



OREGON LIQUOR CONTROL COMMISSION
The Commission proposes to adopt the following
Oregon Administrative Rule:

OAR 845-015-0200 Satellite Liquor Stores Pilot Program

PUBLIC HEARING:

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

Date: June 25, 2010
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: Adopt new rule setting standards for satellite liquor stores pilot program

The purpose of the satellite liquor stores pilot project is to determine the efficacy of operating satellite liquor stores in smaller communities where there is a fluctuating, seasonal demand due to tourism or other similar factors. The program will allow all parties to see how best to implement an ongoing program if the pilot project is successful. The pilot program will consist of up to six new satellite liquor stores operated by retail sales agents appointed on a temporary basis. The pilot program will last for up to three years for each temporary agent. Six months before the end of the three-year pilot, the performance of each pilot liquor store will be evaluated, and if successful, a process to create a permanent satellite liquor store will commence. Pilot program agents would be required to provide the Commission with all data related to the operation of the pilot liquor store. The proposed rule would set the standards and procedures the Commission will use when locating and evaluating the pilot satellite liquor stores.

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 "Satellite Liquor Stores Pilot Program", and finally "Initial Proposed 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 July 9, 2010. 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 July 9, 2010.

ORS 183.335(2)(b)(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 July 9, 2010.

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 & 471.730(1) & (5)

Other Authority: None

Statutes Implemented: ORS 471.750

Need for the Rule(s):

The purpose of the satellite liquor stores pilot project is to determine the efficacy of operating satellite liquor stores in smaller communities where there is a fluctuating, seasonal demand due to tourism or other similar factors. The program will allow all parties to see how best to implement an ongoing program if the pilot project is successful. The pilot program will consist of up to six new satellite liquor stores operated by retail sales agents appointed on a temporary basis. The pilot program will last for up to three years for each temporary agent. Six months before the end of the three-year pilot, the performance of each pilot liquor store will be evaluated, and if successful, a process to create a permanent satellite liquor store will commence. Pilot program agents would be required to provide the Commission with all data related to the operation of the pilot liquor store. The proposed rule would set the standards and procedures the Commission will use when locating and evaluating the pilot satellite liquor stores.

Documents Relied Upon, and where they are available: None.

Fiscal and Economic Impact, including Statement of Cost of Compliance: This statement takes into account the fiscal impact on (a) retail liquor stores; (b) off-premises sales licensees; (c) local government; (d) state agencies; and (e) the public.

(a) Retail Liquor Stores. The Commission does not anticipate any significant negative economic impact on any retail sales agent from adopting this rule. The new pilot program agents, which would be at most six, would hopefully benefit economically from opening and operating the new satellite agencies within their small communities. It is impossible to calculate the economic impacts on various retail sales agents at this time because this is a test of a totally new concept.

(b) Off-Premises Sales Licensees. No fiscal impact is anticipated from the proposed rule adoption for grocery and convenience stores as they do not sell distilled spirits.

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

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

(e) The public. The Commission does not anticipate any negative fiscal impact on the public from the proposed rule adoption. One of the goals of the pilot project is to see if this new retailing model could generate significant new revenue for the state. If the model is

successful, the public will benefit from the increased revenue derived from sales of distilled spirits by pilot program retail sales agents in the satellite liquor stores.

Cost of Compliance: There should be no mandatory costs for anyone to comply with this rule adoption. The only reporting or recordkeeping requirements required for compliance would be the reporting of satellite store operational data and this requirement will only apply to retail sales agents who enter into a pilot program agreement. Likewise, requirements for additional equipment, supplies, labor, and administration would apply only to retail sales agents participating in the pilot program.

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. Because the proposed rule adoption adds no new mandatory requirements, we anticipate no negative fiscal or other impacts on any small business. The liquor stores are all small businesses and the only possible fiscal impacts foreseen are positive.

Administrative Rule Advisory Committee consulted? No. Because the new rule is implementing a new pilot liquor store program which is limited in scope, adds no new mandatory requirements for retail sales agents or liquor licensees, and should have no significant impact on the alcohol industry, we did not consult an advisory committee.

(This notice mailed June 1, 2010)