



Oregon

John A. Kitzhaber, MD, Governor

Liquor Control Commission

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**Testimony of Will Higlin, License Services Director, Oregon Liquor Control Commission
Before the House Business and Labor Commission
House Bill 2480
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Background

The Oregon Liquor Control Commission (OLCC) issues licenses to businesses that are engaged in the manufacturing, distribution, and retail sale of alcoholic beverages. The fees for the annual licenses are among the lowest in the nation. Oregon's Full On-Premise Retail Sales License (bars and restaurants that sell beer, wine, and distilled spirits) has an annual cost of \$400, and ranks 7th lowest in the nation. Oregon's Off Premise Retail Sales License (grocery and convenience stores that sell beer and wine) has an annual cost of \$100, the lowest in the nation. These license fees are collected after the investigation is concluded and the license is ready to be issued.

Currently the OLCC processes approximately 3,500 new license applications on an annual basis. These numbers include only new establishments and change of ownership applications. OLCC processes these without charge. Out of 17 liquor control states, we are only one of four that doesn't charge an application fee. Over the past five years, the total number of new applications has risen 19% from approximately 2,800 in 2009 to more than 3,500 in 2014. Over this period of time, the OLCC has not hired any additional staff to process these applications and has continued to provide applicants with the best customer service possible.

Issue

Because the OLCC doesn't charge an application fee, we find that some applicants are not committed to the process, and are either slow to provide the necessary information to complete the application, or withdraw their application after significant staff resources have already been expended. The current conditions allow applicants to apply while not assuming any risk in applying for their license. Last year, over 6% or more than 200 applicants submitted applications which were never completed. This resulted in staff resources being diminished, and the time to issue a license increased for all other applicants.

Solution

HB 2480 amends ORS 471.311 to require new applicants for an annual liquor license to pay a \$150 application fee. The fee does not apply to license renewals. By requiring license applicants to pay an application fee, the applicant's perceived value of submitting an application increases; and OLCC expects



fewer businesses that are either unprepared or uncommitted to the entire process will apply. This will allow staff resources to handle investigations and the processing of the increasing number of applications in an efficient and timely manner which will improve overall customer service for all applicants. The license application fee is nonrefundable, except that the commission shall refund the fee if the applicant submits a completed application and the commission doesn't make a decision on or before 75 days. The commission will adopt rules to establish application fees by class of license and define a completed application.

The revenues collected by the OLCC including this fee are used for agency operations with the balance of funding distributed based on ORS 471.810. During the 2015 -17 biennium, this fee is expected to impact between 3,500 – 4,500 license applicants with expected revenue between \$325,000 - \$650,000.