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## JOINT COMMITTEE ON WAYS AND MEANS

Senator Lieber, Senate Co-Chair  
Representative Sanchez, House Co-Chair

Senator Girod, Senate Co-Vice Chair  
Representative Gomberg, House Co-Vice Chair  
Representative Smith, House Co-Vice Chair

**To:** Transportation and Economic Development Subcommittee  
**From:** Michelle Deister, Legislative Fiscal Office  
**Date:** May 18, 2025  
**Subject:** HB 5019 – Oregon Liquor and Cannabis Commission  
Work Session Recommendations

| Agency Totals      |                    |                                      |                                     |                               |
|--------------------|--------------------|--------------------------------------|-------------------------------------|-------------------------------|
| FUND TYPE          | 2021-23<br>ACTUAL  | 2023-25<br>LEGISLATIVELY<br>APPROVED | 2025-27<br>CURRENT<br>SERVICE LEVEL | 2025-27<br>LFO<br>RECOMMENDED |
| Other Funds        | 450,504,425        | 391,997,885                          | 403,032,555                         | 404,756,012                   |
| <b>TOTAL FUNDS</b> | <b>450,504,425</b> | <b>391,997,885</b>                   | <b>403,032,555</b>                  | <b>404,756,012</b>            |
| Positions          | 384                | 384                                  | 384                                 | 410                           |
| FTE                | 380.16             | 379.28                               | 381.50                              | 401.01                        |

The Legislative Fiscal Office (LFO) recommends a budget for the Oregon Liquor and Cannabis Commission (OLCC) of \$404,756,012, Other Funds and 410 positions (401.01 FTE). This recommendation is a 0.4% increase over the Current Service Level.

The May 2025 revenue forecast assumes expenditures based on current service level and incorporates the Commission's adoption of a \$0.50 per bottle surcharge for the 2025-27 biennium. Based on those assumptions, the Office of Economic Analysis assumes 2025-27 distributable revenue totaling \$505 million.

The LFO recommendation results in an increase to distributable revenue, primarily due to an adjustment to agents' compensation reflecting updated sales forecasts since the current service was level calculated, and a recommended cost allocation model which increases the amount of marijuana revenue used to support agency central services. The estimated distributable revenue based on the LFO recommendation is \$515.5 million as follows:

- \$294.1 million to the General Fund, comprised of regular sales of \$259.6 million and \$36.5 million due to the imposition of a \$0.50 per bottle surcharge;
- \$92 million to incorporated cities;
- \$64.4 million for city revenue sharing;
- \$46 million to counties;
- \$18.3 million for mental health; and
- \$745,142 to the Oregon Wine Board.

The Legislative Fiscal Office recommends policy option packages to address the following:

- Expenditure limitation for bond proceeds approved in the 2023-25 biennium associated with the agency's IT modernization projects;
- A portion of costs associated with moving the agency's headquarters to the Portland State Office Building (after January 2027) and moving liquor distribution operations from the Milwaukie to the new warehouse in Canby;
- Non-bondable costs of the agency's Distilled Spirits Supply Chain project including project support positions, and 10 permanent positions associated with tech support and customer service to support both internal and external customers of multiple agency IT systems;
- Carry forward of expenditure limitation approved in the 2023-25 biennium for fixtures and equipment needed for the new warehouse in anticipation of relocation;
- Replacement of vehicles in the agency's motor pool;
- An increase in the transfer of recreational marijuana licensing fees, to cover cost increases in the Marijuana Reference Laboratory; and
- Staffing costs associated with regulating hemp, pursuant to the passage of HB 4121 (2024).

## Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

### **Accept** LFO Recommendation

MOTION: I move the LFO recommendation to HB 5019. *(vote)*

**OR**

### **Modify** LFO Recommendation

MOTION: I move the LFO recommendation to HB 5019, with modifications. *(vote)*

## Performance Measures

See attached “Legislatively Proposed 2025-27 Key Performance Measures.”

**Accept** LFO Recommendation

MOTION: I move the LFO recommendation on Key Performance Measures. *(vote)*

**OR**

**Modify** LFO Recommendation

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. *(vote)*

## Budget Notes

Budget Note: Cost Allocation Review

The Oregon Liquor and Cannabis Commission (OLCC) is directed to establish and maintain an agencywide cost allocation plan that proportionately allocates costs to each of the agency’s revenue generating programs (i.e., alcohol, recreational marijuana, and medical marijuana). On a biennial basis, OLCC shall evaluate expenditures and -where appropriate - program utilization related to shared administrative and compliance resources, including but not limited to staffing, information technology systems, fleet services, administrative hearings, central services, agency overhead, and management of public safety and licensing functions, to determine appropriate cost sharing between alcohol, recreational marijuana, and medical marijuana licensees. The cost allocation methodology shall be provided to the Chief Financial Office and the Legislative Fiscal Office for review and incorporated into the 2027-29 Agency Request Budget.

**Accept** LFO Recommendation

MOTION: I move the LFO recommendation on Budget Notes. *(vote)*

**OR**

**Modify** LFO Recommendation

MOTION: I move the LFO recommendation on Budget Notes, with modifications. *(vote)*

## Amendment

LFO recommends a budget of \$404,756,012 Other Funds, and 410 positions (401.01 FTE), which is reflected in the – 2 amendment.

MOTION: I move adoption of the – 2 amendment to HB 5019. *(vote)*

## Final Subcommittee Action

LFO recommends that HB 5019 as amended by the – 2 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5019 as amended, to the Full Committee with a do pass recommendation. *(vote)*

## Carriers

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-000-00-00-00000

Oregon Liquor &amp; Cannabis Comm

|   | General Fund | Lottery Funds | Other Funds        | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds        | Positions  | Full-Time Equivalent (FTE) |
|---|--------------|---------------|--------------------|---------------|------------------------|--------------------------|--------------------|------------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | <b>384,605,278</b> | -             | -                      | -                        | <b>384,605,278</b> | <b>384</b> | <b>379.28</b>              |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 7,392,607          | -             | -                      | -                        | 7,392,607          | -          | -                          |
| Ways & Means Actions                                  | -            | -             | -                  | -             | -                      | -                        | -                  | -          | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | <b>391,997,885</b> | -             | -                      | -                        | <b>391,997,885</b> | <b>384</b> | <b>379.28</b>              |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | <b>391,997,885</b> | -             | -                      | -                        | <b>391,997,885</b> | <b>384</b> | <b>379.28</b>              |
| Summary of Base Adjustments                           | -            | -             | 17,953,414         | -             | -                      | -                        | 17,953,414         | -          | 2.22                       |
| <b>2025-27 Base Budget</b>                            | -            | -             | <b>409,951,299</b> | -             | -                      | -                        | <b>409,951,299</b> | <b>384</b> | <b>381.50</b>              |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (2,147,824)        | -             | -                      | -                        | (2,147,824)        | -          | -                          |
| 020: Phase In / Out Pgm & One-time Cost               | -            | -             | (22,363,149)       | -             | -                      | -                        | (22,363,149)       | -          | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 17,592,229         | -             | -                      | -                        | 17,592,229         | -          | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | <b>403,032,555</b> | -             | -                      | -                        | <b>403,032,555</b> | <b>384</b> | <b>381.50</b>              |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | <b>403,032,555</b> | -             | -                      | -                        | <b>403,032,555</b> | <b>384</b> | <b>381.50</b>              |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | <b>1,723,457</b>   | -             | -                      | -                        | <b>1,723,457</b>   | <b>26</b>  | <b>19.51</b>               |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | <b>404,756,012</b> | -             | -                      | -                        | <b>404,756,012</b> | <b>410</b> | <b>401.01</b>              |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 12,758,127         | -             | -                      | -                        | 12,758,127         | 26         | 21.73                      |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 3.3%               | 0.0%          | 0.0%                   | 0.0%                     | 3.3%               | 6.8%       | 5.7%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 1,723,457          | -             | -                      | -                        | 1,723,457          | 26         | 19.51                      |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 0.4%               | 0.0%          | 0.0%                   | 0.0%                     | 0.4%               | 6.8%       | 5.1%                       |

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-001-00-00-00000

Distilled Spirits Program

|   | General Fund | Lottery Funds | Other Funds       | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds       | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | <b>84,560,864</b> | -             | -                      | -                        | <b>84,560,864</b> | <b>76</b> | <b>76.00</b>               |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 1,198,440         | -             | -                      | -                        | 1,198,440         | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -                 | -             | -                      | -                        | -                 | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | <b>85,759,304</b> | -             | -                      | -                        | <b>85,759,304</b> | <b>76</b> | <b>76.00</b>               |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | <b>85,759,304</b> | -             | -                      | -                        | <b>85,759,304</b> | <b>76</b> | <b>76.00</b>               |
| Summary of Base Adjustments                           | -            | -             | 8,049,478         | -             | -                      | -                        | 8,049,478         | (1)       | (1.00)                     |
| <b>2025-27 Base Budget</b>                            | -            | -             | <b>93,808,782</b> | -             | -                      | -                        | <b>93,808,782</b> | <b>75</b> | <b>75.00</b>               |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (274,025)         | -             | -                      | -                        | (274,025)         | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost               | -            | -             | (21,300,055)      | -             | -                      | -                        | (21,300,055)      | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 1,183,586         | -             | -                      | -                        | 1,183,586         | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | <b>73,418,288</b> | -             | -                      | -                        | <b>73,418,288</b> | <b>75</b> | <b>75.00</b>               |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | <b>73,418,288</b> | -             | -                      | -                        | <b>73,418,288</b> | <b>75</b> | <b>75.00</b>               |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | <b>19,531,900</b> | -             | -                      | -                        | <b>19,531,900</b> | <b>2</b>  | <b>1.00</b>                |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | <b>92,950,188</b> | -             | -                      | -                        | <b>92,950,188</b> | <b>77</b> | <b>76.00</b>               |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 7,190,884         | -             | -                      | -                        | 7,190,884         | 1         | -                          |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 8.4%              | 0.0%          | 0.0%                   | 0.0%                     | 8.4%              | 1.3%      | 0.0%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 19,531,900        | -             | -                      | -                        | 19,531,900        | 2         | 1.00                       |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 26.6%             | 0.0%          | 0.0%                   | 0.0%                     | 26.6%             | 2.7%      | 1.3%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 090 Analyst Adjustments

Package Description An adjustment of an intrafund revenue transfer in the amount of \$820,889 is recommended to correct budget system data entry errors and eliminate an ending balance in debt service.

LFO Recommendation Approve.

|                 |   |   |   |   |   |   |   |   |   |
|-----------------|---|---|---|---|---|---|---|---|---|
| LFO Recommended | - | - | - | - | - | - | - | - | - |
|-----------------|---|---|---|---|---|---|---|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 IT Modernization Capital Project - Bonded

Package Description Other Funds expenditure limitation is included to accommodate expenditures of bond proceeds financed by Article XI-Q general obligation bonds that are supported with liquor revenue, to finance modernized IT systems. Expenditure limitation budgeted in the Distilled Spirits division supports the Distilled Spirits Supply Chain information technology project, which coordinates and streamlines ordering, distribution, sale, and reporting of distilled spirits sales for the state and its partner liquor stores.

The recommended expenditure limitation related to DSSC comprises \$6.8 million related to authorized limitation approved but not utilized in 2023-25, due to procurement delays.

LFO Recommendation Approve.

LFO Analyst Notes A further \$8 million for new bonds needed for project completion in 2025-27, plus \$1.4 million for cost of issuance and debt service costs will be determined by the Capitol Construction Subcommittee.

|                 |   |   |           |   |   |   |           |   |   |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 6,758,712 | - | - | - | 6,758,712 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Warehouse & Office Build, Move & Modernization

Package Description    Expenditure limitation of \$1,005,530 is included on a one-time basis for costs associated with moving the warehouse from Milwaukie to the new facility in Canby, comprised mostly of new equipment needed for the warehouse (shelving, forklifts, pickers). The source of this funding is primarily revenue from the sale of distilled spirits. Other Funds expenditure limitation which is budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

LFO Recommendation    Approve.

|                 |   |   |           |   |   |   |           |   |   |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 1,005,530 | - | - | - | 1,005,530 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-001-00-00-00000

## Distilled Spirits Program

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 103 IT Modernization - Non Bonded**

Package Description Other Funds expenditure limitation is included to support the implementation of non-bondable portions of OLCC's IT modernization projects, including software solution hosting, licensing, transition support, call center support, and equipment support. The systems affected include the distilled spirits-related portions of the Cannabis and Alcohol Management Program (CAMP - the agency's licensing and compliance data system), and the Distilled Spirits Supply Chain (DSSC) system. DSSC is currently under development to provide an integrated inventory, ordering, point of sale, sales, and reporting system for the agency and its liquor agents. Other Funds expenditure limitation which is budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

In the Distilled Spirits Division, Other Funds expenditure limitation for \$7.5 million for DSSC maintenance and subscription costs is included. Two limited duration positions (1.00 FTE) are also included to support shipping and distribution, and business operations duties while current staff serve as subject matter experts during DSSC project testing and implementation. These positions include a Shipping, Distribution, and Warehouse Manager 2 (0.50 FTE) and a Business Operations Manager 2 (0.50 FTE). Other Funds expenditure limitation for personal services and position-related services and supplies total \$444,820.

LFO Recommendation Approve.

|                 |   |   |           |   |   |   |           |   |      |
|-----------------|---|---|-----------|---|---|---|-----------|---|------|
| LFO Recommended | - | - | 7,944,820 | - | - | - | 7,944,820 | 2 | 1.00 |
|-----------------|---|---|-----------|---|---|---|-----------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description     \$3.8 million Other Funds is included to carry forward expenditure limitation that was approved for the 2023-25 biennium but not expended due to procurement and contracting delays associated with warehouse construction. The expenditure limitation will enable OLCC to order materials and equipment for the new warehouse and office headquarters in the Portland State Office Building. Other Funds expenditure limitation which is budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

LFO Recommendation   Approve.

|                 |   |   |           |   |   |   |           |   |   |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 3,822,838 | - | - | - | 3,822,838 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-002-00-00-00000

## Public Safety Services Program

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | 30,845,680  | -             | -                      | -                        | 30,845,680  | 114       | 110.50                     |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 2,150,029   | -             | -                      | -                        | 2,150,029   | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | 32,995,709  | -             | -                      | -                        | 32,995,709  | 114       | 110.50                     |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | 32,995,709  | -             | -                      | -                        | 32,995,709  | 114       | 110.50                     |
| Summary of Base Adjustments                           | -            | -             | 3,816,993   | -             | -                      | -                        | 3,816,993   | (1)       | 0.50                       |
| <b>2025-27 Base Budget</b>                            | -            | -             | 36,812,702  | -             | -                      | -                        | 36,812,702  | 113       | 111.00                     |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (632,452)   | -             | -                      | -                        | (632,452)   | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost               | -            | -             | 19,666      | -             | -                      | -                        | 19,666      | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 436,498     | -             | -                      | -                        | 436,498     | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | 36,636,414  | -             | -                      | -                        | 36,636,414  | 113       | 111.00                     |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | 36,636,414  | -             | -                      | -                        | 36,636,414  | 113       | 111.00                     |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | 904,840     | -             | -                      | -                        | 904,840     | 3         | 2.25                       |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | 37,541,254  | -             | -                      | -                        | 37,541,254  | 116       | 113.25                     |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 4,545,545   | -             | -                      | -                        | 4,545,545   | 2         | 2.75                       |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 13.8%       | 0.0%          | 0.0%                   | 0.0%                     | 13.8%       | 1.8%      | 2.5%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 904,840     | -             | -                      | -                        | 904,840     | 3         | 2.25                       |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 2.5%        | 0.0%          | 0.0%                   | 0.0%                     | 2.5%        | 2.7%      | 2.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Warehouse & Office Build, Move & Modernization

Package Description     Expenditure limitation of \$40,200 is included to budget for the division’s share of expenses related to moving, lease, and parking costs for the new agency headquarters at the Portland State Office Building in the Lloyd District. Other funds expenditure limitation which was budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

LFO Recommendation   Approve.

|                 |   |   |        |   |   |   |        |   |   |
|-----------------|---|---|--------|---|---|---|--------|---|---|
| LFO Recommended | - | - | 40,200 | - | - | - | 40,200 | - | - |
|-----------------|---|---|--------|---|---|---|--------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 104 Marijuana Staffing & Vehicles

Package Description Other Funds expenditure limitation in the amount of \$164,014 is included to support a cost allocated share of purchase and maintenance for six vehicles past their useful life in OLCC’s fleet of vehicles used by inspectors of both alcohol and marijuana-related businesses. This package is supported by alcohol-related revenue.

LFO Recommendation Approve.

|                 |   |   |         |   |   |   |         |   |   |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 164,014 | - | - | - | 164,014 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 106 Agency Realignment & Cost Allocation

Package Description SB 5519 (2023) directed OLCC to conduct an analysis of workload and staffing across its divisions to update allocation of resources to the agency's regulatory and administrative functions. The agency was also directed to review its management structure to determine whether classifications, duties, and oversight were properly aligned with agency regulatory, business, and reporting practices. This package reflects the results of these analyses, moving FTE associated with 3 positions (0.75 FTE) from other divisions to the Public Safety division.

LFO Recommendation Approve.

|                 |   |   |         |   |   |   |         |   |      |
|-----------------|---|---|---------|---|---|---|---------|---|------|
| LFO Recommended | - | - | 700,626 | - | - | - | 700,626 | 3 | 2.25 |
|-----------------|---|---|---------|---|---|---|---------|---|------|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-003-00-00-00000

Administration and Support

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | 36,883,917  | -             | -                      | -                        | 36,883,917  | 91        | 90.14                      |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 1,906,147   | -             | -                      | -                        | 1,906,147   | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | 38,790,064  | -             | -                      | -                        | 38,790,064  | 91        | 90.14                      |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | 38,790,064  | -             | -                      | -                        | 38,790,064  | 91        | 90.14                      |
| Summary of Base Adjustments                           | -            | -             | 3,065,362   | -             | -                      | -                        | 3,065,362   | 2         | 2.36                       |
| <b>2025-27 Base Budget</b>                            | -            | -             | 41,855,426  | -             | -                      | -                        | 41,855,426  | 93        | 92.50                      |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (680,331)   | -             | -                      | -                        | (680,331)   | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost               | -            | -             | (571,800)   | -             | -                      | -                        | (571,800)   | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 1,645,677   | -             | -                      | -                        | 1,645,677   | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | 42,248,972  | -             | -                      | -                        | 42,248,972  | 93        | 92.50                      |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | 42,248,972  | -             | -                      | -                        | 42,248,972  | 93        | 92.50                      |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | 3,723,082   | -             | -                      | -                        | 3,723,082   | 13        | 9.26                       |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | 45,972,054  | -             | -                      | -                        | 45,972,054  | 106       | 101.76                     |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 7,181,990   | -             | -                      | -                        | 7,181,990   | 15        | 11.62                      |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 18.5%       | 0.0%          | 0.0%                   | 0.0%                     | 18.5%       | 16.5%     | 12.9%                      |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 3,723,082   | -             | -                      | -                        | 3,723,082   | 13        | 9.26                       |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 8.8%        | 0.0%          | 0.0%                   | 0.0%                     | 8.8%        | 14.0%     | 10.0%                      |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Warehouse & Office Build, Move & Modernization

Package Description Other Funds expenditure limitation is included to facilitate moving costs associated with moving from Milwaukie to a new warehouse in Canby, and new leased office space for headquarters at the Portland State Office Building in the Lloyd District. These expected expenditures can be summarized as follows:

- Field Office lease cost increases: \$60,000 (ongoing)
- Renovation and moving costs: \$690,000 (one time)
- Headquarters lease and parking - Portland State Office Building: \$619,862 (12 months in 2025-27; lease and parking costs will be ongoing, with an associated roll up to account for 24 months -- or \$1.3 million -- in the 2027-29 biennium).

Other Funds expenditure limitation which is budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

LFO Recommendation Approve.

|                 |   |   |           |   |   |   |           |   |   |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 1,370,000 | - | - | - | 1,370,000 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-003-00-00-00000

## Administration and Support

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 103 IT Modernization - Non Bonded**

Package Description Other Funds expenditure limitation is included to support 15 positions related to implementation and support for OLCC's information technology systems. In the Administration and Support Division, this includes the following:

- Two limited duration Project and Portfolio Manager 1 positions (1.00 FTE) to serve as additional project managers. One will focus on facilitating communication between the contractor, agency divisions, and legislative and EIS oversight on project deliverables; the other will manage planning and data migration related to system reports and compliance functions (\$617,797 Other Funds for personal services and position-related services and supplies).
- Three limited duration positions (1.50 FTE) to support accounting and financial management duties while current staff serve as subject matter experts during DSSC project testing and implementation. These positions are an Accounting Manager 2, and two Accountant 3 positions (\$601,209 Other Funds for personal services and position-related services and supplies).
- Ten new permanent positions (8.76 FTE) are recommended to support technical assistance and help desk functions for OLCC licensees using OLCC operating systems. Agency staff can better support customers in the areas of process and policy questions than a contracted service provider, and would have access to secure information if needed. These positions are expected to speed resolution of issues, as well as contribute to efficiencies in license and renewal processing, as existing licensing staff will be better able to focus exclusively on background investigations and applications. In total, ten permanent positions will support call center/tech support functions for OLCC's three large IT systems: privilege tax, Cannabis and Alcohol Management System, and the Distilled Spirits Supply Chain system. Eight Information Systems Specialist 3 positions are recommended for call center support, one Learning and Development Specialist 3 position will create and maintain training materials for staff and users, and an Information Technology Customer Engagement Support manager will manage these new functions (\$2,139,958 Other Funds for personal services and position-related services and supplies).

Other funds expenditure limitation which was budgeted in current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

LFO Recommendation Approve.

|                 |   |   |           |   |   |   |           |    |       |
|-----------------|---|---|-----------|---|---|---|-----------|----|-------|
| LFO Recommended | - | - | 3,204,953 | - | - | - | 3,204,953 | 15 | 11.26 |
|-----------------|---|---|-----------|---|---|---|-----------|----|-------|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-003-00-00-00000

Administration and Support

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 106 Agency Realignment & Cost Allocation**

Package Description SB 5519 (2023) directed OLCC to conduct an analysis of workload and staffing across its divisions to update allocation of resources to the agency's regulatory and administrative functions. The agency was also directed to review its management structure to determine whether classifications, duties, and oversight were properly aligned with agency regulatory, business, and reporting practices. This package reflects the results of these analyses, and moves 3 positions (3.00 FTE) from the Recreational Marijuana division to the Administration and Support division.

LFO Recommendation Approve.

Budget Notes Cost Allocation Review:

The Oregon Liquor Control Commission (OLCC) is directed to establish and maintain an agencywide cost allocation plan that proportionately allocates costs to each of the agency's revenue generating programs (i.e., alcohol, recreational marijuana, and medical marijuana). On a biennial basis, OLCC shall evaluate expenditures and - where appropriate - utilization related to shared administrative and compliance resources, including but not limited to staffing, information technology systems, fleet services, administrative hearings, central services, agency overhead, and management of public safety and licensing functions, to determine appropriate cost sharing between alcohol, recreational marijuana, and medical marijuana licensees. The cost allocation methodology shall be provided to the Chief Financial Office and the Legislative Fiscal Office for review and incorporated into the 2027-29 Agency Request Budget.

|                        |   |   |           |   |   |   |           |     |        |
|------------------------|---|---|-----------|---|---|---|-----------|-----|--------|
| <b>LFO Recommended</b> | - | - | (851,871) | - | - | - | (851,871) | (2) | (2.00) |
|------------------------|---|---|-----------|---|---|---|-----------|-----|--------|

LFO102 - Work Session Presentation Report  
2025-27 BienniumVersion: L - 01 - LFO Analyst Recommended  
Cross Reference: 84500-004-00-00-00000  
Recreational Marijuana Program

|   | General Fund | Lottery Funds | Other Funds       | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds       | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | <b>27,204,920</b> | -             | -                      | -                        | <b>27,204,920</b> | <b>82</b> | <b>81.64</b>               |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 1,727,100         | -             | -                      | -                        | 1,727,100         | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -                 | -             | -                      | -                        | -                 | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | <b>28,932,020</b> | -             | -                      | -                        | <b>28,932,020</b> | <b>82</b> | <b>81.64</b>               |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | <b>28,932,020</b> | -             | -                      | -                        | <b>28,932,020</b> | <b>82</b> | <b>81.64</b>               |
| Summary of Base Adjustments                           | -            | -             | 2,673,839         | -             | -                      | -                        | 2,673,839         | -         | 0.36                       |
| <b>2025-27 Base Budget</b>                            | -            | -             | <b>31,605,859</b> | -             | -                      | -                        | <b>31,605,859</b> | <b>82</b> | <b>82.00</b>               |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (455,418)         | -             | -                      | -                        | (455,418)         | -         | -                          |
| 020: Phase In / Out Pgm & One-time Cost               | -            | -             | (510,960)         | -             | -                      | -                        | (510,960)         | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 698,455           | -             | -                      | -                        | 698,455           | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | <b>31,337,936</b> | -             | -                      | -                        | <b>31,337,936</b> | <b>82</b> | <b>82.00</b>               |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | <b>31,337,936</b> | -             | -                      | -                        | <b>31,337,936</b> | <b>82</b> | <b>82.00</b>               |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | <b>2,940,832</b>  | -             | -                      | -                        | <b>2,940,832</b>  | <b>8</b>  | <b>6.96</b>                |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | <b>34,278,768</b> | -             | -                      | -                        | <b>34,278,768</b> | <b>90</b> | <b>88.96</b>               |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 5,346,748         | -             | -                      | -                        | 5,346,748         | 8         | 7.32                       |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 18.5%             | 0.0%          | 0.0%                   | 0.0%                     | 18.5%             | 9.8%      | 9.0%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 2,940,832         | -             | -                      | -                        | 2,940,832         | 8         | 6.96                       |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 9.4%              | 0.0%          | 0.0%                   | 0.0%                     | 9.4%              | 9.8%      | 8.5%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Warehouse & Office Build, Move & Modernization

Package Description    Expenditure limitation of \$19,800 is included to budget for the division’s share of expenses related to moving, lease, and parking costs for the new agency headquarters at the Portland State Office Building in the Lloyd District.

LFO Recommendation    Approve.

|                 |   |   |        |   |   |   |        |   |   |
|-----------------|---|---|--------|---|---|---|--------|---|---|
| LFO Recommended | - | - | 19,800 | - | - | - | 19,800 | - | - |
|-----------------|---|---|--------|---|---|---|--------|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-004-00-00-00000

Recreational Marijuana Program

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

**Package 104 Marijuana Staffing & Vehicles**

Package Description Other Funds expenditure limitation in the amount of \$710,034 for two permanent positions (2.00 FTE) and associated services and supplies costs are included to improve supervisory ratios in the Recreational Marijuana program. The positions are a Licensing and Permitting Manager 3 position and a Compliance and Regulatory Manager 3. The positions are expected to contribute to improve licensing performance in the division.

In addition, \$366,755 is included on a one-time basis to replace 3 vehicles utilized by recreational marijuana regulators, and a cost allocated share (roughly 48%) of an additional six vehicles used by inspectors of both alcohol and marijuana-related businesses. Another \$34,328 is included for maintenance and fuel costs, which are intended to be ongoing.

LFO Recommendation Approve.

|                        |   |   |           |   |   |   |           |   |      |
|------------------------|---|---|-----------|---|---|---|-----------|---|------|
| <b>LFO Recommended</b> | - | - | 1,111,117 | - | - | - | 1,111,117 | 2 | 2.00 |
|------------------------|---|---|-----------|---|---|---|-----------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 105 Hemp Staffing - HB 4121 (2024 Session)

Package Description This package establishes seven permanent positions (5.25 FTE) with attendant Other Funds expenditure limitation of \$1,207,467 for personal services and \$82,376 for related services and supplies, for hemp regulation pursuant to the passage of HB 4121 (2024). Five of the positions will serve as Regulatory Specialist positions in the agency's five regional offices; one Compliance Specialist position will assume package and labeling -related oversight of hemp products, and an Administrative Specialist will support the program. Expenditure limitation for minor decoy operations is included (\$9,040 Other Funds). The package includes one-time capital outlay totaling \$389,750 for vehicles and equipment for the program. These expenditures will be supported by a hemp registration fee effective January 1 2026, in the amount of \$420 annually on 4116 registrants (or \$3.5 million per biennium). Startup costs will be fronted by recreational marijuana fees and repaid by hemp registration fee receipts.

A revenue adjustment is included in this recommendation to remove \$3,504,000 in recreational marijuana fee revenue, to correct for a duplicative entry of hemp registration fee revenue associated with the passage of HB 4121.

LFO Recommendation Approve.

|                 |   |   |           |   |   |   |           |   |      |
|-----------------|---|---|-----------|---|---|---|-----------|---|------|
| LFO Recommended | - | - | 1,679,593 | - | - | - | 1,679,593 | 7 | 5.25 |
|-----------------|---|---|-----------|---|---|---|-----------|---|------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 106 Agency Realignment & Cost Allocation

Package Description SB 5519 (2023) directed OLCC to conduct an analysis of workload and staffing across its divisions to update allocation of resources to the agency's regulatory and administrative functions. The agency was also directed to review its management structure to determine whether classifications, duties, and oversight were properly aligned with agency regulatory, business, and reporting practices. This package reflects the results of these analysis, and transfers a net of 0.75 FTE to the Recreational Marijuana program.

LFO Recommendation Approve.

|                 |   |   |         |   |   |   |         |     |        |
|-----------------|---|---|---------|---|---|---|---------|-----|--------|
| LFO Recommended | - | - | 130,322 | - | - | - | 130,322 | (1) | (0.29) |
|-----------------|---|---|---------|---|---|---|---------|-----|--------|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description An additional \$681,659 Other Funds from Marijuana licensing revenue is recommended to be transferred to the Department of Agriculture, on an ongoing basis, to accommodate 2025-27 operational costs associated with the Cannabis Reference Laboratory. A report on operational costs of the lab was provided to the Transportation and Economic Development Subcommittee of Ways and Means in April of 2024, detailing differences between initial and likely costs in 2025-27 biennium. The updated amount for Cannabis Reference Laboratory costs for the 2025-27 biennium is \$1,377,268, necessitating this additional transfer of funding supported by marijuana licensing revenue. The transfer supports more accurate personal services costs, services and supplies expenditures, and the Department of Agriculture's indirect administrative rate.

LFO Recommendation Approve.

|                 |   |   |   |   |   |   |   |   |   |
|-----------------|---|---|---|---|---|---|---|---|---|
| LFO Recommended | - | - | - | - | - | - | - | - | - |
|-----------------|---|---|---|---|---|---|---|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-005-00-00-00000

## Agents Compensation Program

|   | General Fund | Lottery Funds | Other Funds  | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds  | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|--------------|---------------|------------------------|--------------------------|--------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | 198,560,000  | -             | -                      | -                        | 198,560,000  | -         | -                          |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | -            | -             | -                      | -                        | -            | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -            | -             | -                      | -                        | -            | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | 198,560,000  | -             | -                      | -                        | 198,560,000  | -         | -                          |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | 198,560,000  | -             | -                      | -                        | 198,560,000  | -         | -                          |
| Summary of Base Adjustments                           | -            | -             | -            | -             | -                      | -                        | -            | -         | -                          |
| <b>2025-27 Base Budget</b>                            | -            | -             | 198,560,000  | -             | -                      | -                        | 198,560,000  | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 13,502,080   | -             | -                      | -                        | 13,502,080   | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | 212,062,080  | -             | -                      | -                        | 212,062,080  | -         | -                          |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | 212,062,080  | -             | -                      | -                        | 212,062,080  | -         | -                          |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | (25,448,370) | -             | -                      | -                        | (25,448,370) | -         | -                          |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | 186,613,710  | -             | -                      | -                        | 186,613,710  | -         | -                          |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | (11,946,290) | -             | -                      | -                        | (11,946,290) | -         | -                          |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | (6.0%)       | 0.0%          | 0.0%                   | 0.0%                     | (6.0%)       | 0.0%      | 0.0%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | (25,448,370) | -             | -                      | -                        | (25,448,370) | -         | -                          |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | (12.0%)      | 0.0%          | 0.0%                   | 0.0%                     | (12.0%)      | 0.0%      | 0.0%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 090 Analyst Adjustments

Package Description This package eliminates Other Funds expenditure limitation that is not needed to compensation liquor agents, due to flattening sales projections.

LFO Recommendation Approve.

LFO Analyst Notes \$212.1 million for agents' compensation was built into the CSL budget, and with the surcharge, the May 2025 revenue forecast suggested that, based on sales, the amount required for actual liquor compensation is \$186.6 million, a difference of \$25.5 million. Packages 090, 102, 103, and 801 adjust agent's compensation to collectively remove excess limitation.

|                 |   |   |             |   |   |   |             |   |   |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|
| LFO Recommended | - | - | (8,060,029) | - | - | - | (8,060,029) | - | - |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Warehouse & Office Build, Move & Modernization

Package Description This package eliminates \$2.4 million in Other Funds expenditure limitation that will no longer be needed for agents' compensation due to flattening sales projections.

LFO Recommendation Approve.

|                 |   |   |             |   |   |   |             |   |   |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|
| LFO Recommended | - | - | (2,415,730) | - | - | - | (2,415,730) | - | - |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 103 IT Modernization - Non Bonded

Package Description    This package eliminates \$11.1 million in Other Funds expenditure limitation that will no longer be needed for agents' compensation due to flattening sales projections.

LFO Recommendation

|                 |   |   |              |   |   |   |              |   |   |
|-----------------|---|---|--------------|---|---|---|--------------|---|---|
| LFO Recommended | - | - | (11,149,773) | - | - | - | (11,149,773) | - | - |
|-----------------|---|---|--------------|---|---|---|--------------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 801 LFO Analyst Adjustments

Package Description This package eliminates \$3.8 million in Other Funds expenditure limitation that will no longer be needed for agents' compensation, due to flattening sales projections.

LFO Recommendation Approve.

|                 |   |   |             |   |   |   |             |   |   |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|
| LFO Recommended | - | - | (3,822,838) | - | - | - | (3,822,838) | - | - |
|-----------------|---|---|-------------|---|---|---|-------------|---|---|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-006-00-00-00000

Medical Marijuana Program

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | 6,296,132   | -             | -                      | -                        | 6,296,132   | 21        | 21.00                      |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | 410,891     | -             | -                      | -                        | 410,891     | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | 6,707,023   | -             | -                      | -                        | 6,707,023   | 21        | 21.00                      |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | 6,707,023   | -             | -                      | -                        | 6,707,023   | 21        | 21.00                      |
| Summary of Base Adjustments                           | -            | -             | 347,742     | -             | -                      | -                        | 347,742     | -         | -                          |
| <b>2025-27 Base Budget</b>                            | -            | -             | 7,054,765   | -             | -                      | -                        | 7,054,765   | 21        | 21.00                      |
| 010: Non-PICS Pers Svc/Vacancy Factor                 | -            | -             | (105,598)   | -             | -                      | -                        | (105,598)   | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 121,539     | -             | -                      | -                        | 121,539     | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | 7,070,706   | -             | -                      | -                        | 7,070,706   | 21        | 21.00                      |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | 7,070,706   | -             | -                      | -                        | 7,070,706   | 21        | 21.00                      |
| <b>Total LFO Recommended Packages</b>                 | -            | -             | 71,173      | -             | -                      | -                        | 71,173      | -         | 0.04                       |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | 7,141,879   | -             | -                      | -                        | 7,141,879   | 21        | 21.04                      |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 434,856     | -             | -                      | -                        | 434,856     | -         | 0.04                       |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 6.5%        | 0.0%          | 0.0%                   | 0.0%                     | 6.5%        | 0.0%      | 0.2%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | 71,173      | -             | -                      | -                        | 71,173      | -         | 0.04                       |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 1.0%        | 0.0%          | 0.0%                   | 0.0%                     | 1.0%        | 0.0%      | 0.2%                       |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 104 Marijuana Staffing & Vehicles

Package Description Other funds expenditure limitation totaling \$50,250 is included for the following: One time expenditure limitation of \$45,950 for division's cost allocated share of six new vehicles; and a proportionate share of budgeted maintenance and fuel amounting to \$4,300, which is intended as ongoing. These vehicles are past the end of their useful life and require replacement.

LFO Recommendation Approve.

|                 |   |   |        |   |   |   |        |   |   |
|-----------------|---|---|--------|---|---|---|--------|---|---|
| LFO Recommended | - | - | 50,250 | - | - | - | 50,250 | - | - |
|-----------------|---|---|--------|---|---|---|--------|---|---|

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 106 Agency Realignment & Cost Allocation

Package Description This package transfers funding to other divisions based on proportional shares of agency overhead, increases personal services Other Funds expenditure limitation by \$20,923, and adds 0.04 FTE -- the equivalent of one month -- to an existing part-time position in the Medical Marijuana program.

LFO Recommendation Approve.

|                 |   |   |        |   |   |   |        |   |      |
|-----------------|---|---|--------|---|---|---|--------|---|------|
| LFO Recommended | - | - | 20,923 | - | - | - | 20,923 | - | 0.04 |
|-----------------|---|---|--------|---|---|---|--------|---|------|

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-088-00-00-00000

## Capital Improvements

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | 253,765     | -             | -                      | -                        | 253,765     | -         | -                          |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | 253,765     | -             | -                      | -                        | 253,765     | -         | -                          |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | 253,765     | -             | -                      | -                        | 253,765     | -         | -                          |
| Summary of Base Adjustments                           | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2025-27 Base Budget</b>                            | -            | -             | 253,765     | -             | -                      | -                        | 253,765     | -         | -                          |
| 030: Inflation & Price List Adjustments               | -            | -             | 4,394       | -             | -                      | -                        | 4,394       | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | 258,159     | -             | -                      | -                        | 258,159     | -         | -                          |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | 258,159     | -             | -                      | -                        | 258,159     | -         | -                          |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | 258,159     | -             | -                      | -                        | 258,159     | -         | -                          |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | 4,394       | -             | -                      | -                        | 4,394       | -         | -                          |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 1.7%        | 0.0%          | 0.0%                   | 0.0%                     | 1.7%        | 0.0%      | 0.0%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 0.0%        | 0.0%          | 0.0%                   | 0.0%                     | 0.0%        | 0.0%      | 0.0%                       |

LFO102 - Work Session Presentation Report  
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-089-00-00-00000

Capital Construction

|   | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| <b>2023-25 Agy. Leg. Adopted</b>                      | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| 2023-25 Ebds, SS & Admin Act                          | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Ways & Means Actions                                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget</b>                    | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2023-25 Leg Approved Budget (Base)</b>             | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Summary of Base Adjustments                           | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2025-27 Base Budget</b>                            | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2025-27 Current Service Level</b>                  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>Adjusted 2025-27 Current Service Level</b>         | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| <b>2025-27 Legislative Actions</b>                    | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Net change from 2023-25 Leg Approved Budget           | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Percent change from 2023-25 Leg Approved Budget       | 0.0%         | 0.0%          | 0.0%        | 0.0%          | 0.0%                   | 0.0%                     | 0.0%        | 0.0%      | 0.0%                       |
| Net change from 2025-27 Adj Current Service Level     | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Percent change from 2025-27 Adj Current Service Level | 0.0%         | 0.0%          | 0.0%        | 0.0%          | 0.0%                   | 0.0%                     | 0.0%        | 0.0%      | 0.0%                       |

|                              | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|------------------------------|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
| 2023-25 Agy. Leg. Adopted    | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| 2023-25 Ebds, SS & Admin Act | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| Ways & Means Actions         | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |
| 2023-25 Leg Approved Budget  | -            | -             | -           | -             | -                      | -                        | -           | -         | -                          |

|  | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 090 Analyst Adjustments

|                     |  |   |   |   |   |   |   |   |   |
|---------------------|--|---|---|---|---|---|---|---|---|
| Package Description | This package adjusts alcohol-related revenues and transfers to reflect adjustments to OLCC alcohol-funded activities and revenue forecast changes. |   |   |   |   |   |   |   |   |
| LFO Recommendation  | Approve.   |   |   |   |   |   |   |   |   |
| LFO Recommended     | -  | - | - | - | - | - | - | - | - |

# Legislatively Proposed 2025 - 2027 Key Performance Measures

Published: 4/23/2025 2:31:33 PM

**Agency:** Oregon Liquor and Cannabis Commission

**Mission Statement:**

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

| Legislatively Proposed KPMs   | Metrics                     | Agency Request | Last Reported Result | Target 2026 | Target 2027 |
|---|-----------------------------|----------------|----------------------|-------------|-------------|
| 1. Sales to Minors - Percentage of licensees who refuse to sell to minor decoys.  |                             | Approved       | 78%                  | 90%         | 90%         |
| 2. RATE OF SECOND VIOLATION - Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.                          |                             | Approved       | 13%                  | 12%         | 12%         |
| 3. Licensing Time - Average days from application receipt to license issuance.  |                             | Approved       | 134                  | 75          | 75          |
| 4. CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information. | Expertise                   | Approved       | 78%                  | 85%         | 85%         |
|   | Helpfulness                 |                | 80%                  | 85%         | 85%         |
|   | Availability of Information |                | 69%                  | 85%         | 85%         |
|   | Overall                     |                | 71%                  | 85%         | 85%         |
|   | Timeliness                  |                | 66%                  | 85%         | 85%         |
|   | Accuracy                    |                | 72%                  | 85%         | 85%         |
| 5. OLCC Rate of Return - Net OLCC distribution divided by actual expenses.  |                             | Approved       | \$2.06               | \$2.25      | \$2.25      |
| 6. Best Practices - Percent of total best practices met by the Board.   |                             | Approved       | 84%                  | 100%        | 100%        |
| 7. Sales to Minors- Recreational Marijuana - This measure is the rate at which licensees refuse to sell marijuana products to minor decoys.   |                             | Approved       | 90%                  | 90%         | 90%         |
| 8. Time to license- marijuana - Average days to license completed marijuana applications.   |                             | Approved       | 95                   | 85          | 85          |

**LFO Recommendation:**

The Legislative Fiscal Office recommends key performance measures as presented. No changes to targets are recommended at this time. OLCC's areas of focus for the 2025-27 biennium will include public safety, completion of the new warehouse, the move of agency headquarters, and implementation of modernized information systems, including the distilled spirits supply chain system.

**SubCommittee Action:**