

2025 OLCC Biennial Budget Overview

The Oregon Legislatively Adopted Budget (LAB) is the state’s official financial plan for the next two years (biennium). The LAB gives agencies the authority to spend public funds, divided into program areas and fund types. By law, the LAB must balance projected revenues with planned expenditures to support education, healthcare, public safety, and other services over the biennium.

Oregon’s 2025-27 legislatively approved budget was developed during a time of financial uncertainty, with the state facing a projected \$756 million revenue shortfall for the current biennium. This was impacted by federal funding conditions and the risk of cuts that could further affect state programs. According to the Office of Economic Analysis (OEA), these conditions have posed challenges to Oregon’s General Fund revenue projections, and the federal conditions have made it more difficult to plan for future budget needs. Lawmakers proceeded cautiously in the budgeting process due to the lack of clarity regarding the state’s long-term fiscal stability.

The 2025-27 budget includes an increase over the previous cycle and provides support for the agency’s work in public health and safety. Through [HB 5019](#), the legislature continued revenue distribution to the general fund, cities, and counties. The increased investment is intended to address uncertainties with federal funding and mitigate potential shortfalls in the state budget.

Bill Number	Bill Sponsor, Description Effective Date
HB 5006 Enrolled Omnibus Budget Reconciliation	INTRODUCED BY: Department of Administrative Services (DAS) HB 5006 is the omnibus budget reconciliation bill that implements the remaining adjustments to state agencies legislatively adopted budgets for the 2025-27 biennium and adjusts the 2023-25 budget for five agencies. Major adjustments in the measure include: <ul style="list-style-type: none">• \$100 million appropriated to the Emergency Board for general purposes and \$696.2 million appropriated for seven special purposes.• \$77.6 million General Fund to support capital projects for various organizations.• \$125.8 million General Fund to support additional investments that address wildfire, long-term care workforce, immigration legal services, housing, and economic development. OLCC received \$8,002,945 for the distribution center management and distilled spirits supply chain (DSSC) information technology systems; \$624,272 Costs of bond issuance; 7,371,073 Debt Service.
HB 5019 Enrolled Financial Administration of the OLCC.	INTRODUCED BY: Department of Administrative Services (DAS) HB 5019 establishes the funding limits for the OLCC across our operational areas for the 2025-27 biennium. Governor Kotek proposed \$410.76 million “other funds” expenditure limit sourced from liquor and cannabis revenue across various divisions including distilled spirits, licensing, regulation and administrative services.

The legislature approved a budget of **\$404,756,012** “other funds” and 410 positions, totaling 401.01 FTE for the 2025-27 biennium. This represents an **increase of 3.3% (12.8M)** from the prior biennium and less than 1% increase over the current service level.

The Legislature approved budget results in an estimated \$515.5 million of distributable liquor revenue, of which \$294.1 million will go to the General Fund:

- \$6.8 million in expenditure limitation for bond proceeds previously approved in the 2023-25 biennium for IT modernization projects;
- \$2.4 million to move the agency’s headquarters and liquor distribution operations to new locations;
- \$11.1 million and 17 positions for implementation and ongoing operations of the distilled spirits supply chain IT system. Seven of these positions are limited duration;
- \$1.7 million for regulatory costs of hemp, pursuant to the passage of HB 4121 in 2024;
- \$1.3 million for two additional managers for the recreational marijuana program and the replacement of 9 agency motor pool vehicles.

After administrative costs, the remaining net amount distributed to the GF is 56%:

- \$294.1 million - General Fund in the amount of (comprised of regular sales totaling \$259.6M, and \$36.5M from \$0.50 per bottle surcharge, approved by the Commission);
- \$92.0 million to cities; (20%);
- \$64.4 million for additional city allocation; (14%);
- \$46.0 million to counties (10%);
- \$745,142 to the Oregon Wine Board; and
- \$18.3 million for Mental Health programs (or 50% of the tax on beer and wine (Privilege Tax is distributed to the OHA for mental health programs).

The legislature directed the OLCC to develop and maintain an agencywide new cost allocation methodology or plan to proportionately share administrative costs across the agency’s three revenue generating and regulatory programs: alcohol, recreational marijuana, and medical marijuana. The plan should lay the groundwork for possibly reshaping internal and compliance resource priorities and be incorporated into the 2027-29 agency budget request. The report should be submitted to the Chief Financial Officer and Legislative Fiscal Office for review.