

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2008**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Allows city to order temporary cessation of alcoholic beverage sales or other operations at premises licensed for full or limited on-premises sales or as brewery-public house upon reasonable belief that continued sales or operation are immediate threat to public safety.

Government Unit(s) Affected:

Cities, Oregon Liquor Control Commission (OLCC)

Summary of Expenditure Impact:

Please see analysis

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:

The measure expands the basis for the restriction, denial, suspension, or cancellation of an on-premise liquor license by the Oregon Liquor Control Commission (OLCC). The measure allows a city, or law enforcement agency serving a city to issue an order for the cessation of alcoholic beverage sales or other operations at a licensed premise for 72 hours based on an immediate public safety issue occurring within 24 hours prior to the issuance of the order. The bill also requires that one member of the Commission must have expertise in law enforcement or public safety.

The fiscal impact of the measure is indeterminate due to an unknown number of additional appeals of decisions made by the OLCC related to the expanded regulatory options and licensing denial allowed under the bill. OLCC reports that the expanded criteria for restriction, denial, suspension, or cancellation of an on-premise license will result in an increased workload for the hearings and regulatory sections due to the likelihood that those businesses that have restrictions imposed, license refused, or cancelled would request a hearing to contest the order. OLCC currently employs three compliance specialists, each maintaining an average caseload of 33 appeals of decisions regarding denials, restrictions, or penalties, for a total average ongoing caseload of about 100 cases. OLCC estimates that the expanded regulatory options in the bill will increase this workload by about one-third. To accommodate the increased workload at that level, OLCC anticipates the need for an additional compliance specialist at an Other Funds cost of \$178,930 in the 2013-15 biennium and \$172,930 in the 2015-17 biennium. These costs do not include additional expenses associated with the due process related to the issuance of 72 hour cessation notices by cities. The bill does not address this issue directly and it is assumed by OLCC that the process and expenses associated will be borne by the cities issuing the cessation orders.

Although the expenditures are Other Funds monies, it should be noted that expenditures made by the OLCC reduce the amount of privilege tax revenue transferred by the commission to the state General Fund and local governments.