



April 17, 2023

TO: Joint Ways & Means Subcommittee on Transportation and Economic Development

RE: Written copy of verbal testimony provided by Tom Burkleaux, President of Oregon Distillers Guild, on Oregon Liquor and Cannabis Commission 2023-2025 Budget (SB 5519)

Good afternoon, Co-chairs Woods, Gomberg and members of the Joint Subcommittee on Transportation and Economic Development.

Thank you for the opportunity to speak today about the Oregon Liquor and Cannabis Commission's budget for the 2023-2025 biennium. For the record, my name is Tom Burkleaux and in addition to being the owner-founder of New Deal Distillery in Portland, I am the President of the Oregon Distillers Guild. Rather than focusing on specific provisions of OLCC's proposed budget today, I am going to highlight three topics.

INVESTMENT IN RESOURCES TO HELP OLCC RUN MORE EFFICIENTLY AND EFFECTIVELY

First, we strongly support state investment in an adequately resourced Oregon Liquor and Cannabis Commission. In addition to regulating, OLCC provides critical services to many businesses in Oregon. For businesses like ours, this includes services like licensing, processing payments when we sell spirits in our tasting rooms, distribution of our products to liquor stores around the state as well as warehousing those products, answering technical and compliance questions when we have them, and generally ensuring we have a well-regulated alcohol marketplace.

For these reasons, we support the state's continued approval and investment in IT modernization projects like the licensing and compliance online system and the distilled spirits supply chain system. We also support state funding of the new, larger distilled spirits warehouse and distribution center that will allow it to manage more inventory and move product out to stores faster. Lastly, we support funding additional staff positions to help with processing licensing applications and improving efficiency with services provided by the agency.

HB 2976 OREGON SPIRITS BOARD BILL AND PARTNERSHIP WITH OLCC

Second, we want to highlight that we have a bill we expect will come before this committee later this session that would create an Oregon Spirits Board modeled off the Oregon Wine Board, focused on promoting Oregon spirits outside our borders and encouraging tourism to Oregon to visit Oregon distilleries. The Board would have an element of oversight from OLCC in the form of budget approval. We hope to have an opportunity to walk you through all the details of this bill later this session, but it is important to note that OLCC will play an important role in administration of the Board



ADDITIONAL \$.50 SURCHARGE ON DISTILLED SPIRITS SOLD IN OREGON

Third, we are aware that the Governor is proposing to place an additional \$.50 surcharge on all distilled spirits sold in Oregon. As we understand it, although this additional revenue was mentioned during informational hearings before this committee last week by OLCC, the decision of whether or not to approve the additional \$.50 surcharge rests with the Oregon Liquor and Cannabis Commission. For this reason, we will reserve our comments on this proposal for that venue. With that being said, we encourage you to watch the OLCC commission meeting on April 20 and in subsequent months to learn more about the distilled spirits industry's perspective on the proposal to add another \$.50 per container on distilled spirits sold in Oregon.

In closing, I would like to note that we appreciate the hard work of all those at the Oregon Liquor and Cannabis Commission and stand ready to be helpful in any way we can as the agency is in its period of leadership transition. We also firmly believe that in order to avoid significant economic consequences for Oregon businesses that rely on services provided by the OLCC, the agency must be properly resourced in terms of person-power and technology. And we urge your support of the Commission's proposed budget as it relates to the IT modernization projects and staff resources.

Thank you very much and happy to answer questions.