HB 2123 STAFF MEASURE SUMMARY

House Committee On Economic Development, Small Business, and Trade

Prepared By: Mary Mackie, LPRO Analyst
Meeting Dates: 2/5

WHAT THE MEASURE DOES:

The measure changes requirements around business loss compensation for liquor stores.

Detailed Summary:

States that a liquor store qualifies for business loss compensation if the system for selling liquor changes in a manner that causes a reduction in sales of distilled liquor. Directs the Oregon Liquor and Cannabis Commission (OLCC) to determine a formula for calculating compensation for stores that have been operating for at least five years. Changes the amount of compensation for stores who have operated less than five years from 4 percent to 10 percent of the average annual gross sales made by the store prior to the change. Adds language stating that if there is a change that results in business loss but does not result in OLCC declaring it's warehouse surplus property, then 10 percent of the average annual gross distilled liquor sales during the five years that preceded the system change shall be deposited into a suspense account. These changes apply to changes in the system for selling liquor that occur on or after the effective date.

Declares an emergency, effective on passage.

Fiscal impact: (info)
Revenue impact: (info)

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 471.473 governs liquor store business loss compensation. Under current law, liquor stores qualify for business loss compensation if changes result from a law that prohibits the Oregon Liquor and Cannabis Commission (OLCC) from selling liquor. The measure states that liquor stores qualify for business loss compensation if the system changes in any manner that causes a reduction in sales of distilled liquor. It also changes the method for determining the amount of business compensation. Under current law, a qualifying store would receive 4 percent of the average annual gross liquor sales made in the five years that preceded the change. The measure replaces this with a requirement that OLCC determine a formula by rule. If the store has operated less than five years, under current law, they receive 4 percent of the annual gross sales prior to the system changes. The measure changes this amount to 10 percent of their annual gross sales.

ORS 471.473 states that if there is a change that results in business loss and OLCC declares within five years after the change that their warehouse or inventory is surplus property, the net proceeds from the sale of the surplus shall be deposited into a suspense account. The measure also adds language stating that if there is a change that results in business loss but does not result in OLCC declaring that they have surplus property, then 10% of the average annual gross distilled liquor sales during the five years that preceded the system change shall be deposited into the suspense account. House Bill 2121 changes requirements around business loss compensation for liquor stores.