



Oregon Liquor Control Commission
Retail Innovations Group
Meeting Minutes
November 15, 2013

Members in attendance:

Patrick Bernards, Steve Brown, Brian Butenschoen, Jay Nelson, Steven Scborski, Jonathan Polonsky, Paul Romain, Jana McKamey for Steve Thomson, Joe Gillham for Shawn Miller, James Rhodes.

OLCC staff in attendance:

Rob Patridge, Farshad Allahdadi, Debbie Amsberry, Brian Flemming, Merle Lindsey, Steve Marks, Michael O'Connor, Laura Paul, Bill Schuette, Christie Scott, Jesse Sweet.

Guests:

Jesse Stafford, Patty McMillan, Jan Nordlund, Steven Powers, Danelle Romain, Robert Dickey, Barbara Feathers, Maryann Coba, Lynda Gardner, Deborah Herron, Jim Gardner, Angela Steffanson, Duke Tufty, George Mann, Charlie Thorpe, Christian Gaston, Dustin Ball, Laura Pech, Donald Kidd, Patrick Brennan, Paul Cosgrove.

JOINT RETAIL INNOVATIONS AND COMMISSION MEETING

1:00 p.m. Chairman Patridge convened the joint meeting of the Retail Innovations and the OLCC Commission meeting. Introductions were made around the room. Chairman Patridge thanked the members for their participation and said his intention is to have the Retail Innovation group continue to meet annually to have conversations about improvements and how the agency can better serve consumers while balancing public safety and state revenue.

Chairman Patridge read the proposed motion: In order to increase consumer access to distilled spirits and maintain revenue for the state. I move to authorize the Chair to request that the legislature take action to either invest in the current system of distribution and sale of distilled spirits or modify the system.

In addition to the motion, the agency has put together three draft models for the November 26th legislative bill deadline. The group will plan to meet in December to give their input on the model.

Chairman Patridge invited each member to speak to the process and/or the conclusion the group has come to. A summary of each representative's perspective is as follows:

- Counties and local government are interested in protecting their revenue stream and ensuring sufficient funding for enforcement.
- Law enforcement agencies expect to have an increased need for resources if outlets are increased and if distilled spirits are sold in retail outlets where minors are allowed.

- Small Off-Premises are interested in a level playing field and would like to see some exceptions to the 10,000 square feet.
- Large Manufacturers are neutral but are interested in access, a quality shopping experience and selection.
- The representative for liquor agents appreciated the plan for growth and change. They want to see current agents, as small business owners protected.
- Small Manufactures are interested in continued access to their products at reasonable prices. Also noted was the limited financial resource to support agent growth -- and the belief that the current licensee discount at 5% is not much of an incentive in the current system compared to what a licensee would enjoy in a private system where they would get product at wholesale prices.
- Beer and Wine Wholesaler/Distributors believe the system works fine but could benefit from some small changes.
- Wholesalers/Brokers are interested in accessibility to their products and a level playing field.
- Large Off-Premises are interested in modernizing the system to the retailer and the consumer and noted the private market is already setup to handle distribution.
- The Oregon Beer Manufactures representative said Oregon has the largest craft beer market in the United States; they would like any changes to the system to be weighed against our current model as it is very successful.

Research Analyst, Bill Schuette, distributed the agencies draft of three possible models. Chairman Patridge wants to define the revenue pieces and public policy pieces which do not directly affect revenue. The proposed pricing, outlined in the hybrid system, was discussed at length.

With the threat of an initiative, Chairman Patridge stated it is the agencies job to begin educating the legislature so they can address the issue, either in the February session or during the interim work session. Oregon is at a cross roads to either make the investment in the current system or modify the system to optimize availability to the consumer and to maximize revenue to the State of Oregon.

Commissioner Harper said he knows this conversation is important and appreciates the opportunity to be a part of it. Commissioner Harper noted changes to the system could potentially not benefit current liquor agents.

Chairman Patridge thanked the group for taking the time to participate in this project.

In order to increase consumer access to distilled spirits and maintain revenue for the state, Commissioner Rice moved to authorize the Chair to request that the legislature take action to either invest in the current system of distribution and sale of distilled spirits or modify the system.

Passed 4/0

Chairman Patridge said the group will meet again in December to go over the model. He told the group, if they have specific tweaks to the proposed models; submit them to Laura at Laura.paul@state.or.us.

Next Steps:

- Staff to draft a model

Next Meeting :

To Be Determined
OLCC Headquarters (Commission room)
9079 SE McLoughlin Blvd.
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