

OREGON LIQUOR CONTROL COMMISSION
MINUTES
May 20, 2011

Friday May 20, 2011

9:00 A.M. The Commissioners present, via conference call, were Alex Duarte, Ron Roome, and Cassandra SkinnerLopata. Commissioners present were Chairman Phil Lang. Others present were Executive Director Steve Pharo and members of staff.

MINUTES

Commissioner Roome moved to approve the minutes of the April 21-22, 2011 commission meeting. Commissioner SkinnerLopata noted that she was omitted from the attendance list of the April meeting and that the date of the meeting noted was from the March meeting and should be updated to the April meeting dates.

Passed 4/0

PUBLIC FORUM

No one present for Public Forum.

COMPLIANCE

Becky Voelkel, Administrative Policy and Process Division presented. There were twelve stipulated settlement agreements before the commissioners for ratification; Shari's of South Bend, Boondocks Bar & Grill, La Casa Del Pueblo, Amelia Barichio, South Liberty Road Bar & Grill, Joe's Cellar, Willamette Burger Company, The Embers Nightclub, Silverado, Walery's Premium Pizza, Los Potrillos Restaurant, Martin Toro Jr. and Juan Partida Rivera of Los Potrillos Restaurant.

Commissioner Duarte moved to ratify the twelve settlement agreements as presented under Compliance.

Passed 4/0

Commissioner Rice joined the phone meeting.

LICENSE MATTERS

Dan Croy, License Services Division presented.

Service Permit Refusals- There were seven service permit refusals before the Commissioners for ratification.

Commissioner Rice moved to ratify the seven service permit refusals as presented under License Matters, under Tab 1A.

Passed 5/0

ADMINISTRATION

Continuation of .50 surcharge on distilled spirits products – Steve Pharo

Chairman Lang asked Executive Director Steve Pharo to begin by reviewing the current budget proposal. Executive Director Pharo also shared the history of the 50 cent surcharge and the place it has in the Governor's Recommended Budget for the OLCC next biennium. He reviewed that the current budget proposal before the subcommittee would need to be

brought to the Commissioners for discussion and guidance as the proposal in its current form might require a shift in funds to help support a backfill for the distilled spirits program.

Greg Sellers, a Distillery Representative, asked if he could come forward to testify on this issue. Chairman Lang said that the time for public testimony was at the April Commission meeting. Mr. Sellers apologized for his misunderstanding of the schedule. He had been on the road and was unable to attend the April meeting, but thought there would be another chance at this meeting. Chairman Lang asked the other Commissioners if there were any objections to allowing Mr. Sellers to testify at the phone meeting today. There were no objections.

Mr. Sellers proceeded with his presentation. Mr. Sellers brought in a substantial amount of printed resource materials to submit to the Commissioners. The materials provided information on the health of the distilled spirits and beer industry, previous bills to raise the beer tax, the myth of the impact of the beer tax, and the focus of the beer industry to support privatization efforts in Washington.

He noted the vast disparity in taxation of malt beverages compared to the mark up on distilled spirits. He reviewed his recent trip to an Albertson's store to obtain prices on several brands of beer. He also purchased and brought with him a 40 oz. bottle of Steel Reserve Malt Liquor to help make his point. The price of the Steel Reserve has a retail cost of \$2.29. This product has 8.1% alcohol by volume (ABV). He broke the ABV into a per drink ratio so he could compare the consumer's price per drink. The price per drink in this bottle was .27 cents. (8.3 drinks in the bottle) He compared also Budweiser (.91 cents per drink) and Widmer IPA (\$1 per drink). He compared these figures with the top three selling distilled spirits brands in Oregon: Hood River Vodka (.42 cents a drink), Potters Vodka (.42 cents a drink) and Segram's 7 (.64 cents per drink).

With this information, Mr. Sellers noted that the taxes assessed per case of malt beverage is .19 cents and that just the surcharge on the case of distilled spirits is \$4.50. He said that the industry agreed in the last budget session to support the .50 cent surcharge as they understood that the funds would help the state, liquor agents and the restaurant industry to benefit from funding OLCC to maintain the current service levels which would aid in continued revenue generation. That support was also based on the sunset of the surcharge as this was not meant to be a permanent fix. He was distressed to hear that the preliminary budget proposal from the legislature this session anticipated this surcharge continuing into the future, yet cut the agency budget while dumping the surcharge into the 'black hole' of the General Fund.

Commissioner Roome noted that he thought that perhaps the decision should be postponed so Commissioners could have an opportunity to review Mr. Sellers' materials. Commissioner Duarte agreed. Chairman Lang added that he was conflicted that there could be harm to the agency's budget if action is not taken today and he did not want to do anything to harm the budget.

Commissioner Skinner Lopata moved to postpone the decision to the June meeting.

Passed 5/0

Adjourned: 9:45 AM

**NOTE: The next Commission Meeting is an in-person meeting on
June 16-17, 2011 in Portland.**

For more information, please telephone Toll Free 1-800-452-6522 or Portland 503-872-5006

_____/s/_____
Phil Lang, Chairman

_____/s/_____
Alex Duarte, Commissioner

_____/s/_____
Bob Rice, Commissioner

_____/s/_____
Ron Roome, Commissioner

_____/s/_____
Cassandra SkinnerLopata, Commissioner

_____/s/_____
Stephen A. Pharo, Executive Director
and Secretary to the Commissioners