



MEASURE: HB 2332
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SUBMITTED BY: Bill Perry

Date: March 8, 2013
To: House Business & Labor Committee
From: Bill Perry, Vice President of Government Affairs
Oregon Restaurant & Lodging Association
Subject: HB 2332 – Creates Nightclub License

To the Committee,

On behalf of the Oregon Restaurant & Lodging Association, we have some real concerns with HB 2332. We are not sure what specific issue this bill is intended to solve. Most of the members that I have spoken to, that would be considered “nightclubs,” have crowd or establishment management plans with OLCC. However, I am not sure if all do across the state so if there are specific problems associated with this type of establishment, it would be helpful to know.

It is my understanding that there are about 4,500 on-premises licensees in the State of Oregon. Only six of these licenses got negative recommendations from their respective cities in 2012. Of the six, it appears that three of them might fall into the “nightclub” category. Given this small number, it seems as though there is not a need for legislation, and that the OLCC agency is fully capable of managing problems that may arise.

As for HB 2332, there are two basic unknowns: how many establishments would fall under this definition, and what type of fee are you seeking? Here are some concerns with the draft:

1. In section 2 (a) it says “one room or area” with a maximum occupancy of 100 people, not just “seating for,” which would include a large number of restaurants in the state.
2. In 2 (c) alcohol and lottery have been separated from “the sale of food and nonalcoholic beverages.” This provision does not take into account other products or services sold. Under this definition, it appears that most bowling alleys across our state would fall into this “nightclub” category.

I do not believe OLCC keeps data on food and beverage sales today. And depending on the location of the restaurant, food sales percentages could vary dramatically, even though comparable businesses are operated and marketed in the exact same fashion.

For example, if you visit downtown Portland for “Happy Hour,” you will find that the reductions are on the food prices, not the alcohol prices. A restaurant is more likely to have “cheap eats” and sell beverages at full price. Some of you may remember back when we had a “food sales percentage rule.” That rule created an opposite scenario from today, with low-cost drinks and full-priced food.

In short, HB 2332 may not actually accomplish a desired goal, especially since the total impact of this measure is unknown. Please oppose this measure; I will take any questions you may have. Thank you.