



OREGON LIQUOR & CANNABIS COMMISSION

“Bonded Premises” versus Privilege Tax Bond

Bonded Premises

The federal Alcohol and Tobacco Tax and Trade Bureau (TTB) uses this term as follows:

1. For Wine: Premises established under the provisions of 27 CFR Part 24 on which operations in nontax paid wine are authorized to be conducted, including such premises of a proprietor who is exempt from bond requirements under 27 CFR 24.146(d).
2. For Distilled Spirits: The premises of a distilled spirits plant, or part thereof, as described in the application for registration, on which distilled spirits operations defined in 26 U.S.C. 5002 are authorized to be conducted, including such premises of a proprietor who is exempt from bond requirements under 27 CFR 19.151(d).
3. For Beer: The premises of a brewery as described in the Brewer's Notice on which operations defined in 26 U.S.C. 5411 are authorized to be conducted including such premises of a proprietor who is exempt from bond requirements under 27 CFR 25.91(e).

Essentially, the bonded premises is where all the production activities take place and product must be stored until federal excise taxes are paid on the product (or the product is transferred in-bond to another bonded premises). We regularly encounter the term “in-bond” in reference to alcohol and it means that the alcohol is nontax paid. Manufacturers and wholesalers have different reasons for keeping product in bond and transferring product in bond between premises and even different TTB permit holders. For the OLCC’s purposes, when a product is “removed from bond” (federal excise taxes are paid), that is generally when privilege taxes are due to the OLCC.

Privilege Tax Bond

What is a Privilege Tax?

Oregon assesses a tax for the privilege of:

- Manufacturing malt beverage, wine, or cider in Oregon.
- Importing malt beverage, wine, or cider into Oregon.
- Shipping malt beverage, wine, or cider into Oregon.

Oregon calls this tax a “privilege tax.”

Oregon does not assess a privilege tax on distilled liquor. In Oregon, “distilled liquor” means any alcoholic beverage other than a malt beverage, wine, or cider. Other common names for “distilled liquor” are distilled spirits, hard liquor, hard alcohol, ethyl alcohol, and ethanol.

Who must pay the Privilege Tax?

Unless eligible for a waiver as per ORS 473.065(4), an applicant for any of the following licenses is responsible for paying the privilege tax: Brewery (only at 1st location), Brewery-Public House (only at 1st location), Growers Sales Privilege (only at 1st location), Warehouse, Wholesale Malt Beverage & Wine, Winery (at each location where production occurs), Direct to Retailer (DTR), and Direct Shipper (DS).

What is a Privilege Tax Bond?

A privilege tax bond is a bond that certain OLCC licensees are required to obtain unless eligible for a waiver. The privilege tax bond allows the OLCC to collect payment if the privilege taxes are not paid. The minimum bond amount is \$1,000.

Unless eligible for a waiver as per ORS 473.065(4), an applicant for any of the following licenses must obtain a privilege tax bond before getting a license or a temporary authority to operate: Brewery (only at 1st location), Brewery-Public House (only at 1st location), Growers Sales Privilege (only at 1st location), Warehouse, Wholesale Malt Beverage & Wine, Winery (at each location where production occurs), Direct to Retailer (DTR), and Direct Shipper (DS).