

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2731 - A

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Date: February 24, 2015

Measure Description:

Authorizes holder of off-premises sales license or direct shipper permit to deliver malt beverages for delivery to consumer or to ship malt beverages for delivery to consumer.

Government Unit(s) Affected:

Oregon Liquor Control Commission (OLCC)

Summary of Expenditure Impact:

	2015-17 Biennium	2017-19 Biennium
General Fund		
Lottery Funds		
Other Funds	134,304	170,482
Federal Funds		
Total Funds	\$134,304	\$170,482
Positions	2	2
FTE	1.13	1.50

Summary of Revenue Impact

	2015-17 Biennium	2017-19 Biennium
General Fund		
Lottery Funds		
Other Funds	31,906	74,648
Federal Funds		
Total Funds	\$31,906	\$74,648
Positions		
FTE		

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Under current law, producers and retailers of wine and cider that are located outside of Oregon may ship directly to Oregon customers. This measure would expand that allowance to include producers and retailers of malt beverages. While it is unknown how much volume will be created by passage of this measure, based on the agency's experience in 2007-09, when direct shipping was first authorized for wine and cider products, it is anticipated that the change will result in a significant number of permit applications and workload related to the filing of monthly reports by each direct shipper. OLCC estimates that by the end of the 2015-17 biennium, 500 direct shippers will have been granted permits, be shipping directly to Oregon customers, and filing monthly reports to the agency. This estimate is based on an

assumption that, overall, there will be half of the volume that was experienced in the 2007-2009 biennium. The agency believes that is appropriate due to the nature of the product and the product value to shipping cost ratio.

As stated above, it is the responsibility of OLCC to review permit applications, issue permits, and process monthly reports from each direct shipper. Based on the agency's experience in the 2007-09 biennium, they anticipate the need for one full-time accounting tech position and one half-time licensing position (1.13 FTE in the 2015-17 biennium and 1.50 FTE in the 2017-19 biennium) at a cost of \$134,304 in 2015-17, which will grow to \$170,482 in the 2017-19 biennium to accommodate the increased workload. This cost is after taking into account a slight increase in revenues primarily from licensing fees, as shown above. The agency did not receive additional FTE in 2007-09 when direct shipping of wine and cider was authorized and had to absorb the additional workload. OLCC is concerned that if FTE are not added to meet the additional workload demand that would be created by the expansion authorized in this measure, the amount of time it takes to process permit applications will increase. In addition, the agency will have less time to review monthly reports from direct shippers for accuracy.