

Rep. Lew Frederick Testimony introducing HB 3256 – House Committee on Business & Labor, Hearing Room E, 3/20/13

Chair Doherty, members of the Committee:

I bring you House Bill 3256, in an attempt to help cities, towns and neighborhoods deal with the impact of alcohol sales in their midst.

We know that there are some problems with our system of regulating alcohol sales. I readily acknowledge that this bill deals with a symptom. We have one agency charged with both regulating and marketing alcohol. There are inherent conflicts in that. But this bill doesn't try to go there.

The conflict it does try to resolve is that alcohol retailers and residential neighborhoods have different goals as regards their neighborhood environment, and neighbors have little to bring to the table when negotiations take place.

Many neighborhood associations and other entities have tried formalizing compromises with proposed or continuing licensees through "good neighbor plans," "good neighbor agreements," and other vehicles. What they have found, however, is that these agreements are simply unenforceable. The Oregon Liquor Control Commission does not recognize complaints of non-performance under these agreements, and it does not consider such non-performance when considering renewals. Neighbors experiencing adverse effects on neighborhood safety and environment find that local jurisdictions have no authority over liquor licenses. At the same time, the OLCC professes its own lack of authority to consider these effects, because they are not in the statute that defines its authority to deny, suspend, cancel or fail to renew a license. This leaves neighbors with no recourse. Good neighbor agreements have only the good faith of the parties to hold them up, and that has been found repeatedly not to be enough.

House Bill 3256 allows parties to neighbor agreements to see the terms they have agreed to become conditions of the license. It adds substantial or persistent failure to comply with the terms of such an agreement to the potential grounds for suspension or cancellation of a license. This doesn't give the neighbors an advantage in negotiations. It merely gives them some standing to hold licensees to terms they have already agreed to.

It has been suggested that this bill would be better if it made such agreements mandatory. I'm open to discussion with the committee about that idea. My first take was that 1. That would face more impediments to passage, and 2. The potential for unintended consequences would need further research and exploration. I believe that if all we do is solve the problem of unenforceable agreements we will have made some important progress.

Thank you, Chair Doherty and members of the Committee. We have some representatives of neighborhood associations and a coalition of neighborhood associations present to provide some context. I invite your questions.

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