

Testimony in Support of HB 2740

Presented to the House Committee on General Government

January 26, 2021

Good afternoon Chair Wilde and members of the House 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 .015% 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. And to our friends at the Oregon League of cities; that means \$13.20 million additional for 2020. 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 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 2740 is based on the compensation plan that 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, which in turns provides much needed revenue to cities and counties among others.

Thank you for this opportunity to present HB 2740. This is an important policy this session and it way overdue.

I urge your support to move it to the Ways and Means Committee and eventual passage of the bill.

Thank you.

Saleem Noorani

President

