



OREGON LIQUOR CONTROL COMMISSION
The Commission proposes to amend the following
Oregon Administrative Rules:

Private Club Package

PUBLIC HEARING:

Commission staff will hold a public hearing on this proposed action:

Date: April 22, 2009
Time: 10:00 am
Location: Oregon Liquor Control Commission
9079 SE McLoughlin Boulevard
Portland, OR 97222

Phone: (503) 872-5004 (toll free within Oregon 1-800-452-6522)

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Presiding Officer: Jennifer Huntsman

(Auxiliary aids for persons with disabilities are available upon advance request)

CAPTION: Amendments to simplify private club regulations, eliminating requirements to track event types and guest relationships

This rule package would eliminate the Division 8 private club rule, and instead create two new rules governing private clubs that would follow our normal rule structure, one in Division 5 setting license criteria (OAR 845-005-0321) and one in Division 6 setting compliance requirements (OAR 845-006-0490). The proposal would also amend OAR 845-005-0320 (License Refusal Reasons that Can Not be Overcome) by deleting section (5) regarding private clubs and moving the concepts of minimum membership, required nonprofit registration, and the definition of members into the new licensing rule specific to private clubs. Staff recommends a greatly simplified requirements rule for private clubs in that the new OAR 845-006-0490 would eliminate both the concept of private clubs having to track all their different types of events and guest relationships, and also of requiring guest lists. Instead the proposed rule language would focus on the core compliance issues of when the higher Full-Commercial food service standard is required, and the requirements regarding accompanying nonmembers when they are in the private club together with the service of alcohol. The goal is to leave the operational details up to the private club and instead focus the Commission's compliance efforts on responsible alcohol service.

You can obtain a copy of the proposed amendments by calling Laura Paul at 503-872-5105, or the toll-free number listed above. Rule drafts are also available on the OLCC web site: <http://oregon.gov/OLCC/> - go to the "Liquor Laws and Rules" button, then follow the link to "OLCC Proposed Rulemaking", then "Private Club Rulemaking", and finally "Final Staff Rule Draft". If you wish to give your views, arguments, or information on this

matter, you may do so at the public hearing, or you can submit comments by May 6, 2009. You can also email your comments to: jennifer.huntsman@state.or.us.

Documents faxed, mailed or emailed must be received by 5:00 pm on May 6, 2009.

ORS 183.335(2)(G) requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business. That comment must also be received by 5:00 pm on May 6, 2009.

The Commission reserves the right to request and receive additional comments at any time on or before the date the Commission takes final action on the proposed rule.

Statutory Authority: ORS 471, including ORS 471.030, 471.040, 471.175, 471.730(1) & (5)

Other Authority: None

Statutes Implemented: ORS 471.168, 471.175, 471.313

Need for the Rule(s): OAR 845-008-0045 (Service to Guests by Full On-Premises Sales Licensees) describes to whom and under what conditions private clubs may sell and serve alcoholic beverages under the privileges of their full on-premises sales license. This rule package would eliminate the Division 8 private club rule, and instead create two new rules governing private clubs that would follow our normal rule structure, one in Division 5 setting license criteria (OAR 845-005-0321) and one in Division 6 setting compliance requirements (OAR 845-006-0490). The proposal would also amend OAR 845-005-0320 (License Refusal Reasons that Can Not be Overcome) by deleting section (5) regarding private clubs and moving the concepts of minimum membership, required nonprofit registration, and the definition of members into the new licensing rule specific to private clubs. Staff recommends a greatly simplified requirements rule for private clubs in that the new OAR 845-006-0490 would eliminate both the concept of private clubs having to track all their different types of events and guest relationships, and also of requiring guest lists. Instead the proposed rule language would focus on the core compliance issues of when the higher Full-Commercial food service standard is required, and the requirements regarding accompanying nonmembers when they are in the private club together with the service of alcohol. The goal is to leave the operational details up to the private club and instead focus the Commission's compliance efforts on responsible alcohol service.

Documents Relied Upon, and where they are available: Minutes of Advisory Committee meeting of February 17, 2009 available from the Commission's rules coordinator, Jennifer Huntsman, at 9079 SE McLoughlin Boulevard Portland, OR 97222.

Fiscal and Economic Impact, including Statement of Cost of Compliance: This statement takes into account the fiscal impact on **(a)** Private Club Full On-Premises Sales licensees; **(b)** local government; **(c)** state agencies; and **(d)** the public.

(a) Private Club Full On-Premises Sales licensees. The Commission anticipates the potential for only positive impact from the proposed rule amendments. Private Clubs should find the amended rules easier to understand and thus abide by. The proposed amendments should free up licensee resources by decreasing time spent filling out paperwork and provide them more flexibility in holding events such as member memorial services.

(b) Local government. The Commission does not anticipate any fiscal impact on local government from the proposed rule amendments.

(c) State agencies. The Commission does not anticipate any fiscal impact on state agencies from the proposed rule amendments.

(d) The public. The Commission does not anticipate any significant fiscal impact on the public from the proposed rule amendments, as they only impact private clubs. However, there could be some indirect benefit in that Commission staff should have more time to focus on the critical public safety issues of over consumption and minors in possession rather than trying to interpret complicated and often confusing rules.

Cost of Compliance: There should be no costs for anyone to comply with these amendments. There are no additional reporting or recordkeeping requirements required for compliance. There is no requirement for additional equipment, supplies, labor, or administration. In fact, as mentioned above, the proposed amendments should reduce recordkeeping and reporting requirements, thus requiring less administration and labor.

Because there is not adequate information available to accurately project the fiscal impact, the Commission is unable to calculate the potential fiscal impacts.

How were small businesses involved in the development of this rule? The Commission assumes the majority of its licensees are small businesses. We invited licensees, industry representatives, and public safety representatives, including moderation groups, to the Advisory Committee meeting where this matter was discussed.

Administrative Rule Advisory Committee consulted? Yes. An Advisory Committee met on February 17, 2009. Members included industry representatives, licensees, and members representing moderation and public safety concerns. The Committee assisted in writing this Fiscal Impact Statement.

(This notice mailed April 1, 2009)