

SUBMITTED BY: Dee I. Myers, Baker City, OR, 541-519-2036
As a citizen and Oregon Liquor Store owner
OLCC Liquor Agent Store #1036-La Grande
OLCC Liquor Agent Store #1092-Baker City
RE: SB 1559
DATE: February 3, 2014

I would like to have you consider my testimony against SB 1559 as it is currently written.

Critical Concerns:

- Any plan that puts hard liquor on open shelves in large grocery shelves without **direct** control over access is an invitation to theft by minors and ease of supplying minors by adults. Over the last 12 years, Oregon has worked hard to reduce underage drinking and it has been successful.
- Small business in Oregon **will be** hurt by this model.
 - Liquor stores in Oregon are privately owned and have been being operating for many years on a very small margin (currently about 8.8%). To stay in competition with off-premise licensees, we will need to keep our prices at the minimum set by OLCC. If that price is 8.8% or less above the wholesale cost to us, we will not be able to survive the loss of sales to those stores, and we cannot predict at what level the price over wholesale would need to be for us to offset that lost revenue.
 - Oregon craft distillers will lose shelf space. Off-premise licensees will be maximizing margins by shelving the top selling products. Without the exposure now provided in liquor stores, Oregon craft distillers will have a difficult time staying in business.

Alternatives:

The system works very well as it is. It is undeniably the most efficient system for wholesaling and distributing liquor in a manner that provides accessibility to over 2,000 products to every corner of Oregon, while providing a remarkable revenue stream to the State. Private business could not do better. It could be done, but the cost to the consumer would be higher, product diversity would be limited and personal service would diminish.

If our purpose is truly to provide more access to consumers, we should utilize the existing system including the liquor stores to expand availability without jeopardizing small businesses or public safety and without increasing administrative burden and cost beyond the benefit provided by additional sales due to that expansion. Some bold ideas:

- Allow any “store” to become a off-premise licensee by meeting the typical requirements and:
 - If **over** 5,000 square feet, liquor must be either non-self-serve or in a separately partitioned area that restricts entrance in the same manner as a liquor store [Rationale: Under 5,000 square foot stores have more ability

to provide supervised sales of alcohol, much like existing non-exclusive liquor stores. Larger stores need to be able to more directly supervise the liquor area to prevent theft and control sales to visibly intoxicated consumers. Think about it: as a society we determined to “confine” tobacco sales, but we are willing to put liquor out on the shelves. A product that doesn’t result in DUI is restricted, but a product that can result in DUI and lethal overdose is out on the shelves.]

- Sell the liquor to the “stores” through existing liquor stores. The infra-structure exists in the dispenser sales system currently used. Sell to the “stores” with an 8.8% discount and let them put their own price on the liquor.
- Encourage existing liquor stores to expand operations by developing off-site sales centers that are extensions of the existing store. This utilizes the market knowledge of the local liquor store owner while allowing some small level of autonomy to a highly restricted entrepreneurship.

We have a good system. In fact, I doubt that private enterprise could do a more efficient job, but our public doesn’t realize how the system really works. Most people think liquor store owners are government paid employees and that the State is “making all the money.” If liquor store owners can act more like business owners, they system will be perceived less as a government operation and more like a government supervised operation.

If I could be of any assistance in the development of a responsible modernization plan, please call on me.

Respectfully submitted,
Dee I. Myers