In August of 2010, the Commission established a Satellite Liquor Stores Pilot Program. The program was designed to allow interested parties to determine the efficacy of operating non-exclusive retail liquor stores in smaller communities where there is a fluctuating, seasonal demand for an additional outlet due to tourism or other similar factors. According to rule, the duration of a Pilot Program Agent Agreement may not exceed three years.

The first pilot Satellite Liquor Store contract (for “Cannon Beach”) began on September 1, 2010. The second pilot Satellite Liquor Store contract (for “Sunriver North”) began on February 4, 2012. Both stores have successfully achieved the goals of the Satellite Liquor Store Pilot Program, and staff is currently in the process of conducting a formal evaluation of each store, as required by rule. However, to enable these stores to continue operating, permanent rulemaking is necessary.

If adopted, the proposed new rule would establish the standards and procedures that the Commission would use to locate and evaluate regular Satellite Liquor Stores. The proposed new rule would also allow the Commission to convert existing pilot Satellite Liquor Stores into regular Satellite Liquor Stores prior to the expiration of their respective Pilot Program Agent Agreements, if desired.

**SUGGESTED MOTION:** I move to initiate rulemaking to adopt OAR 845-015-0205, and to hold a rulemaking hearing at staff’s discretion.