

SB 1565 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Sen. Beyer

Joint Committee On Ways and Means

Action Date: 02/28/20

Action: Do pass with amendments. (Printed A-Eng.)

Senate Vote

Yeas: 7 - Beyer, Frederick, Johnson, Monnes Anderson, Roblan, Steiner Hayward, Wagner

Abs: 5 - Boles, Girod, Hansell, Heard, Thomsen

House Vote

Yeas: 6 - Gomberg, Holvey, McLain, Nosse, Piluso, Rayfield

Abs: 3 - Drazan, Smith G, Stark

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

Oregon Liquor Control Commission

2019-21

Budget Summary*

	2019-21 Legislatively Adopted Budget	2020 Committee Recommendation	Committee Change from 2019-21 Leg. Adopted	
			\$ Change	% Change
Other Funds	\$ -	\$ 950,000	\$ 950,000	100.0%
Total	\$ -	\$ 950,000	\$ 950,000	100.0%

* Excludes Capital Construction Expenditures

Summary of Revenue Changes

Senate Bill 1565 increases compensation at a distillery in which tastings and sales of such distilled liquor have been permitted by OLCC. Under the measure, the rate at which distillery retail outlet agents are compensated on the first \$250,000 in sales made from tasting rooms increases, from 17 percent to 45 percent. The rate of compensation for sales beyond \$250,000 annually will remain at 17 percent. The measure sunsets on January 2, 2025. For the 2019-21 biennium, this new compensation rate for distillery retail outlet agents will reduce the amount of liquor revenue available for distribution to the state General Fund, cities, and counties by an estimated total of \$950,000. The General Fund reduction is estimated at \$530,000, a reduction in the distribution to cities is estimated at \$320,000, and a reduction in the distribution to counties is estimated at \$100,000.

Summary of Capital Construction Subcommittee Action

The Subcommittee recommended a new compensation rate for distillery retail outlet agents who sell liquor out of tasting rooms. The established compensation rate allows the agents to be compensated at 45 percent of the first \$250,000 in sales and an additional 17 percent for sales over \$250,000, for a period of four years.

The Subcommittee recommended an increase of \$950,000 Other Funds expenditure limitation for the compensation OLCC will pay these agents under the provisions of this measure. The Subcommittee approved the following Budget Note:

Budget Note:

The Oregon Liquor Control Commission is directed to report to the Ways and Means Committee during the 2021 Legislative Session on proposed criteria for evaluating the impact of increased compensation to distillery agents. Criteria may include the amount of compensation to distillery agents, the number of distillery agents with tasting rooms, and the sales from distiller tasting rooms as a percentage of overall sales for the distiller, and other measurements of impact, such as subject distiller growth in employment and payroll.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Liquor Control Commission
 Tamara Brickman (503) 378-4709

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
SCR 005-00 - Agents Compensation Program									
Special Payments	\$ -	\$ -	\$ 950,000	\$ -	\$ -	\$ -	\$ 950,000		
TOTAL SUBCOMMITTEE ADJUSTMENTS	\$ -	\$ -	\$ 950,000	\$ -	\$ -	\$ -	\$ 950,000		