



Testimony in Support of HB 2502

Presented to the House Committee on Economic Development and Small Business

February 9th, 2023

Good afternoon, Chair Bynum and members of the committee, my name is Saleem Noorani and I am a liquor store owner and President of Associated Liquor Stores of Oregon. Thank you for this opportunity to testify in favor of HB 2502. Our heartfelt appreciation to Rep. Nosse for championing the bill. HB 2502 modifies SB 141, passed unanimously back in 2015, which provided security to our businesses and will allow store owners the confidence to make continued investments in our stores. SB 141 and now HB 2502 is important to each individual store owner but also is a significant policy improvement for the entire liquor system in Oregon. The current bill more accurately reflects business value in today's market rather than the old arbitrary assigned value.

To give a little background on the issue; A newly appointed liquor store owner is required by OLCC rules to pay a goodwill or buyout. The new store agent is required to present a plan for updating and modernizing the store upon takeover. The remodel can be as high as \$250,000 to \$700,000.

The total investment for a new agent based on market value can range from a low of \$350K to well over a \$1 million. This does not include non-liquor inventory to stock the store. Most of us do not have that kind of capital readily available. We may need to invest from our savings, take out a second mortgage on our homes, a bank loan and/or borrow from family and friends to start the business. We are still very excited to get into the business because we feel that we are building a secure future. Once the loans are paid off, we can slowly start saving for our children's college tuition and an eventual retirement.

It is common business practice to pay goodwill to acquire an existing business. The business has a value that one can sell down the road and recoup the original investment and hopefully more by building the business and increasing sales.

The grocery industry tried to mount a liquor privatization measure unsuccessfully several times including last year. We are well aware of their keen interest in bringing about such a change. We believe that they will continue working towards privatizing liquor sales in Oregon.

If a privatization scenario plays out, the number of liquor outlets could quadruple in Oregon. If this were to happen and more than 1,000 liquor outlets were to open what would happen to our current liquor store sales and the value of our business investment? Who would be willing to buy our business and pay anything even close to our initial investment?

I ask you to put yourself in our shoes and see the dilemma we are in! Where is the fairness in this equation? The liquor store owners work hard and diligently; providing good customer service, monitor closely that no minors are allowed access to alcohol and generate a lot of revenue for the state. Are we being unreasonable in asking that our investments be protected?

This bill clearly defines the condition under which the State of Oregon would protect our investment. If some form of privatization scenario comes about in the future, this bill protects a portion of our investment.

We have a great working relationship with OLCC and fully support the current model of retailing distilled spirits in Oregon. It provides a safe and controlled environment for liquor sales while keeping it out of the hands of minors and generate a great deal of revenue for the state. Passing the bill would incentivize agents to re-invest in their stores which would lead to increased sales and ultimately more revenue for the state.

I urge you to see the merit of the bill. Please put yourself in our shoes and see if what we are asking for is unreasonable or unjustified. We are only asking what is fair and not to be penalized by losing not only our livelihood but all we have worked for.

I ask for your support HB 2502

Thank you for your consideration.