



# Oregon

Kate Brown, Governor

## Liquor Control Commission

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To: Senator Johnson, Senator Steiner-Hayward  
 From: Steve Marks, Executive Director, Oregon Liquor Control Commission  
 Date: March 25, 2021  
 Re: Requested Options for Fee Relief for Oregon's Restaurant and Bar Industry

### Background

You requested options for fee relief for Oregon's restaurant and bar industry licensees, in light of economic devastation brought on by the Covid-19 pandemic. The table below shows the change in licensee types over a one year period (March 2020-March 2021). At the onset of the pandemic, the OLCC implemented immediate fee relief for licensees by deferring payment of license fees and allowing licensees to return full inventory. OLCC will continue to defer payment until the state of emergency is over. However the agency does not have the authority to forgive the fees. The rows highlighted in yellow represent the licensees hardest hit by the pandemic; these make up the restaurants and bar industry and serve beer, wine, and/or spirits.

License Type	Description	Pre-COVID Licenses	Post-COVID Licenses	Change	Annual Fee	Fee Revenue in 2020
Brew Pub	Brew Pubs	396	389	-7	\$500	\$198,000
Brewery	Breweries	32	42	10	\$250	\$8,000
Distillery	Distilleries	128	139	11	\$200	\$25,600
Full On-Premises Alcohol Service	Bars/Restaurants serving beer, wine & spirits	4,929	4,752	-177	\$800	\$3,943,200
Limited On-Premises Alcohol Service	Restaurants serving beer & wine	2,858	2,600	-258	\$400	\$1,143,200
Off-Premises Alcohol Sales	Grocery Stores selling beer and wine	4,986	5,529	543	\$200	\$997,200
Warehouse	Beer warehousing	35	39	4	\$200	\$7,000
Distributor	Beer & Wine Wholesalers	201	184	-17	\$550	\$110,550
Winery	Wineries & Wine Warehousing	1,200	1,230	30	\$500	\$600,000
	<b>Total</b>	<b>14,765</b>	<b>14,904</b>		<b>Total</b>	<b>\$7,032,750</b>

### Analysis and Options

The options focus on offering a half or full credit for the 2021 calendar year. In these cases, licensees would be eligible for the credit if they held the license type at any point during 2020 calendar year.

- Hardest hit licensees: A *half* credit for each annual fee costs \$2,966,000.
- Hardest hit licensees: A *full* credit for each annual fee costs \$5,932,000.
- All Licensees: A *half* credit for each annual fee costs \$3,516,375.
- All Licensees: A *full* credit for each annual fee costs \$7,032,750.

An alternative option not discussed in the table above would be to target relief to licensee purchasers of distilled spirits by increasing *temporarily* the discount on distilled spirits from 5% to 6%. This example would cost \$3,700,000. Licensees would likely argue to make this temporary discount permanent in the coming years.

#### Discussion

The OLCC considered internally but rejected the option pro-rate licensee fees. This would be an operational challenge with our paper-based licensing system until our online system comes online in the next two years. The agency has a statutory duty to collect deferred fees and it would be consistent and appropriate with the options to relieve OLCC from pursuing collection of deferred fees.