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The privatization of liquor: Five city principles

Cities recognize there will be continued debate about the privatization of liquor sales in Oregon. Safe and financially sound cities need careful siting of liquor stores and reliable revenues. The League of Oregon Cities encourages the Legislature to consider the following five city principles:

1 PRINCIPLE #1: Cities and counties must receive state-shared liquor revenues equal to the expenses they incur preventing, policing and treating alcohol-related issues.

Combating alcohol-related crimes and social problems requires a significant investment of local government staff time and money. A 2011 League study found that alcohol is involved in a high percentage of crimes, such as rapes, assaults, disorderly conduct and property damage. The study also found that driving under the influence can cost a city up to $2,500 per arrest.

Prevented from raising revenue locally, cities and counties rely on state liquor revenue sharing to help defray the costs incurred providing alcohol-related public safety services. However, the enormous cost of providing criminal justice, enforcement, and prevention and treatment services – estimated at $109 million annually in a study conducted by ECONorthwest – exceeds the $74 million in annual state-shared revenues that local governments receive for providing these services. This means that alcohol-related expenses are cutting into funds that cities and counties need to maintain other vital services for their citizens.

2 PRINCIPLE #2: Local governments must receive increased control over the issuance and revocation of liquor licenses.

Local governments also lack the ability to shut down perennial “problem drinking establishments” within their borders. The League’s 2011 study found that half of the twenty cities surveyed reported having 21 problem drinking establishments within their borders. These establishments were responsible for over 3,300 emergency calls, consuming more than 3,700 hours of officer time. Moreover, 508 assaults and 22 serious assaults occurred as these businesses, and 76 individuals were arrested on DUI-A offenses after leaving the premises. The total cost for policing these 21 problem drinking establishments was estimated to be just shy of a quarter of a million dollars ($249,615).

3 PRINCIPAL #3: Restrictions must be placed on licensing to ensure that only a reasonable number of retail sites are allowed.

Should Oregon privatize liquor sales, limits must be placed on the number of establishments that can sell liquor. While any privatization effort will likely result in a net increase of establishments selling liquor, the absence of a limit or criteria would create regulatory and enforcement difficulties, as well as public safety concerns.

4 PRINCIPLE #4: Local governments must be able to exercise zoning control in order to prevent the inappropriate locating of retail sites.

Similarly, given the likely increase in establishments selling liquor, cities should be empowered to exercise control over the inappropriate locating of retail sites, such as next to alcohol treatment facilities, schools, parks, shelters or community centers.

5 PRINCIPLE #5: Enable local governments to designate alcohol-impact areas and restrict the sale of alcohol within those areas.

Alcohol can exact a toll on particular neighborhoods, particularly downtowns, where vulnerable populations often gather. Many cities desire the ability to create alcohol-impact areas – designated areas that suffer from inflated crime and disturbance rates due in part to heavy public alcohol use, wherein alcohol sales could be restricted.

Currently, only cities with more than 300,000 residents are able to petition the Oregon Liquor Control Commission to establish an alcohol impact area. However, the City of Eugene experimented with a voluntary program in one city neighborhood. Convenience store owners in that area voluntarily stopped selling low-cost malt liquor for a three month period between 2009 and 2010, resulting in a significant decrease in crime.

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About the League of Oregon Cities
Founded in 1925, the League of Oregon Cities is a voluntary association representing all 242 of Oregon's incorporated cities. The League helps cities serve their citizens by providing legislative services, policy setting, intergovernmental relations, conferences and training, technical assistance and publications.