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Senate Committee on Business and Transportation
February 4, 2014
Statement on SB 1559 from the Northwest Grocery Association
Joe Gilliam, President

The OLCC taskforce came to only one common agreement:

The current retail delivery system will implode in the short term and must be changed to appropriately serve the public.

Positives:

- + SB 1559 recognizes that the current retail delivery system is broken due to low agent compensation and rising retail cost.
- + SB 1559 recognizes as a matter of public policy that consumers should be able to access distilled spirits in grocery stores in the course of their regular shopping patterns.

Negatives:

- ✗ SB 1559 offers only increased access at retail, but ignores all efficiencies in the private retail system
- ✗ SB 1559 maintains an underinvested wholesale delivery system that is costly and inefficient and has passed its prime.
- ✗ SB 1559 increases prices through a minimum mark up price control scheme.
- ✗ SB 1559 does not foster the craft distilling industry on an equal footing to other Oregon alcoholic beverage industries.
- ✗ SB 1559 includes a shelf space requirement that likely violates the Commerce Clause

	A	B	C	D	E
1	SB 1559 Scenarios	Current	SB 1559 HYBRID 15% Minimum Mark Up	Option #1 HYBRID Cut Net Revenue By 11%	PRIVATE Cut Delivered Cost 3% & Overhead
2	Manufacturer Cost	\$ 7.65	\$ 7.65	\$ 7.65	\$ 7.42
3	OLCC Overhead	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.42
4	Programs - Mark Up and Surcharges	\$ 5.31	\$ 5.31	\$ 5.16	\$ 5.31
5	Programs - Temporary Surcharge	\$ 0.50	\$ 0.50	\$ -	\$ 0.50
6	Wholesale Cost of Bottle	\$ 14.30	\$ 14.30	\$ 13.65	\$ 13.65
7	Agents (9.79%)* /Min Retail Mark-Up @ 15%	\$ 1.40	\$ 2.15	\$ 2.05	\$ 2.05
8	Retail Price to Consumer	\$ 15.70	\$ 16.45	\$ 15.70	\$ 15.70
9			4.7%	0.0%	0.0%
10					
11	*OLCC Presentation to 2013 Legislative Body calculates \$1.40 as 8.88% of Total Price of \$15.70				