



Oregon

Kate Brown, Governor

Liquor Control Commission

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Testimony of Steve Marks, Executive Director for the Oregon Liquor Control Commission
Before the House Committee on Business and Labor
Senate Bill 141-A Engrossed
May 6, 2015

The OLCC does not have a position on SB 141; however, as the director of the agency, I feel it is important to share background as you make your deliberations. The agents in Oregon's liquor system have collectively moved the OLCC from \$277.5 million in gross sales in the 1986-87 biennium to a projected \$1.13 billion dollars in gross sales projected in the 2015-17 biennium.

As this system has grown, the agents have invested their time and capital despite several risks within the system, the threat of privatization being one. I am concerned about the potential dampening effect of this threat on the investment decisions of our existing and future agents. Certainly the threat has dampened new store applications as concerns arise about their ability to recoup their investment.

Our agents face other risks as well. As director of the agency, I am greatly appreciative of the work that the agents have done without limiting their risks under our contractual process. The OLCC has wide discretion to set contract terms with agents. We are now talking about expanding our system in a measured way and I appreciate their willingness to work closely with us as we move forward. As a part of our expansion process, we plan to revise our contracts in order to make both parties more accountable.

As we move forward I look forward to working with agents to put processes in place that generate new investments. The system has grown but it can be even better as we work to create incentives to encourage remodels and relocations, build additional stores, and improve the customer experience.

Obviously, the consideration of this bill is a legislative prerogative and not one for the OLCC itself. What I can say is that I appreciate agents' willingness to work with us despite the risk. That work has resulted in steadily increasing revenue for the state.