to a patron.
 - * Product provided by an Oregon Distillery licensee must be approved for sale in Oregon.
 - Product provided by a manufacturer or wholesaler of distilled liquor who is not an Oregon Distillery licensee must be approved for sale in Oregon and be obtained through the OLCC. To obtain the product from the OLCC, call 503-872-5034.

Provide Customized Information to a Bottle of Distilled Liquor

- All manufacturers and wholesalers (suppliers) of distilled liquor with products approved for sale in Oregon may NOT produce or provide a "private label" for a bottle of distilled liquor for an Oregon retail licensee or an Oregon liquor store.
- Suppliers may provide customized or personalized information to a bottle of distilled liquor in the form of an "add-on."
- A customized add-on is something added to the bottle of distilled liquor that does NOT change the label and adds customized or personalized information to the bottle. Examples of add-ons include bottle-neckers and stickers.

- → For a retail licensee: the customized or personalized information may promote a specific retail licensee in Oregon. The retail licensee must purchase the customized add-on from the supplier for a reasonable fee (which the OLCC defines as at least the supplier's cost) and the customized add-on is added to the bottle AFTER the bottle has been purchased by the retail licensee.
- → For an Oregon liquor store: the customized or personalized information may promote a specific liquor store in Oregon. The customized add-on is added by the supplier either prior to the bottle arriving at the OLCC or when the bottle is still at the Oregon liquor store.

Provide Products & Services to a NONPROFIT Organization with a TSL License

- All manufacturers and wholesalers of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers) may provide products and services to a NONPROFIT entity (registered as such in Oregon) with a Temporary Sales License (TSL). See <u>OAR 845-013-0090</u>
- IMPORTANT NOTE: If the TSL applicant/licensee is <u>not</u> a nonprofit registered as such in Oregon you may provide only very limited assistance to this applicant/licensee. <u>OLCC</u> <u>Chapter 13 rules</u>
- Factory-sealed containers of distilled liquor may be provided to the nonprofit TSL licensee for free.
- Product provided must be approved for sale in Oregon.
- Product provided by a manufacturer or wholesaler of distilled liquor who is not an Oregon Distillery licensee must be obtained through the OLCC. To obtain the product from the OLCC, call 503-872-5034.
- You do not need to fill out an application or pay a fee, but you must follow the requirements in OAR 845-013-0090.
- Alcohol servers. Any person representing a manufacturer or wholesaler of distilled liquor wanting to help sell or serve alcohol at a nonprofit TSL event must have either a valid Oregon service permit or have passed an Oregon alcohol server education class within the five years previous to the date of the event.

Provide Products to a Nonprofit Organization Conducting a Raffle or Auction

ORS 471.162(6) allows a nonprofit or charitable organization registered as such with the State of Oregon to obtain written approval from the OLCC to conduct an auction or raffle without a license to sell no more than four liters of factory-sealed containers of distilled liquor for consumption off the event premises.

If you are an Oregon Distillery licensee:

- If you are approved as a Distillery Retail Outlet Agent you may sell distilled liquor at the listed price to the organization.
- You may donate distilled liquor to the organization.

If you are a manufacturer or wholesaler of distilled liquor with products approved for sale in Oregon (and representatives, employees, contractors, and agents of the manufacturers and wholesalers):

• You may donate to the organization distilled liquor that has first come into the OLCC.

OREGON REVISED STATUTES (ORS) AND OREGON ADMINISTRATIVE RULES (OAR)

This document provides information and links to some of the Oregon Revised Statutes (ORS) and Oregon Administrative Rules (OAR) used by the OLCC; however, all statutes and rules are available on the OLCC's web site.