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Information Report on
OREGON LIQUOR CONTROL COMMISSION

The subject area Standing Committees of the City Club are responsible for evaluating the impact of all City Club research reports. The Government and Taxation Standing Committee wrote this information report assessing the response of the Oregon Liquor Control Commission to the Club's 1979 report on Oregon Liquor Control.

The Oregon Liquor Control Commission (OLCC) must qualify as the most reviewed and studied of the state's commissions. Since 1977, the OLCC has been the subject of six major studies or investigations by the Oregon Attorney General's Office, the Governor's Special Commission on Liquor Control, Legislative Sunset Reviews in 1978 and 1984, the City Club in its 1979 report on Oregon Liquor Control, and the Oregon Executive Department in 1982. Substantial recommendations for change were made by each group undertaking review of the structure, operations and effectiveness of the OLCC. Few of the substantive recommendations have been written into law.

The OLCC is second only to the Oregon Department of Revenue in terms of net revenue generated. By law, the OLCC must return most of the revenue it earns for state, city and county services and to support mental health, alcoholism and drug programs.

The following table shows the allocation of liquor revenue for the fiscal year ended July 31, 1984:

<u>Recipient</u>	<u>Amount Received</u>
Cities	\$18,501,400
Counties	\$ 5,441,588
State General Fund	\$30,472,895
Mental Health, Alcoholism and Drug Services Account	\$ 5,242,786
State General Fund - Special	\$ 4,100,000
Wine Advisory Board	\$ 105,229

TOTAL	\$63,863,898

Policy is set and the Director is hired by a part-time, five person Commission, appointed by the Governor to four-year terms. Each congressional district must be represented on the Commission. One member, who cannot serve as chairperson, must represent the food and alcoholic beverage industry. Commission members serve without compensation except for per diem allowances and expenses.

The actual operation of the Commission is supervised by a full-time administrator and approximately 220 employees. The Commission is headquartered in Milwaukie, where it operates a central warehouse. The OLCC has fifteen field offices located throughout the state.

The City Club, in its 1979 report, made 24 separate recommendations. The principal recommendations included: 1) Removing distinctions in regulation and taxation as among distilled spirits, beer and wine; 2) Removing the OLCC from the role of promoting temperance and educating the public concerning alcohol abuse; 3) Allowing a regulated private enterprise system to conduct the wholesale and retail sale of alcoholic beverages; 4) Eliminating the quota system for granting licenses to sell distilled liquor by the drink; 5) Eliminating licensing requirements that serve no regulatory function; 6) Eliminating anti-competitive rules and practices (uniform prices, restrictions on advertising); 7) Giving consumer interests greater weight; and 8) Expanding the commission to five members, with a representative from each congressional district.

Of the above recommendations, significant progress has been made only with respect to items 5 and 8. The OLCC by administrative rule has streamlined and opened up the licensing process. Subsequent to the 1979 Sunset Review, the Commission was expanded to five members, representing each congressional district.

The internal administration of the OLCC has improved significantly since the issuance of the City Club report of 1979. There is a general perception that the OLCC is well administered. This perception, along with the fact that the OLCC provides substantial revenues to the state, militated against the Legislature making other than minor administrative changes to the OLCC. A major hurdle to change is the problem of devising an alternative liquor dispensing system that generates the same revenues as the present system. The recommendations made by the City Club and other entities that have reviewed the OLCC remain viable and important. At present there is little impetus either on the legislative front or by special interest groups to suggest significant changes to Oregon's liquor laws.

Respectfully submitted,

STANDING COMMITTEE ON GOVERNMENT
AND TAXATION

Approved by the Research Board on July 11, 1985 and by the Board of Governors on September 9, 1985 for publication and distribution to the membership. Because this report carries no conclusions or recommendations, no official action is required of the membership.

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