

ALCOHOL HOME DELIVERY PROTECTING CONSUMERS

House Economic Development & Small Business Committee

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OLCC's Mission

"Support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws"

Third largest generator of public funds

- *2021-23 estimated \$629 million* in liquor revenue distributed to general fund, cities and counties
- *2021-23 estimated \$312 million* in marijuana tax revenue distributed to drug treatment and recovery, schools, cities, counties, state police and mental health (December 2022 Forecast OEA)

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Core functions

- Centrally purchase, warehouse and distribute bottled distilled spirits to OLCC-appointed retail agents
- License and regulate alcohol licensees and alcohol server permits
- Implement bottle bill and approve redemption centers
- License and regulate marijuana licensees and marijuana worker permits
- Track and inspect OHA medical grow sites who grow for three or more medical cardholders, OHA processors and dispensaries
- Track transfers of hemp and hemp products processed and sold by OLCC licensees

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Funding

- Alcohol Program:
 - Distilled spirits markup
 - License fees
 - Privilege tax (beer & wine)
- Recreational Marijuana Program:
 - License fees
- OHA tracking and inspections:
 - Marijuana tax

OREGON LIQUOR CONTROL ACT AND CANNABIS REGULATION

- ORS 471 Alcoholic Liquor Generally
- ORS 473 Wine, Cider and Malt Beverage Privilege Tax
- ORS 474 Trade Practices Related to Malt Beverages
- ORS 459A.700 to 740 Beverage Containers, the Bottle Bill
- ORS 475C Cannabis Regulation
- Administrative Rules Chapter 845



US MARKET SHIFT TO ALCOHOL DELIVERY

NATIONAL PERSPECTIVE

Alcohol Delivery is Trending National

- 80% growth in online alcohol sales in the US in 2020
- Projected to reach \$40 billion by 2026
- 44% of shoppers bought alcohol online in 2020 (compared to 19% in 2019)
- 7% of total to go alcohol sales by 2024
- \$6.1 billion (~4% of all alcohol) in ecommerce sales in 2021



DELIVERY IN OREGON

WHO CAN DELIVER?



OLCC Licensees Delivery Status

- Bars & Restaurants: Wine, cider and malt beverages
- OR Distilleries may deliver distilled liquor they manufacture
- Full-On-Premises Sales licensees: Cocktails - 2021 (SB 317)

Other Companies involved in Delivery

- For-Hire Carriers
 - Businesses approved by the OLCC to deliver alcoholic beverages on behalf of Oregon licensees.
- Direct Shipper Permittees
 - Businesses permitted by the OLCC ship beer, wine or cider.
- E-Commerce Sales
 - Businesses involved with the promotion, marketing, and facilitation of sales of alcoholic beverages.

DELIVERY IN OREGON

THE CURRENT LANDSCAPE



Oregon has limited authority over delivery companies

- ✗ Delivery driver training is not required
- ✗ Delivery companies are not licensed
- ✗ OLCC has limited authority to conduct minor decoy operations on delivery
- ✗ OLCC cannot fine third party delivery companies in violation

Limited Authority: Oregon, California and Washington

- Do not permit/license, collect fees, or require training for their delivery drivers

2020 California Compliance Checks

- 25% of alcohol deliveries observed were given to minors

2022 Washington Compliance checks

- 2 out of 7 alcohol deliveries and curbside pickups were given to minor

EYES ON OREGON STUDY

THIRD PARTY DELIVERY



Purpose

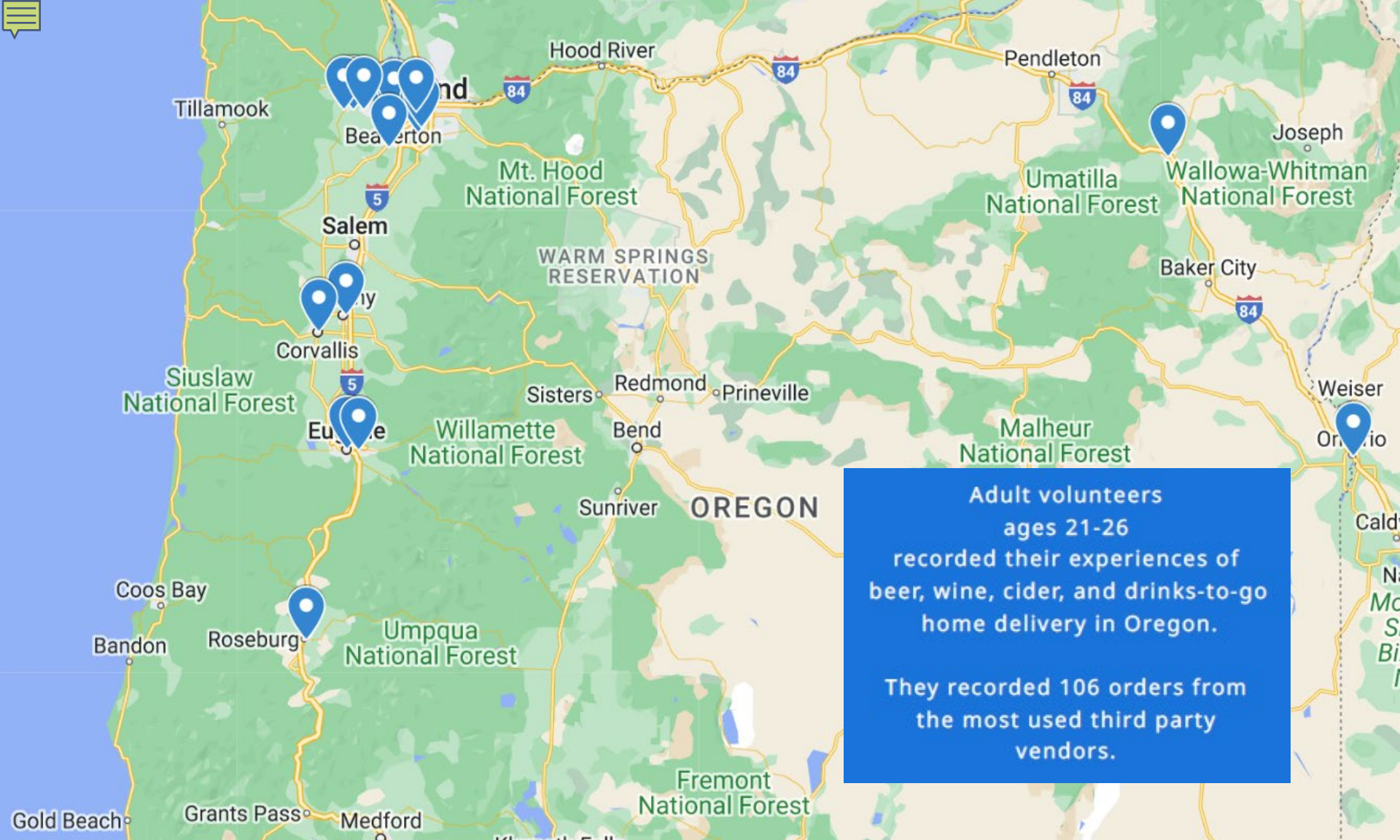
- To assess alcohol delivery by third party carriers in Oregon

Study Questions

- Do unlicensed third parties have safe alcohol delivery policies that keep alcohol out of the hands of minors?
- Does the OLCC have the resources/authority to address identified needs?

Study Partners

- OHA Public Health; Multnomah & Washington County Departments of Health & Human Services; Big Village Coalition; University of Oregon – Housing Advisory Team; Oregon Alcohol & Drug Policy Comm.; Oregon State Police; McMenemy's Pubs & Breweries



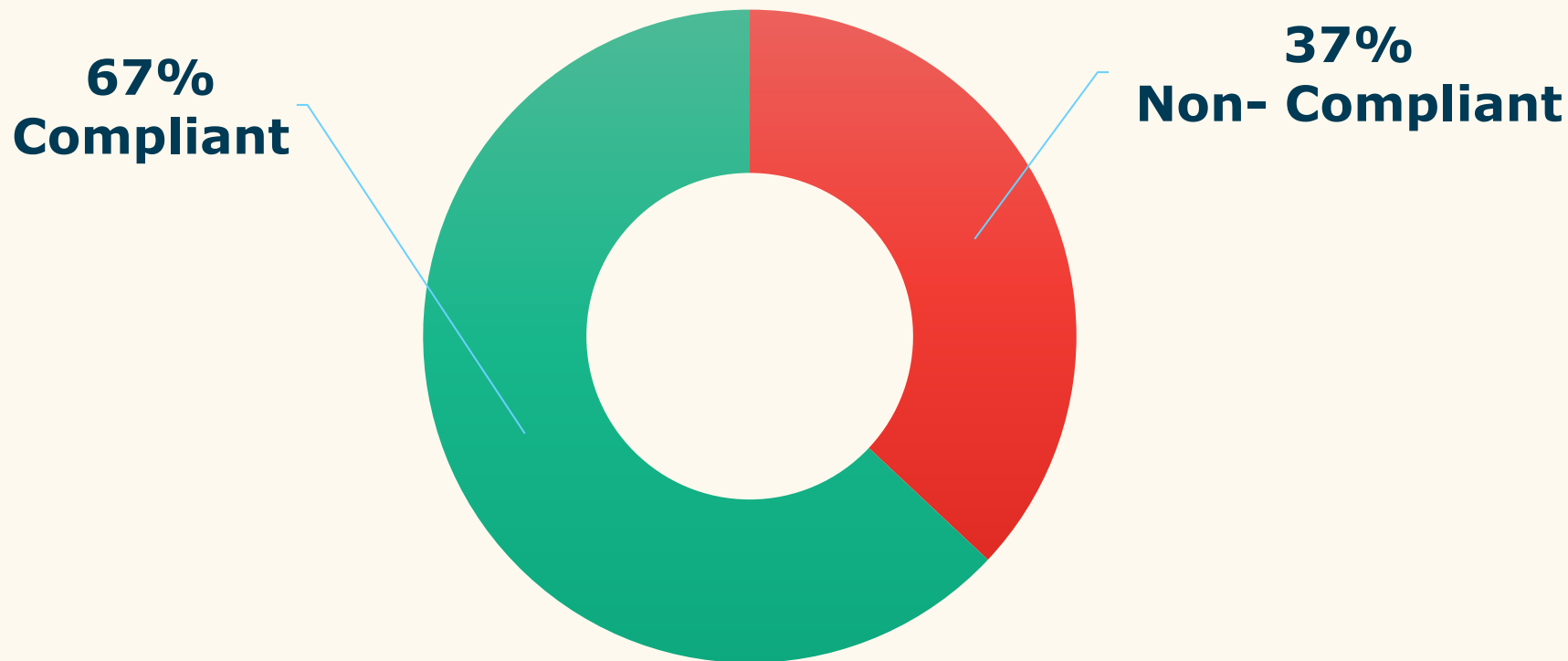
“EYES ON OREGON” SPOT CHECKS





EYES ON OREGON STUDY COMPLIANCE OUTCOMES

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OLCC's point in time study found that ID checking compliance at the door does not meet OLCC's goal of 90% compliance





LESSONS LEARNED

RELIANCE ON TECHNOLOGY

Delivery drivers relied on ID scanning technology to check IDs

- 1/3 did not meet the regulatory requirement

Education is needed that scanners/photos of ID are supportive but it does not replace the need for ID checking



WHAT DID WE LEARN?

- 37% non-compliance: room for improvement
- Education may be needed that scanners/photos of ID are supportive but do not replace the need for ID checking
- Some factors may reduce ID checking: Younger adult purchasers (21-23), apartment deliveries, evening/nighttime orders
- Policies to just check everyone, always reduce opportunities for biased decision-making
- Third-party delivery services are using different practices: One third party provider has a photo uploaded at purchase, another third-party provider has multiple text messages from the delivery agent
- Oversight may help to understand what they are doing, and support effective approaches

DELIVERY REGULATIONS

STATE BY STATE COMPARISON

Third Party Delivery Regulations	Oregon Today	Oregon HB 3308	WA	California	Virginia	Mississippi	Alabama
Are third-party delivery companies (TPD) licensed/permitted?	X		X	X			
Are individual third-party delivery drivers required to be licensed/permitted?	X	X	X	X	X	X	X
Required training for TPD drivers?	X		X	X			
State training or approved in-house training?	X		X	X			
Are TPD companies liable?	X		X	X			
Are TPD drivers liable for unlawful delivery?							
Required ID Check for TPD delivery				X			
TPD labeling requirement?							
TPD recordkeeping requirement?				X			



ALCOHOL DELIVERY GOALS

PROTECTING CONSUMERS



Alcohol delivery regulation in Oregon has flaws

Aligning with other states

- Adopt best practices from national leaders in the regulation of home delivery

Collaboration Framework

- OLCC has worked closely with industry partners and public health stakeholders
- Prevent alcohol delivery to minors and intoxicated persons
- Continue to enable Oregon's industry to safely thrive

ALCOHOL DELIVERY REGULATION LEGISLATION

Alcohol delivery regulation in Oregon has flaws

2023 Delivery Legislative Fixes

- ✓ Permits for third-party delivery companies
- ✓ Required delivery driver training approved by OLCC
- ✓ Explicit authority to conduct Minor Decoy Operations on alcohol deliveries
- ✓ Rulemaking authority for necessary adjustments to regulation



GOVERNOR'S BUDGET PRIORITIES

Construction of New Warehouse and Relocation

Alcohol Licensing Resources

Marijuana Lab Integrity and Product Testing (HB 2931)

Public Records Response

Information Technology Risk Mitigation

Alcohol Delivery Regulation (HB 3308)

ALCOHOL DELIVERY REGULATION

- **Governor's Budget**

- Addresses staffing needs to build a compliance structure around alcohol delivery including funding to develop a minor decoy program
- Require any persons delivering alcohol to complete alcohol delivery training
- Require the use of electronic ID scanning to verify age upon delivery
- Expand the minor decoy operations around home delivery including adding the following;
 - 5 liquor regulatory specialists to build and staff minor decoy operations
 - 1 Compliance Specialist 3 in the hearings division to evaluate and manage violations

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Questions?

