

Testimony to the House Committee On Business and Transportation

In Support of SB 141-A

May 6, 2015

Chair Holvey and members of the committee, my name is Oliver Coker and I am a liquor store owner with stores in both Keizer and Woodburn. I am also a board member of the Associated Liquor Stores of Oregon (ALSO).

SB141-A will add security to store owners throughout Oregon with NO cost to the state. This bill will only become relevant if any event causes the OLCC to dismantle such as privatization. In 2014 this reality was facing Oregon and 250 store owners when the grocers attempted to privatize the state's distilled spirits sales. The language in the initiative relevant to liquor stores simply stated:

1. Terminate ALL Agents contract.
2. Oregon Department of Administrative Services (DAS) shall take control of all properties and assets owned or leased by the OLCC.
3. All properties and assets are to be sold by DAS
4. Proceeds from the disposition of properties and assets shall first be applied to offset the costs of the OLCC to implement the act.
5. The OLCC may at its discretion and to the extent there are funds, compensate a Retail Sales Agent for termination of their agreement.
6. Provide severance payments to employees of the commission.

If the current system were to change in such a way that the OLCC was prohibited from purchasing or selling distilled liquors, the provisions of SB141-A would take effect. Agents would be entitled to a business loss compensation rate of 4% on the average annual gross distilled liquor sales from the previous five years for that store location. For a store averaging \$2 million in annual sales, this would be a one-time payment of \$80,000. The business loss compensation fund would be paid from selling the assets of the OLCC including the warehouse and inventory.

With the passage of SB141-A, current store owners would have the security that if the system changes they would get back a portion of the original investment when they purchased their store. Benefits to the state, customers, and the industry including the craft distilleries of Oregon would be;

1. Current store owners who have not modernized for years due to privatization looming will now see the benefit of fresh paint, new fixtures and flooring rather than saving every penny in case the state privatizes and they lose their investment.
2. As current stores become available better qualified applicant will be interested in investing in a store knowing their investment is more secure.
3. The OLCC has to grow the number of stores for future revenue. Finding a pool of qualified individuals to invest in the stores as they come on line will be much easier if an interested candidate knows their investment is secure.

Liquor stores employ 1,400 and the industry supports several thousand jobs. In order to preserve and build on these jobs and revenue for the state we strongly urge your support for SB141-A. I urge your support of SB 1141-A.

Thank you for your consideration.