2008 Special Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 3636 **STATUS:** Original
SUBJECT: Retail Liquor Agent Incentive Plan
GOVERNMENT UNIT AFFECTED: Oregon Liquor Control Commission
PREPARED BY: Erica Kleiner
REVIEWED BY: Michelle Deister
DATE: February 7, 2008 - Corrected

EXPENDITURES: See analysis.

REVENUES: See analysis.

EFFECTIVE DATE: On passage.

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: This measure directs the OLCC to implement an incentive program for increased sales of distilled liquors by agents. The measure directs that the incentive program increase the compensation paid to agents based on the increases each fiscal year in the gross annual consumer sales of the store operated by the agent, determined by comparing the gross annual consumer sales for the store in the fiscal year with the gross annual consumer sales of the store in the preceding fiscal year. The measure directs that the amount of the incentive be a percentage of the amount of the increased consumer sales.

The operative date for this measure is July 1, 2008.

The incentive plan that must be implemented by OLCC as directed by this measure, reallocates a portion of liquor revenues that currently flow to the State General Fund and other beneficiaries to retail liquor agents who have recorded the consumer sales revenue growth outlined above. If this measure were enacted, liquor revenue distribution would not be allocated to the State General Fund, Cities, Counties, and DAS City Revenue Sharing as it is currently done. There would be a loss of revenue to the State General Fund and other entities. Instead of being distributed to the State General Fund and these entities, the revenue from this portion of liquor distribution would be allocated to retail liquor agents to reward them for revenue growth as is discussed above. This measure will not impact OLCC's expenditures; however it will have an impact on liquor revenue distribution (see table below).

Impact on Liquor Revenue Distribution	07-09	09-11

General Fund (56%)	\$ (2,296,000)	\$ (1,792,000)
Cities (20%)	\$ (820,000)	\$ (640,000)
Counties (10%)	\$ (410,000)	\$ (320,000)
DAS Revenue Sharing (14%)	\$ (574,000)	\$ (448,000)
Total Impact	**\$ (4,100,000)**	**\$ (3,200,000)**

This measure currently has a subsequent referral to the Joint Committee on Ways and Means. This is appropriate at this time due to the reallocation of State General Funds.