

Testimony in Support of HB 5018

Presented to the Joint Committee on Ways & Means Subcommittee on
Transportation & Economic Development

February 17, 2021

Good morning Co-Chairs Beyer, Gomberg and members of the Committee.

My name is Saleem Noorani. I am a liquor store owner and the president of Associated Liquor Stores of Oregon.

The liquor store compensation has not been updated in the last 30 years.

Liquor store compensation is set by the legislature as a commission on each dollar of sales. From this percentage, **liquor store owners are responsible for all expenses** including rent, labor, liability insurance, mandated employee benefits, maintenance and upgrades, OLCC requirements and many other expenses of running a small business. Profit, if any, is whatever is left over after expenses. We have no guaranteed compensation rate in our contracts with the OLCC.

FACT: In the last 16 years the legislatively mandated commission has risen .15% from 8.88% to 9.03%.

FACT: Minimum wage in 2003 was \$6.90 an hour; July 1, 2021 it will be \$11.50 - \$13.25 an hour, almost a 100% increase.

FACT: Consumer Price Index has risen 37% just in the short period between 2003 and 2018.

For 2020 sales have exceeded forecasts by \$80 million with nearly \$30 million more going to the general fund than expected. While sales have greatly surpassed expectations, COVID-19 has required stores to operate with significant additional costs. We have had to limit customers in the store or queue them outside and get the orders requiring additional staff. The additional cleaning requirements are also a new expense. Store employees hazard pay to incentivize and encourage them to come to work. This additional cost for 2020 has had a big impact on our bottom lines. So, while the sales are up and additional revenue has accrued to the general

fund, the added revenue to stores has been greatly diluted by increased costs for cleaning, wages and extra staff.

Late in the 2019 session we were directed by the tri-chairs of Joint Ways & Means committee to work with the OLCC to develop an updated and comprehensive long term compensation plan.

For the first time ever, the liquor agents and the commission were able to achieve a majority consensus in creating the Agent Compensation Plan. OLCC Director Steve Marks, Distilled Spirits Director Chris Mayton and I gave numerous joint presentations to the legislature on Agent Comp in 2019. It is also the first time ever, that a compensation increase for liquor stores is part of the Governor's Recommended Budget.

HB 5018 as part of the Governor's Recommended Budget, will help fix the inequities that currently exist in the system and will provide business certainty for planning and investment in ongoing retail operations, so that we can continue to provide over half a billion dollars to the general fund every biennium.

Thank you for this opportunity to present support of HB 5018. This is an important policy this session and it is way overdue.

I urge your support it, and move it to the full Ways and Means Committee.

Thank you.

Saleem Noorani

President

