FISCAL IMPACT OF PROPOSED LEGISLATION   Measure: SB 141 - A

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

Only Impacts on Original or Engrossed Versions are Considered Official

---

Prepared by: Theresa McHugh
Reviewed by: Michelle Deister
Date: March 25, 2015

Measure Description:
Provides for Oregon Liquor Control Commission to pay business loss compensation to liquor store operator for diminishment in sales resulting from change in system for selling distilled liquor.

Government Unit(s) Affected:
Oregon Liquor Control Commission (OLCC)

Summary of Expenditure Impact:
See Analysis below.

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:
The bill, as amended, would require OLCC to compensate liquor agents for lost revenue if the wholesaling and distribution of liquor in Oregon was privatized. Operators of liquor stores established by OLCC would receive payments of 4% of the average annual sales made by the store during the previous five years if the current system was changed after the person assumed operation of the store. The bill establishes a business loss compensation fund which would be composed of proceeds from the sale of OLCC assets.

Since OLCC already has systems in place for payments to liquor agents, the administration of payments under the bill would not create a fiscal impact to the agency. The actual amount of compensation that would be paid to eligible liquor agents is indeterminate since it is unknown when, if ever, the payment mechanism would be implemented because it is only triggered if the laws are changed regarding OLCC's responsibilities. For context of evaluating potential costs, OLCC has estimated that the five-year average for total gross sales ending on June 20, 2016 will be $515.9 million, with 4% of that amount being $20.64 million. If laws regarding OLCC responsibilities change in the future as specified in the bill, the funds that would be paid to liquor agents would be unavailable for the normal distribution to the General Fund and to counties and cities.