

HB 5019 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Oregon Liquor and Cannabis Commission
2025-27

PRELIMINARY

Budget Summary*

| | 2023-25 Legislatively Approved Budget ⁽¹⁾ | 2025-27 Current Service Level | 2025-27 Committee Recommendation | Committee Change from 2023-25 Leg. Approved | |
|----------------------------------|---|----------------------------------|-------------------------------------|--|----------|
| | | | | \$ Change | % Change |
| Other Funds Limited | \$ 370,162,516 | \$ 374,917,674 | \$ 376,641,131 | \$ 6,478,615 | 1.8% |
| Other Funds Capital Improvements | \$ 253,765 | \$ 258,159 | \$ 258,159 | \$ 4,394 | 1.7% |
| Other Funds Debt Service | \$ 21,581,604 | \$ 27,856,722 | \$ 27,856,722 | \$ 6,275,118 | 29.1% |
| Total | \$ 391,997,885 | \$ 403,032,555 | \$ 404,756,012 | \$ 12,758,127 | 3.3% |

Position Summary

| | | | | |
|--------------------------------------|--------|--------|--------|-------|
| Authorized Positions | 384 | 384 | 410 | 26 |
| Full-time Equivalent (FTE) positions | 379.28 | 381.50 | 401.01 | 21.73 |

⁽¹⁾ Includes adjustments through January 2025

* Excludes Capital Construction expenditures

Summary of Revenue Changes

All revenue received by the Oregon Liquor & Cannabis Commission (OLCC) is classified as Other Funds. OLCC receives revenues from distilled spirits sales, licenses, fees and fines, server education fees, and taxes on malt beverages and wines (Privilege Tax). OLCC utilizes the revenues to administer the Distilled Spirits program and a portion for the Public Safety and Administrative programs. After administrative costs, costs for the procurement of distilled spirits for OLCC licensed store agents and rate payments to licensed store and distillery agents, the remaining net amount is distributed 56% to the General Fund, 20% to cities, 10% to counties, and 14% to cities based on a revenue sharing formula. Fifty percent of the tax on beer and wine (Privilege Tax) is distributed to the Oregon Health Authority for mental health programs. All revenue derived from the \$0.50 per bottle surcharge on distilled spirits is designated exclusively to the General Fund. The recommended budget assumes the following distributions based on projected liquor sales: General Fund in the amount of \$294.1 million, comprised of regular sales totaling \$259.6 million, and \$36.5 million due to the imposition of a \$0.50 per bottle surcharge, approved by the Commission on April 17, 2025; \$92.0 million to cities; \$64.4 million for city revenue sharing; and \$46.0 million to counties. In addition, \$745,142 is assumed for distribution to the Oregon Wine Board, and \$18.3 million for Mental Health programs.

OLCC also derives revenue for its marijuana programs through marijuana license fees, marijuana tax revenues, worker permit fees, and miscellaneous income. Funding for the Marijuana Program comes exclusively from marijuana related license and permit fees. Funding for Oregon Medical Marijuana Program (OMMP) Medical Marijuana tracking comes from a Department of Revenue transfer.

Summary of Transportation and Economic Development Subcommittee Action

The OLCC mission is to support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws. OLCC is responsible for regulating the sale and service of alcoholic beverages in Oregon. OLCC administers the state's Liquor Control Act and regulates the production, processing, and sale of recreational marijuana in Oregon through the Control, Regulation, and Taxation of Marijuana and Industrial Hemp Act. The Agency also regulates the production, processing, and sale of medical products sold to OMMMP cardholders in OLCC licensed marijuana retail shops. The business of OLCC takes place in communities throughout the state. The Agency has five major operational programs: the Distilled Spirits Program, the Public Safety Program, the Administrative and Support Division, the Recreational Marijuana Program, and the Medical Marijuana Program. OLCC also enforces the Bottle Bill. Under this law, most beverages sold in Oregon have a 10-cent refund value and stores and redemption centers must redeem empty containers.

The Subcommittee approved a budget of \$404,756,012 Other Funds and 410 positions (401.01 FTE). This represents an increase of 3.3% from the 2023-25 legislatively approved budget (LAB).

Distilled Spirits Program

Oregon is one of 17 control states where the state maintains the exclusive right to sell packaged distilled spirits. The Distilled Spirits Program (DSP) makes distilled spirits available for sale by the bottle through liquor stores run by independent, contracted businesspeople (liquor agents) appointed by the commission members in a competitive process. The Program centrally purchases, warehouses, and distributes distilled spirits to Oregon's liquor stores and oversees the liquor agents. Through oversight of retail operations, the Program ensures responsible sales in the liquor stores. In addition, distilled liquor is available for sale in distillery tasting room outlets. Distillery licensees distribute their products through the warehouse or make direct sales from their Distillery Retail Outlets. The Commission does not own the inventory located in Distillery Retail Outlets. In addition, this program is overseeing the development and implementation of plans for constructing a new warehouse and replacing legacy Information Technology systems related to liquor inventory, sales, and reporting.

The Subcommittee recommended a budget of \$92,950,188 Other Funds expenditure limitation and 77 positions (76.00 FTE), which includes the following recommended packages:

Package 90: Analyst Adjustments. This package adjusts an intrafund revenue transfer in the amount of \$0.8 million to correct budget system data entry errors and eliminate an ending balance in debt service.

Package 101: IT Modernization Capital Project - Bonded. This package provides one-time \$6.8 million Other Funds expenditure limitation to accommodate expenditures of bond proceeds financed by Article XI-Q general obligation bonds that are supported with liquor revenue. 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 comprises \$6.8 million related to authorized limitation approved but not utilized in 2023-25, due to procurement delays.

Package 102: Warehouse and Office Build, Move and Modernization. This package provides \$1.0 million Other Funds expenditure limitation on a one-time basis for costs associated with moving the warehouse from Milwaukie to the new facility in Canby. These expenditures are primarily related to new equipment needed for the warehouse (shelving, forklifts, pickers). The source of this funding is primarily revenue from the sale of distilled spirits, which may be partially offset by the sale of some existing, non-transferable or obsolete equipment. 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.

Package 103: IT Modernization – Non-Bonded. This package provides \$7.9 million Other Funds expenditure limitation and two limited duration positions (1.00 FTE) 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 was budgeted in the agency’s current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package. The 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.

Package 801: LFO Analyst Adjustments. This package provides one-time \$3.8 million Other Funds expenditure limitation 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 was budgeted in agency’s current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

Public Safety Services Program

The Public Safety Services (PSS) Program regulates the manufacture, distribution, and sale of alcoholic beverages, and licenses the personnel who oversee the production, processing, and sale of recreational marijuana. This Program focuses on ensuring the legal sale of alcohol and marijuana, emphasizing responsible service of alcohol to adults and minimizing alcohol and marijuana-related public safety risks. PSS implements responsibilities and strategies related to licensing, education, and enforcement. A primary mission for this work is to prevent the

sale of alcohol and marijuana to minors. To ensure statewide reach, the program has five regional offices (including its headquarters in Milwaukie) and eight satellite offices.

The Subcommittee recommended a budget of \$37,541,254 Other Funds expenditure limitation and 116 positions (113.25 FTE). The Subcommittee recommended the following packages:

Package 102: Warehouse and Office Build, Move and Modernization. This package provides Other Funds expenditure limitation of \$40,200 to budget for the Program'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.

Package 104: Marijuana Staffing and Vehicles. This package provides a combination of one-time and ongoing Other Funds expenditure limitation in the amount of \$0.2 million 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.

Package 106: Agency Realignment and Cost Allocation. This package provides Other Funds expenditure limitation in the amount of \$0.7 million and moves the FTE associated with three positions (2.25 FTE) from other programs to the Public Safety Program as directed by the analysis of workload and staffing directed by a budget note in Senate Bill 5519 (2023).

Administration and Support

The Administration and Support program provides the infrastructure to achieve the Commission's policy direction, and for OLCC programs to provide services to its customers and stakeholders. The Division includes the Administration Division (agency leadership); Human Resources Division; Administrative Services Division (fleet management, property management, etc.); Financial Services Division; and the Information Technology (IT) Division.

The Subcommittee recommended a budget of \$45,972,054 Other Funds expenditure limitation and 106 positions (101.76 FTE). The Subcommittee recommended the following packages:

Package 102: Warehouse and Office Build, Move, and Modernization. This package provides \$1.4 million Other Funds expenditure limitation 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: \$0.7 million (one-time)

- Headquarters lease and parking - Portland State Office Building: \$0.6 million (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 was budgeted in the agency's current service level but not needed for agent compensation due to updated (lower) sales forecasts will offset the fiscal impact of this package.

Package 103: IT Modernization – Non-Bonded. This package provides \$3.2 million Other Funds expenditure limitation to support 15 positions (11.26 FTE) 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 be focused 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 (\$0.6 million 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 (\$0.6 million Other Funds for personal services and position-related services and supplies).
- Ten new permanent full-time 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 up 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 (\$2.1 million 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.

Package 106: Agency Realignment and Cost Allocation. This package reflects the results of analysis from Senate Bill 5519 (2023), and moves two positions (2.00 FTE) from the Recreational Marijuana Division to the Administration and Support Division.

The Subcommittee approved the following budget note:

Budget Note: 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 Agency Request Budget.

Recreational Marijuana Program

The Recreational Marijuana Program enforces regulations relating to producers, wholesalers, processors, retailers, laboratories, marijuana worker permits, and research certificates. The Program also manages compliance and enforcement of a product tracking system, which must be used by licensees to track all marijuana and marijuana products from plant viability to final sale to the consumer. Additionally, the Program is responsible for implementation of a marijuana worker's permitting program for all recreational marijuana businesses and conducts investigations, inspections, and seizures. The Program emphasizes education and voluntary compliance before sanctions in an effort to deter violations related to OLCC-licensed marijuana facilities. The Program maintains a focus on preventing the sale of cannabis products to minors and the intentional diversion from the OLCC licensed marijuana facilities to the black market through regulation of all marijuana products sold in OLCC retail stores, labeling, and packaging compliance for both recreational and medical marijuana.

The Program assists in the development of testing requirements and standards for product testing and works with the Oregon Department of Revenue (DOR) to reconcile product movement with taxes paid.

The Subcommittee recommended a budget of \$34,278,768 Other Funds expenditure limitation and 90 positions (88.96 FTE). The Subcommittee recommended the following packages:

Package 102: Warehouse and Office Build, Move, Modernization. This package provides \$19,800 Other Funds expenditure limitation to budget for the Program's share of expenses related to moving, leasing, and parking costs for the new agency headquarters at the Portland State Office Building in the Lloyd District.

Package 104: Marijuana Staffing and Vehicles. This package provides \$1.1 million Other Funds expenditure limitation of which \$0.7 million for two permanent full-time 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, \$0.4 million is included on a one-time basis to replace three 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.

Package 105: Hemp Staffing – HB 4121 (2024 Session). This package establishes seven permanent positions (5.25 FTE) with accompanying Other Funds expenditure limitation of \$1.2 million for personal services and \$82,376 for related services and supplies, related to hemp regulation pursuant to the passage of House Bill 4121 (2024). Five of the positions will serve as Regulatory Specialist positions in OLCC'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). This package includes one-time capital outlay totaling \$0.4 million for vehicles and equipment for the program. These expenditures will be supported by a hemp registration fee effective January 1, 2026, of \$420 annually on 4,116 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 \$3.5 million in recreational marijuana fee revenue, to correct for a duplicative entry of hemp registration fee revenue associated with the passage of House Bill 4121.

Package 106: Agency Realignment and Cost Allocation. This package reflects the results of analysis from Senate Bill 5519 (2023) and transfers one position (0.29 FTE) to the Recreational Marijuana program. The package includes \$130,322 Other Funds expenditure limitation.

Package 801: LFO Analyst Adjustments. 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. The updated amount for Cannabis Reference Laboratory costs for the 2025-27 biennium is \$1.4 million, necessitating this additional transfer of funding supported by marijuana licensing revenue.

Agents Compensation Program

The Agents Compensation Program contains the funds OLCC distributes to liquor agents to operate the stores and a commission for sales in distillery tasting room outlets. OLCC contracts with private businesspeople to operate exclusive and nonexclusive liquor stores and distillery

tasting rooms around the state to make distilled spirits available in a managed and socially responsible manner. These independent contractors (liquor agents) receive funds from which they pay all store expenses, including rent, utilities, store fixtures, remodeling, moving, and staffing costs. From the net, they fund their own salary and any benefits or retirement savings. Compensation formulas for liquor stores and distillery agents are documented in ORS 471.473 and ORS 471.230 and are a variable cost of liquor sales. The Agent Compensation Program is funded solely from liquor revenues received by OLCC.

The Subcommittee recommended a budget of \$186,613,710 Other Funds expenditure limitation. This program does not have any positions.

The Subcommittee recommended the following packages:

Package 090: Analyst Adjustments. This package eliminates \$8.1 million Other Funds expenditure limitation that is not needed to compensation liquor agents, due to flattening sales projections.

Package 102: Warehouse and Office Build, Move and Modernization. This package eliminates \$2.4 million Other Funds expenditure limitation that will no longer be needed for agents' compensation due to flattening sales projections.

Package 103: IT Modernization – Non-Bonded. This package eliminates \$11.1 million Other Funds expenditure limitation that will no longer be needed for agents' compensation due to flattening sales projections.

Package 801: LFO Analyst Adjustments. This package eliminates \$3.8 million Other Funds expenditure limitation that will no longer be needed for agents' compensation due to flattening sales projections.

Medical Marijuana Program

The Medical Marijuana Program resulted from the passage of Senate Bill 1057 (2017), which requires OMMP medical marijuana grow sites with more than two patients, and OMMP processors and retailers to be tracked by OLCC's cannabis tracking system. OLCC was given the responsibility to administer the tracking and to perform inspections to assure OMMP marijuana is properly accounted for. Currently, there are 377 OMMP grow sites with three or more OMMP patients being tracked and inspected by the program. The Medical Marijuana Program is funded solely from marijuana tax dollars and fees paying for OMMP tracking program expenses.

The Subcommittee recommended a budget of \$7,141,879 Other Funds expenditure limitation and 21 positions (21.04 FTE).

The Subcommittee recommended the following packages:

Package 104: Marijuana Staffing and Vehicles. This package provides \$50,250 Other Funds expenditure limitation 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.

Package 106: Agency Realignment and Cost Allocation. 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.

Capital Improvements

The Capital Improvements program provides for stewardship of OLCC's building and grounds. OLCC owns its main office and distribution center complex on McLaughlin Blvd. in Milwaukie. OLCC's distribution center encompasses the warehouse connected to the main office building and a second warehouse on Millport Road, which was acquired in 2007. Funding for capital improvements is derived through revenues from the sale of distilled spirits, license fees from alcohol and marijuana, and penalties, privilege tax paid on the sales of beer and wine, and other miscellaneous sources. It should be noted that the current facility is scheduled for sale after 2023-25 and OLCC will be relocating warehouse and headquarters operations. The warehouse will move to Canby and the headquarters to the DAS owned Portland State Office Building.

The Subcommittee recommended a budget of \$258,159 Other Funds expenditure limitation. There are currently no positions in this program.

Summary of Performance Measure Action

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Liquor and Cannabis Commission
Courtney Rogers -- 971.446.8187

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|--------------|---------------|----------------|------------|---------------|------------|-----------------|-----|---------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| 2023-25 Legislatively Approved Budget at Jan 2025 * | \$ - | \$ - | \$ 391,997,885 | \$ - | \$ - | \$ - | \$ 391,997,885 | 384 | 379.28 |
| 2025-27 Current Service Level (CSL)* | \$ - | \$ - | \$ 403,032,555 | \$ - | \$ - | \$ - | \$ 403,032,555 | 384 | 381.50 |
| <u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u> | | | | | | | | | |
| SCR 001 - Distilled Spirits Program | | | | | | | | | |
| Package 101:IT Modernization Capital Project - Bonded Capital Outlay | \$ - | \$ - | \$ 6,758,712 | \$ - | \$ - | \$ - | \$ 6,758,712 | | |
| Package 102: Warehouse & Office Build, Move & Modernization Capital Outlay | \$ - | \$ - | \$ 1,005,530 | \$ - | \$ - | \$ - | \$ 1,005,530 | | |
| Package 103:IT Modernization - Non Bonded Personal Services | \$ - | \$ - | \$ 424,580 | \$ - | \$ - | \$ - | \$ 424,580 | 2 | 1.00 |
| Services and Supplies | \$ - | \$ - | \$ 7,520,240 | \$ - | \$ - | \$ - | \$ 7,520,240 | | |
| Package 801:LFO Analyst Adjustments Capital Outlay | \$ - | \$ - | \$ 3,822,838 | \$ - | \$ - | \$ - | \$ 3,822,838 | | |
| SCR 002 - Public Safety Services Program | | | | | | | | | |
| Package 102: Warehouse & Office Build, Move & Modernization Services and Supplies | \$ - | \$ - | \$ 40,200 | \$ - | \$ - | \$ - | \$ 40,200 | | |
| Package 104:Marijuana Staffing & Vehicles Services and Supplies | \$ - | \$ - | \$ 14,037 | \$ - | \$ - | \$ - | \$ 14,037 | | |
| Capital Outlay | \$ - | \$ - | \$ 149,977 | \$ - | \$ - | \$ - | \$ 149,977 | | |
| Package 106: Agency Realignment & Cost Allocation Personal Services | \$ - | \$ - | \$ 658,255 | \$ - | \$ - | \$ - | \$ 658,255 | 3 | 2.25 |
| Services and Supplies | \$ - | \$ - | \$ 40,698 | \$ - | \$ - | \$ - | \$ 40,698 | | |
| Capital Outlay | \$ - | \$ - | \$ 1,673 | \$ - | \$ - | \$ - | \$ 1,673 | | |
| SCR 003 - Administraton and Support | | | | | | | | | |
| Package 102: Warehouse & Office Build, Move & Modernization Services and Supplies | \$ - | \$ - | \$ 1,370,000 | \$ - | \$ - | \$ - | \$ 1,370,000 | | |
| Package 103:IT Modernization - Non Bonded Personal Services | \$ - | \$ - | \$ 3,000,353 | \$ - | \$ - | \$ - | \$ 3,000,353 | 15 | 11.26 |
| Services and Supplies | \$ - | \$ - | \$ 204,600 | \$ - | \$ - | \$ - | \$ 204,600 | | |
| Package 106: Agency Realignment & Cost Allocation Personal Services | \$ - | \$ - | \$ (810,738) | \$ - | \$ - | \$ - | \$ (810,738) | (2) | (2.00) |
| Services and Supplies | \$ - | \$ - | \$ (39,462) | \$ - | \$ - | \$ - | \$ (39,462) | | HB 5019 |
| Capital Outlay | \$ - | \$ - | \$ (1,671) | \$ - | \$ - | \$ - | \$ (1,671) | | |

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE | |
|---|--------------|---------------|-------------|-----------------|---------------|------------|-----------------|--------------|-----|--------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | | |
| SCR 004 - Recreational Marijuana Program | | | | | | | | | | |
| Package 102: Warehouse & Office Build, Move & Modernization | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | 19,800 \$ | - \$ | - \$ | - \$ | 19,800 | | |
| Package 104: Marijuana Staffing & Vehicles | | | | | | | | | | |
| Personal Services | \$ | - \$ | - \$ | 684,404 \$ | - \$ | - \$ | - \$ | 684,404 | 2 | 2.00 |
| Services and Supplies | \$ | - \$ | - \$ | 59,958 \$ | - \$ | - \$ | - \$ | 59,958 | | |
| Capital Outlay | \$ | - \$ | - \$ | 366,755 \$ | - \$ | - \$ | - \$ | 366,755 | | |
| Package 105: Hemp Staffing - HB 4121 (2024 Session) | | | | | | | | | | |
| Personal Services | \$ | - \$ | - \$ | 1,207,467 \$ | - \$ | - \$ | - \$ | 1,207,467 | 7 | 5.25 |
| Services and Supplies | \$ | - \$ | - \$ | 82,376 \$ | - \$ | - \$ | - \$ | 82,376 | | |
| Capital Outlay | \$ | - \$ | - \$ | 389,750 \$ | - \$ | - \$ | - \$ | 389,750 | | |
| Package 106: Agency Realignment & Cost Allocation | | | | | | | | | | |
| Personal Services | \$ | - \$ | - \$ | 131,560 \$ | - \$ | - \$ | - \$ | 131,560 | (1) | (0.29) |
| Services and Supplies | \$ | - \$ | - \$ | (1,236) \$ | - \$ | - \$ | - \$ | (1,236) | | |
| Capital Outlay | \$ | - \$ | - \$ | (2) \$ | - \$ | - \$ | - \$ | (2) | | |
| SCR 005 - Agents Compensation Program | | | | | | | | | | |
| Package 090: Analyst Adjustments | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | (8,060,029) \$ | - \$ | - \$ | - \$ | (8,060,029) | | |
| Package 102: Warehouse & Office Build, Move & Modernization | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | (2,415,730) \$ | - \$ | - \$ | - \$ | (2,415,730) | | |
| Package 103: IT Modernization-Non Bonded | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | (11,149,773) \$ | - \$ | - \$ | - \$ | (11,149,773) | | |
| Package 801: LFO Analyst Adjustments | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | (3,822,838) \$ | - \$ | - \$ | - \$ | (3,822,838) | | |
| SCR 006 - Medical Marijuana Program | | | | | | | | | | |
| Package 104: Marijuana Staffing & Vehicles | | | | | | | | | | |
| Services and Supplies | \$ | - \$ | - \$ | 4,300 \$ | - \$ | - \$ | - \$ | 4,300 | | |
| Capital Outlay | \$ | - \$ | - \$ | 45,950 \$ | - \$ | - \$ | - \$ | 45,950 | | |

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|--|--------------|---------------|----------------|------------|---------------|------------|-----------------|------|--------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| Package 106: Agency Realignment & Cost Allocation Personal Services | \$ - | \$ - | \$ 20,923 | \$ - | \$ - | \$ - | 20,923 | 0 | 0.04 |
| TOTAL ADJUSTMENTS | \$ - | \$ - | \$ 1,723,457 | \$ - | \$ - | \$ - | 1,723,457 | 26 | 19.51 |
| SUBCOMMITTEE RECOMMENDATION * | \$ - | \$ - | \$ 404,756,012 | \$ - | \$ - | \$ - | 404,756,012 | 410 | 401.01 |
| % 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% |
| % Change from 2025-27 Current Service Level | 0.0% | 0.0% | 0.4% | 0.0% | 0.0% | 0.0% | 0.4% | 6.8% | 5.1% |

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2025 - 2027 Key Performance Measures

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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 Approved 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:

The Subcommittee adopted the LFO recommendation on 2025-27 Key Performance Measures and Targets for the Oregon Liquor and Cannabis Commission.