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To: [JWMTR Exhibits](#); [Traci Brumbles](#); [Traci Brumbles](#)
Subject: Committee meeting 3/18
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Committee members, first of all, please accept my apologies for not being present at this very important meeting today. My liquor store is located on the coast of Oregon, in Coos Bay, and I was unable to break free today to be able to meet with you in Salem. I am sorry I am unable to be there today. In my absence I did want to take a few minutes of your time and ask you to please consider the needs of our businesses and what it takes to keep them going and growing

My store is just your average store in a small community but I am sure it is a good example of average physical attributes of a small community store and a good example of average increases that we all expect yearly and have to manage through as business owners. We do this year after year knowing we are limited in our income opportunities due to physical location limitations and the fact that our commission rates are capped and have not increased in years. . My current location, an exclusive liquor store, is a small footprint, 800 square foot sales floor and 800 square foot stock room. I am wall to wall liquor, with some tobacco products splashed in and 24 linear feet of mixers and related goods (included in that linear foot measurement, 1 pepsi and 1 coke cooler). We sell approximately 2,300,000 in distilled spirits yearly and that number has grown about 2-3% every year over year. We do all we can do to help expand the distilled spirits sales in our small location.

Though the OLCC has approved our stores to become non exclusive, many stores do not have the ability to expand in their current locations and are stuck due to leases and lack of good optional locations to move their businesses to. I have been in this scenario for many years now. I have looked multiple times to move into a larger location, one that worked for the expansion of the business, one that worked for the OLCC requirements and one that worked operationally and financially within my expense structure. Nothing I could locate worked . We have grown year after year in my small location and every year our job gets more difficult to manage with growing expenses and space limitations. Some examples of how expense increases from 2014 through 2018:

1. Rent up 3% yearly between 2014 and 2018
2. Payroll hours per week up 14 hours a week between 2014 and 2018.
3. Average per employee pay up from 10.20/hr to 11.25/hr between 2014 and 2018. This is due another increase in July 2019 and July 2020 and July 2021 and 2022 to average of \$12.50 per hour. Up 5% every year plus PTO requirements.
4. Insurance expenses have increased 10% year after year for the last 4 years. This is with no losses and with the lowest unemployment insurance rate possible.
5. Utility expenses up 4% every year for the last 4 years.

As you can see, there are a lot of increases year after year. The only way to offset these increases, since WE HAVE HAD NO INCREASE IN COMPENSATION RATE IN YEARS and my options for relocation are what they are (as many other owners experience), is to run sales increases. As we have done year after year, but these increases do not exceed the increases in expense. Our community is a little stagnant and with no new industry to improve it, bring new people in, and we have had to work hard to get the small increases we have achieved over the last 4 years.

We used to have a really strong tobacco business, but with all the added taxes and customers quitting, that business has declined 15-20% year after year for the last 5 years and the legislature is looking at adding another huge tax on tobacco. I am concerned that business, that we rely on for the health of the overall business, is going to continue its decline. The decrease in this business, partially due to the legislature tax hits year after year, really hurts the strength of the overall business to help offset the yearly expense increase.

Now to my current situation. Due to the limitations of my current location and the only way we can possibly look to increase business, I have finally found a location to move my store to. I am in the process of spending a budget of \$500,000 on a new 3500 square foot location where I will be able to sell a full variety of products and truly become a non exclusive liquor store. We will expand all lines. But with this expansion comes the expense of a larger and new location. My rent, payroll, inventory expense, utility expense and insurance expense will all increase. Yes we will hope for sales increases to offset these increases, but will that be enough to absorb these additional costs? I am investing \$500,000 in my business and expect it to increase its profitability, as many owners do yearly, and we should be able to expect to get compensation increases to offset them. The state benefits from our sales increases, we should also with an increase in compensation rate, vs just selling enough to offset our expenses. I am lucky and had another business that I was able to sell and had financial backing to make this large investment. The majority will not have this as a possibility and had I not had this other business sale, I would not have had the ability to make this large investment and would have had no other option but to stay where I am or pay a ridiculous rental rate in other options I had checked out in the past, rates that would not work with a stagnant commission rate as it has been over the last 10-15 years.

Now we are faced with the possibility of being charged for credit card fees. For example with my store, this increase would add an additional \$20,000 in expense (based upon 50% sales to credit and 1.8% expense) With a new store and the larger expenses, this would undoubtedly cause some real operational issues, especially if we see no increases in commission expectations from the OLCC. I will be investing \$500,000 to make more money, not less and in doing so, struggle to be able to afford to keep my inventory levels up on all the items I can increase my margins on .

Our expenses year after year go up minimum 3-5% and sometimes over 10%, yet our income stays the same as a rate of pay. It is unreasonable and it is unsustainable to continue operating a business where your expense % increase outgrow your income % increase. Our business has had the same MAXIMUM compensation rate for years and our expenses have grown for years. Our required payroll has grown (per the legislature), our

payroll policies have incurred extra charges (PTO requirements per the legislature), yet the legislature doesn't increase our compensation. Our tobacco business (a business we use to help the over all health of the business) continues to incur taxes year after year and shrinks year after year due to legislature. The majority of us do not have the ability to control the majority of our Margin %, since the largest % of our business is in Distilled spirit sales, and that is set to a maximum %. This maximum % should either be eliminated (what business limits how much a business owner can make?, makes no sense), or we need an increase in our compensation rate, or both.

It is unfair to expect a business to run operationally with expense increases outgrowing income increases. Most of our stores do not have the ability to expand for one reason or another. Increases come year after year from our legislature and it is time for an increase to come from our legislature for us. It has been too long where we run our businesses making less money every year. This has been my experience running my store for the last 11 years. Year after year the expenses we incur over take the increased income and thus I as the owner have less at the end of the year to either put back into the business, or take home. These are facts and I believe that my example is a good one to take for the majority of stores in our small markets.

I thank you for taking the time to take a peak into my business and hopefully get a little better understanding of the issues we face daily, weekly, monthly and yearly with larger and every growing expenses that are expanding at a much larger rate than our income and have been doing so for quite some time, (partly due to legislative rules in payroll that will really continue to hurt our businesses).

We really need an overdue increase in compensation rate, one that will help us to build our business and who knows, could possibly put more of our stores in a position to expand as I am doing in 2019. If we continue to be limited on our compensation, the majority of us will continue to run a stagnant business, one that cannot outrun the increase in expenses we see year after year, by just running 2-3% sales increases. We cannot add credit card fees to our current compensation program, we would not be able to sustain healthy businesses.

Thank you again for your time and all you do for our state and our businesses, I am sure you will make the right decision to help us to grow and build our businesses to be healthy and strong , as they should be.