

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
81st Oregon Legislative Assembly  
2021 Regular Session  
Legislative Revenue Office

**Bill Number:** HB 2740  
**Revenue Area:** Alcohol Revenue  
**Economist:** Mazen Malik  
**Date:** 06-12-2021

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:** Establishes in law a compensation schedule for Oregon Liquor Control Commission retail sales agents.

**Revenue Impact (in \$Millions):**

		2021-23	2023-25	2025-27
General Fund	56%	(\$7.56)	(\$7.98)	(\$8.41)
Cities	34%	(\$4.59)	(\$4.84)	(\$5.11)
Counties	10%	(\$1.35)	(\$1.42)	(\$1.50)
<b>Total</b>	<b>100%</b>	<b>(\$13.50)</b>	<b>(\$14.24)</b>	<b>(\$15.03)</b>

**Impact Explanation:**

Currently, retail sales agent compensation is based on an OLCC approved compensation formula. Depending on the type of store (exclusive or non-exclusive), the agent will receive a fixed base allowance, plus a variable sales commission. The current compensation formula is based upon a store's total annual sales and the mix of sales between consumers and licensees (e.g., bars, restaurants). The current variable sales commission rates are 8.20% for consumer sales and 6.40% for licensee sales, but OLCC may adjust the variable sales commission in order to maintain the legislatively approved overall disbursement rate of 9.02% of liquor sales by the end of the biennium. This measure changes the compensation formula by employing a different set of factors, including annual sales, location, and other defined wage increases, and codifies the new compensation formula in statute. Thus, the OLCC will be unable to adjust the formula on its own. This change will effectively increase average agent compensation from 9.02% to 9.86%, which will impact General Fund revenues and distributions to cities and counties by approximately \$13.5 million in the 2021-23 biennium. Available revenue in the OLCC account is distributed 56% to state General Fund, 10% to counties by population, 20% to cities by population, and 14% to cities by formula. This revenue impact is based on several factors, including total projected liquor sales (and whether the formula moves stores up or down in the 10 class sizes), forecasted population growth from 2020 to 2029, and state income growth forecasts, which are the OLCC's main predictors of consumption.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No