



March 8, 2023

TO: Members of the Senate Committee on Judiciary

FR: Derek Sangston, Oregon Business & Industry

RE: Support of SB 318 and SB 340

Chair Prozanski, Vice-Chair Thatcher, members of the Senate Committee on Judiciary. For the record, I am Derek Sangston, policy director and counsel for Oregon Business & Industry (OBI).

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Importantly, for today's conversation in particular, OBI is the state affiliate for the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians and a significant number of them are retailers—both large and small. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of SB 318 and SB 340. Organized retail crime is a substantial problem plaguing the entire country. It is an urban issue. It is a rural issue. Latest estimates show that in 2019 nearly \$70 billion worth of products were stolen from retailers. That represents around 1.5% of all retail sales.

The impact of which is enormous. Retailers must weather increased costs for lost product, investments in security, and labor. Customers face increased costs for retail goods, which translates into fewer sales. The ultimate result is \$125.7 billion in lost economic activity and 658,375 fewer jobs in the economy. It is estimated that retail theft reduces federal and state tax revenues by nearly \$15 billion.

In Oregon alone, it is estimated that organized retail crime has cost the state \$1.4 billion in lost economic activity and reduced employment by over 8,000 jobs. Estimates show Oregon has missed out on over \$40 million in lost tax revenue. But this is not just about the economic losses. Organized retail crime presents very serious risks to the safety and wellbeing of customers, employees, and those who happen to be in proximity.

It is important to note, the losses described above are not due to houseless individuals just trying to get by or teenagers stealing candy bars or whatever else. More and more, this is theft being driven by organized retail crime syndicates. Often it is not the result of a single individual breaking the law, but rather a part of an organized scheme to either defraud retailers or steal products for resale elsewhere.

This collection of "professional burglars" or "boosters" targets high-value branded items like leather goods, over-the-counter medications, beauty products, designer clothing, and power tools. The boosters then coordinate with "fences" who sell those high demand products – at flea

markets or, with increased frequency, on online marketplaces – to consumers who are unaware they are purchasing stolen goods.

The Organized Retail Crime package – formed by the dash-two amendment to SB 318 and the dash-one amendment to SB 340 – before you today is a meaningful and important step in giving Oregon’s retailers, retail workers, and customers relief from the sophisticated and increasingly dangerous organized retail crime syndicates described above. As you have heard, the package is the product of the Organized Retail Crime Task Force

Specifically, SB 318 would fund an analyst and two criminal investigators within the Oregon Department of Justice. These new positions would coordinate with local law enforcement, prosecutors, and private sector loss-prevention teams to help investigate and prosecute organized retail theft. The two criminal investigator positions would be especially useful in investigating how the organized retail crime syndicates operate and coordinating with law enforcement to help prosecute them. Investigating these crimes is multijurisdictional and can take extensive time and expertise. Support within the Department of Justice for these complicated investigations will be an enormous value add to the work done at the local level.

The bill will also provide \$5 million to the Criminal Justice Commission administer a local grant program to enhance retail theft enforcement actions. Investments from this program would supplement activity in meaningful ways.

SB 340 will ensure retailers and law enforcement have the tools they need to hold retail crime syndicates accountable for the crimes they commit. The changes will also work to make Oregon’s retail workforce feel safer at work. Those changes include adding organized retail theft to the state’s repeat offender statute, making it easier for prosecutors to aggregate the value of stolen property under that statute, allowing prosecutions for organized retail theft in any county in which a one of the crimes was committed, and charging felony theft charges in the second degree when one engages in reckless conduct that creates a substantial risk of serious physical injury.

Together the package will create and fund useful tools to crack down on the rampant organized retail crime plaguing Oregon’s retailers. OBI respectfully asks for this committee to support each bill. Thank you for your consideration.

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