

# OLCC LEGISLATIVE UPDATE

## HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND SMALL BUSINESS



Presented by Steve Marks | September 2022



# OLCC UPDATES

- Success of 2021 HB 3000
- 2022 Rulemaking
- Liquor and Marijuana Market Data
- Liquor Minimum Pricing
- Warehouse Relocation and Operational Updates
- Alcohol Minor Decoy Operations



# SUCCESS OF 2021 HB 3000

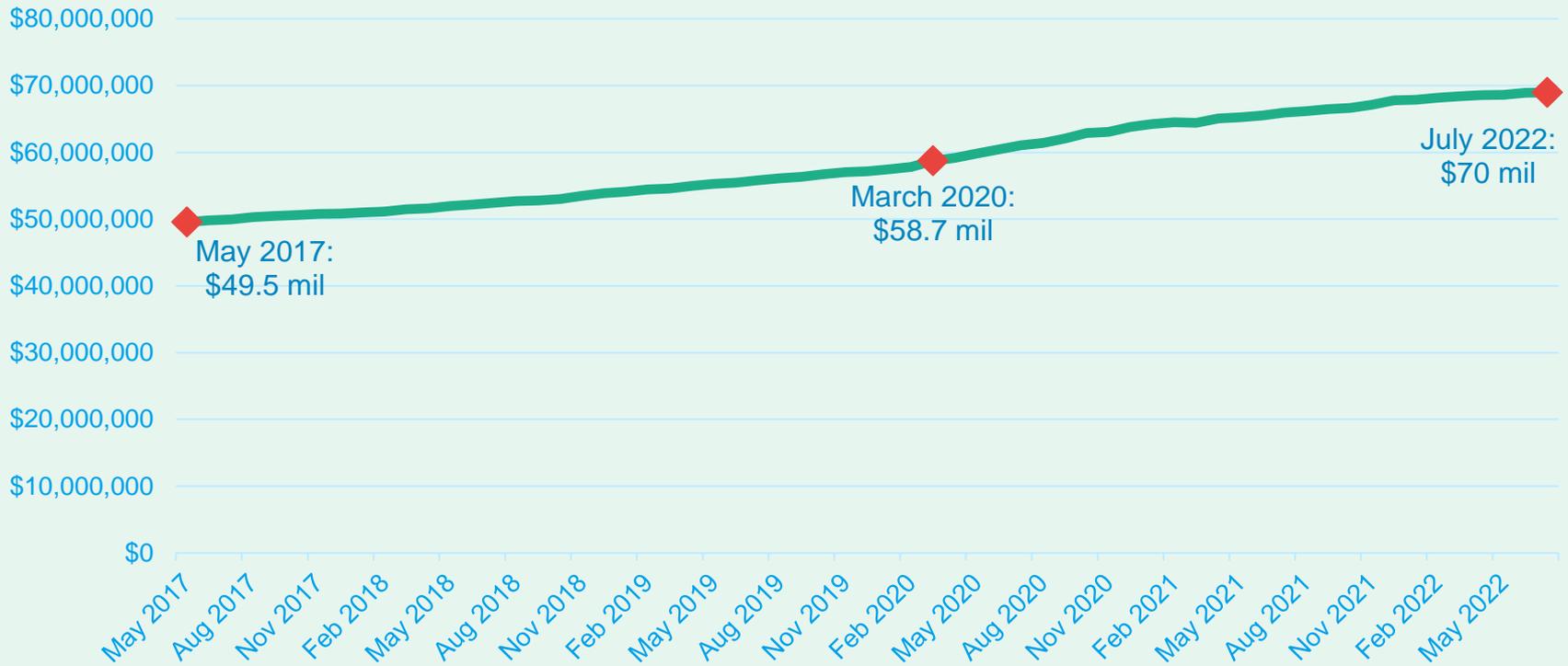
- Enhanced CJC funding has benefited law enforcement and Community Based Organizations (CBO's) to combat illicit cannabis production and related humanitarian issues in Oregon.
- Many more illegal growing operations have been uncovered and shut down, including areas outside of Jackson and Josephine Counties.
- ODA and OLCC are in the process of field testing the majority of licensed hemp grows to confirm they are in compliance with state and federal laws.
- Limits on THC in hemp items have been in place since the summer, limits for what children can buy have been in place since passage of HB 3000.
- Continued collaboration with ODA, OHA, and OWRD has proven to make a more regulated cannabis market in Oregon.

# 2022 MARIJUANA RULEMAKING

- Continued violation reform (2021 SB 408)
- Expansion of the Verification of Compliance Program
- Rules to make packaging and labeling violation penalties more equitable
- Simplifying and clarifying administrative rules to assist in compliance
- Moving from individual plant tagging to batch tagging
- New rules requiring reporting of labor and human trafficking
- Public Comment on these rules and others will occur in the Fall – with an anticipated vote by the Commission in November of 2022.

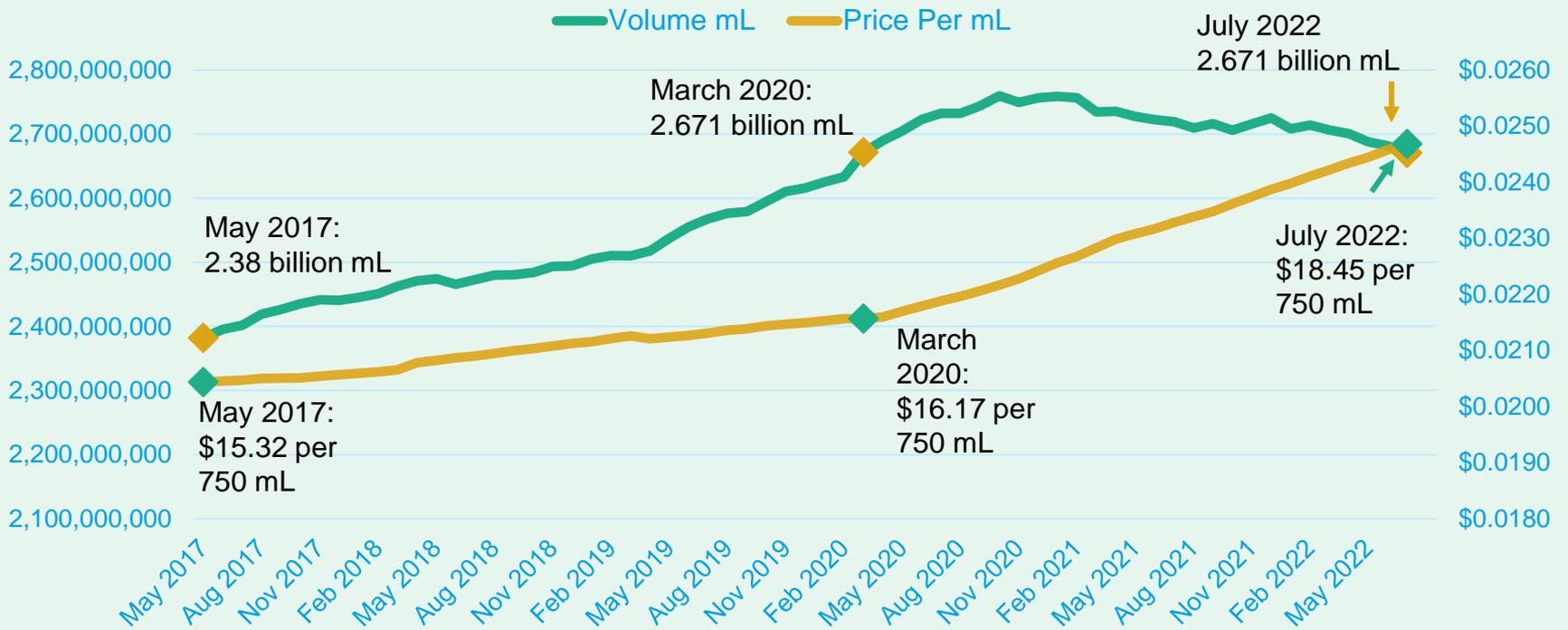
# DISTILLED LIQUOR MARKET DATA

12-Month Rolling Averages of Distilled Spirits Dollar Sales;  
All Customer Types

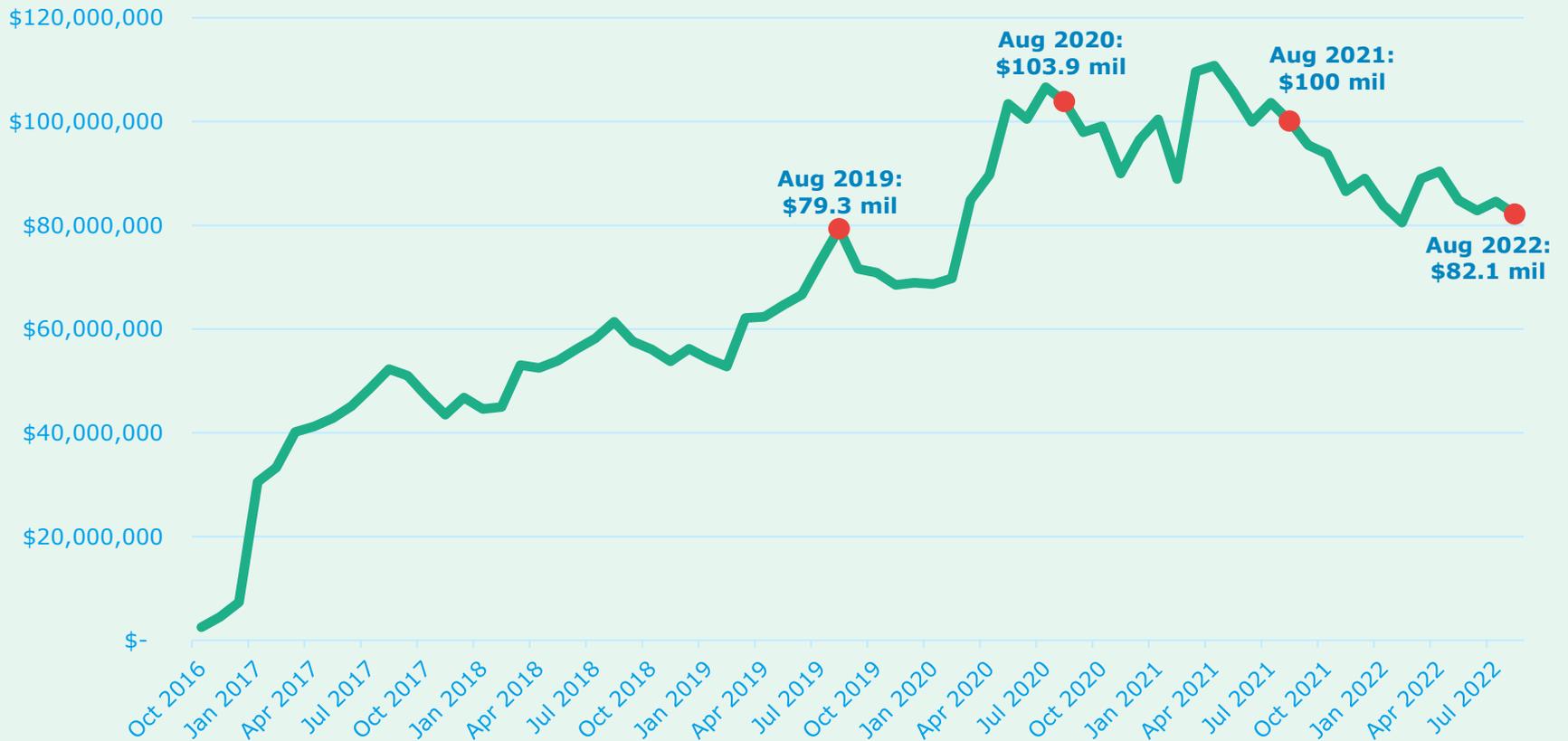


# LIQUOR MARKET DATA: VOLUME TREND

12-Month Rolling Averages of Distilled Spirits Sales Volume in mL and the Price Paid Per mL



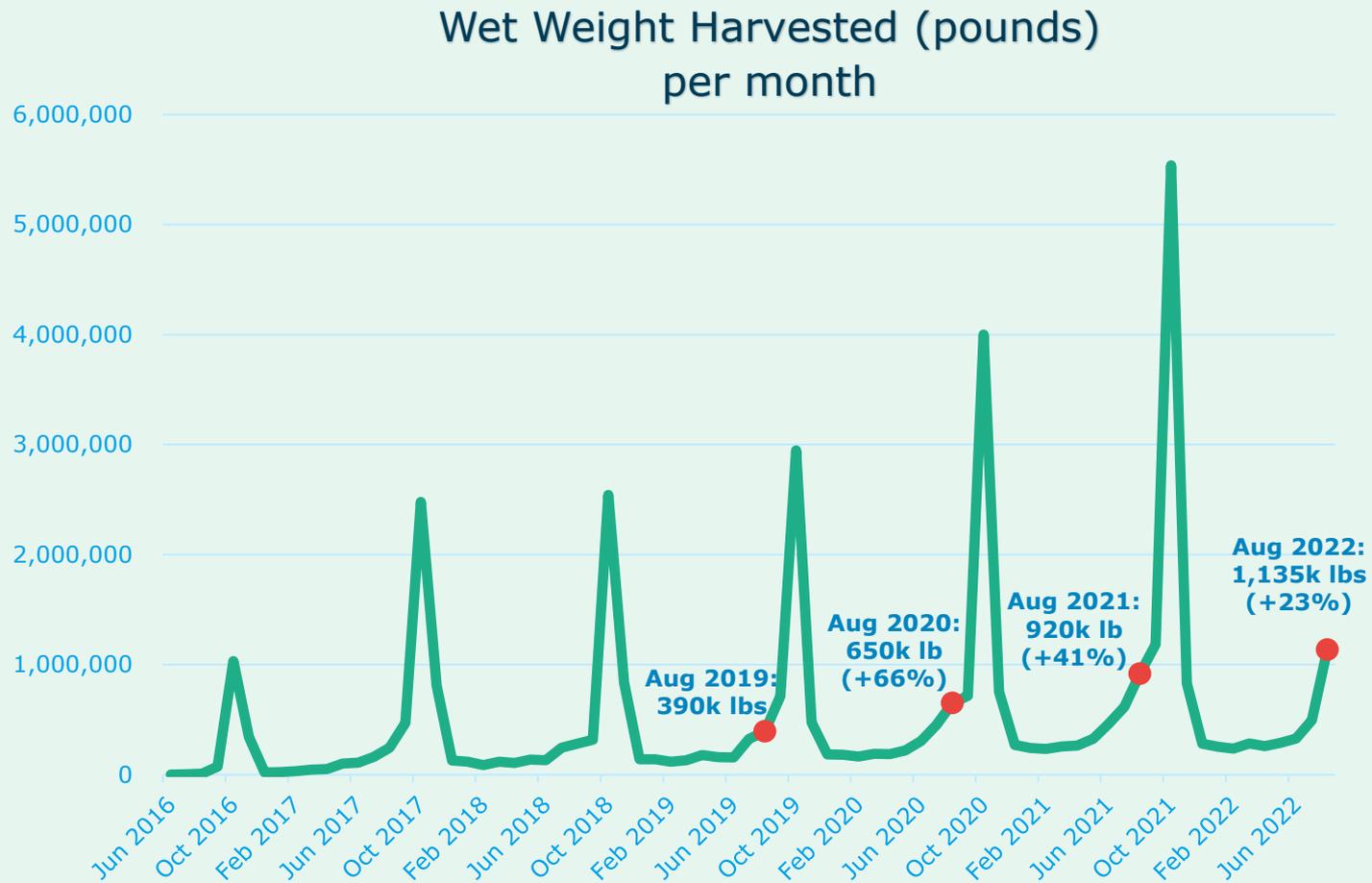
# MARIJUANA MARKET DATA: DEMAND



# MARIJUANA MARKET DATA: PRICES FOR USABLE MARIJUANA



# MARIJUANA MARKET DATA: SUPPLY



# LIQUOR MINIMUM PRICING

- The OLCC instituted minimum unit pricing on October 1<sup>st</sup>, 2021 - a minimum price on all spirits sold in Oregon and increases the price of the lowest-priced spirits.
- Each container size sold in Oregon has now been assigned a minimum price per proof milliliter. The minimum price per proof milliliter multiplied by total proof and container size in milliliters equals the minimum price, which will then be adjusted upward to end at \$0.95.
  - For example, a 750 ml bottle of 80-proof spirits would have a minimum price of \$8.95 ( $(\$0.0001403 * 80) * 750 = \$8.42$  and then rounded up to \$8.95).
- Since implementing minimum pricing, certain manufacturers have attempted to circumvent pricing by offering mail-in rebates. Should the rebate be fulfilled, the total cost to the consumer would be below the minimum price.
  - For example, a 750 ml bottle of 80-proof vodka priced at \$8.95 (the lowest price it can be offered) is offering a \$3 mail-in rebate, potentially reducing the price to \$5.95.



# WAREHOUSE OPERATION UPDATES

## Hiring and maintaining staff warehouse continues to be a struggle.

- **Wage** – Our starting wage is below the industry average (Step 4 is \$18.83 per hour).
  - Industry average starting wage is \$21.07 per hour; Amazon \$20.00 per hour; Columbia Distributing \$19 - \$23 per hour.
- **Absenteeism** - Total Range per day starts as low as 4.3% up to as high as 70.7%
  - Average total per day absent in the prior 12 months is 20.56% (not including vacancies) Unplanned absents: Day shift – 24.82%; Swing shift – 16.3%
- **Vacancies** –11 FTE positions have remained vacant despite increasing starting wages last contract negotiation (2021).
  - Total FTE Positions vacant = 6; temporary position vacant = 5

# WAREHOUSE RELOCATION UPDATES

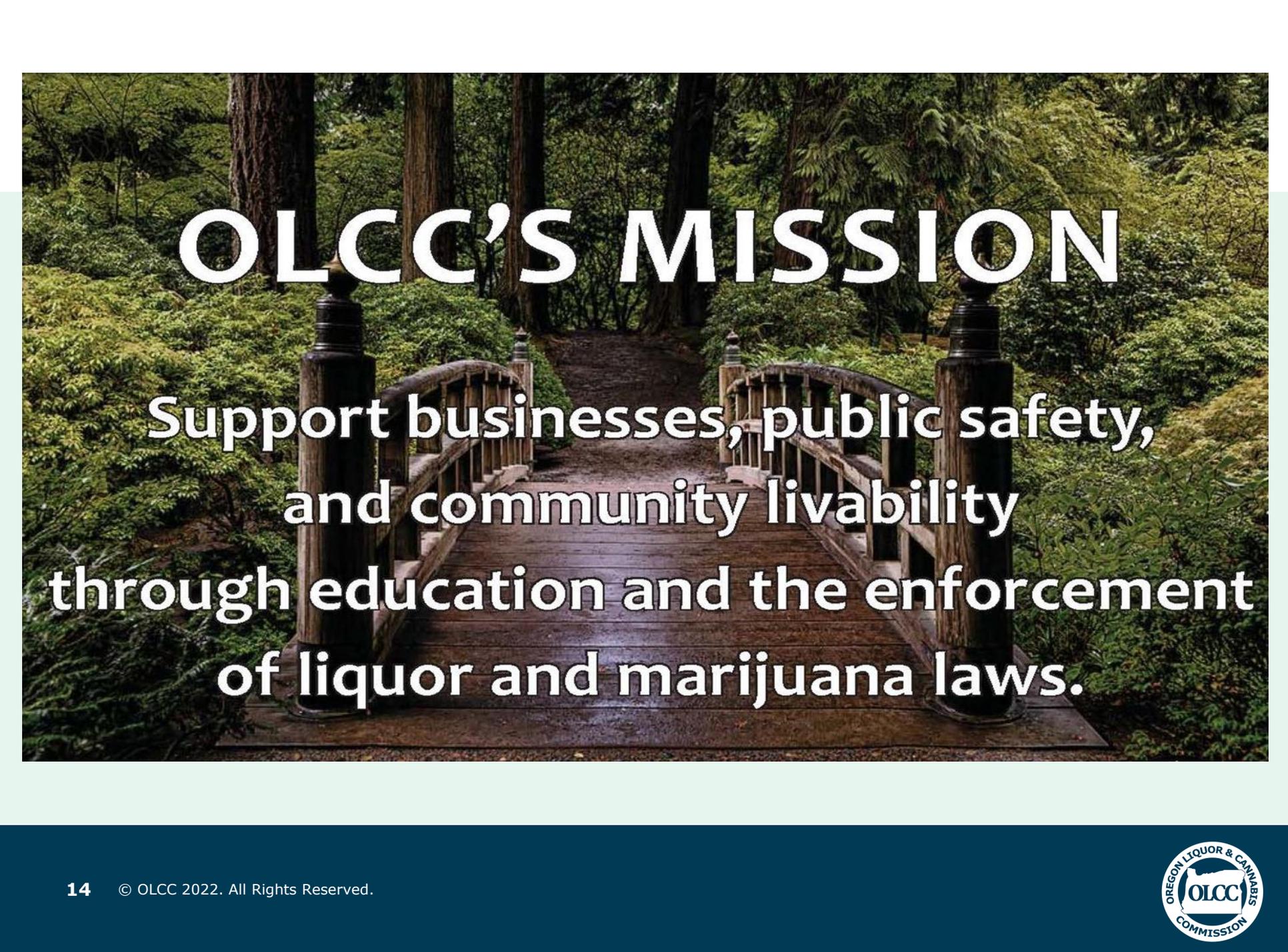
- OLCC completed the Canby (Baker Center) land purchase on July 15, 2022
  - Baker Center meets the OLCC's criteria (based on the 2019 Deloitte study)
    - 33.7 acres of property
    - 400,000 sq. ft. warehouse and up to 35,000 sq.ft. headquarters to be built.
    - 30-50 years of growth potential
    - Planned completion Spring 2025.
- OLCC is actively working with DAS, LRS (architect), and Cummings (project management) to design headquarters and warehouse.
- Construction Manager/General Contractor RFP projected release date in October 2022
  - DAS Procurement and DOJ's contract legal review is also challenged by staffing issues and demand for services.



# ALCOHOL MINOR DECOY OPERATIONS

- OLCC is now hiring X minor decoys as approved by the legislature (2021-23)
  - Student/professional workers are now paid for their services
  - Prior to this budget, minor decoys were volunteers
  - Minor decoy operations were paused during the pandemic
- In May, OLCC conducted five minor decoy operations in total, visiting over 64 licensed locations throughout Oregon
  - As of September 16, 2022, the combined alcohol success rate since minor decoy operations is standing at 63%
  - OLCC's KPM targets 90% success rate
- OLCC compliance staff offer, at no charge, ID checking training throughout the state to licensees and their staff
  - In 2022, the compliance team has logged over 30 classes held at licensed locations around the state reaching over 340 individuals



A photograph of a wooden bridge with a railing, set in a lush green forest. The bridge is made of dark wood and has a curved railing with decorative posts. The forest is dense with tall trees and green foliage. The text is overlaid on the image in white, bold, sans-serif font.

# OLCC'S MISSION

Support businesses, public safety,  
and community livability  
through education and the enforcement  
of liquor and marijuana laws.