

OLCC, PUBLIC HEALTH & SAFETY OVERVIEW

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**Presentation to the ADPC Prevention Subcommittee
Wednesday, June 26, 2024**



OVERVIEW

The Oregon Liquor & Cannabis Commission

- OLCC's public health & safety mandate & the Control Model for Distilled Spirits
- Oregon's Alcohol Problem & Key Policy Solutions
- OLCC actions to promote health & safety
- OLCC New Strategic Plan & Future Perspectives



OLCC HISTORY SINCE 1933



1933

Prohibition Ends

OLCC Created

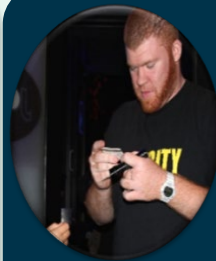
“Liquor Control Act”



1983

Switch to Private Liquor Store Contracts

Converts last state store



2000

Minor Decoy Operations
Responsible Vendor Program



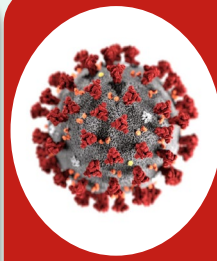
2004

Liquor Stores can be open on Sunday



2014

Oregon Legalizes Recreational Marijuana



2020

COVID
Governor’s Emergency Order

Curbside allowances & delivery legislation



2021

First State to establish “floor pricing” for liquor

Age-gating for hemp THC products



2024

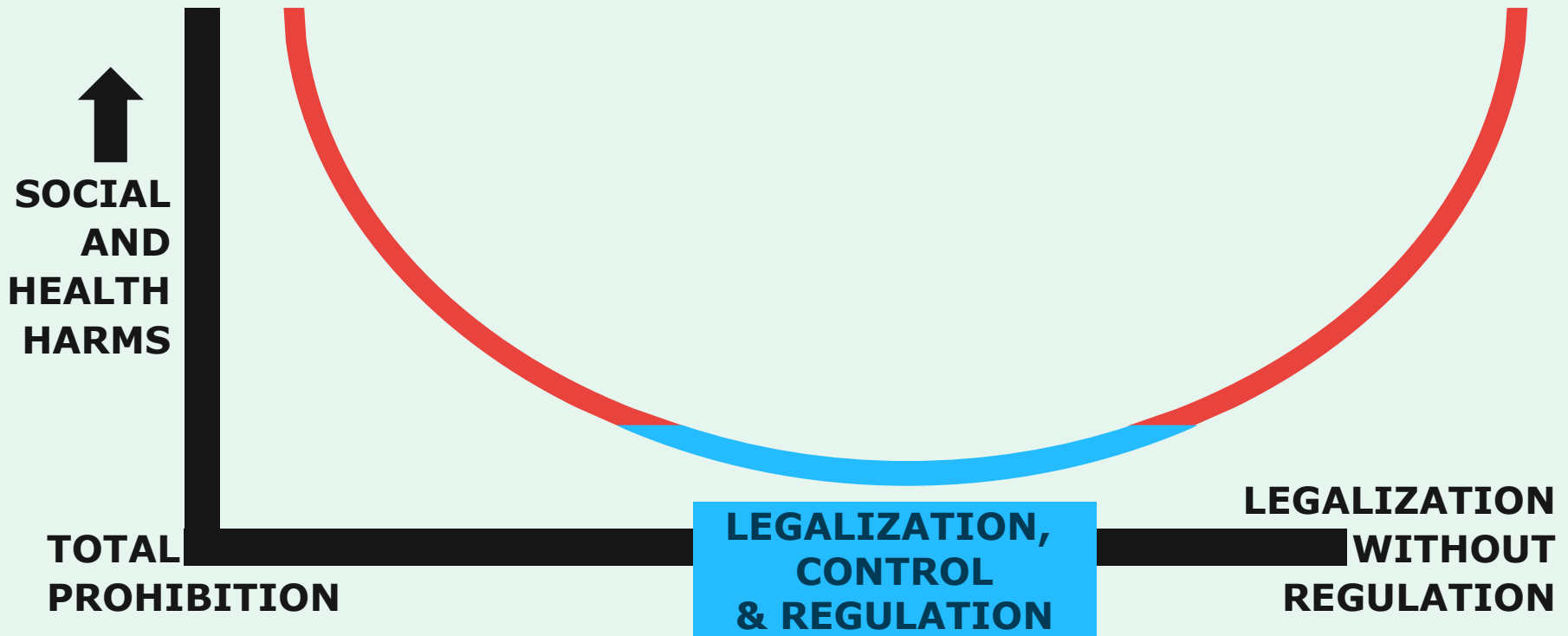
New alcohol delivery oversight program

New leadership & **New strategic plan**

CONCEPTUAL FRAMEWORK FOR ALCOHOL & RECREATIONAL CANNABIS

*bootlegging & smuggling
widespread lawlessness
corruption & criminal gangs
war on drugs
& discriminatory enforcement*

*Unregulated markets
sales to minors
misleading labels,
unsafe products, etc...*



THE THREE TIER SYSTEM FOR ALCOHOL

General rule across the US

No one entity can be involved in more than one tier

Additional measure in Oregon as a Control State:



1. Manufacturer,
Brewery, Winery



2. Distributor



3. Retailer,
Bar, Restaurant

OLCC centrally purchases & distributes all distilled spirits and sets their price.



OLCC warehouse

OLCC & OREGON'S CONTROL MODEL

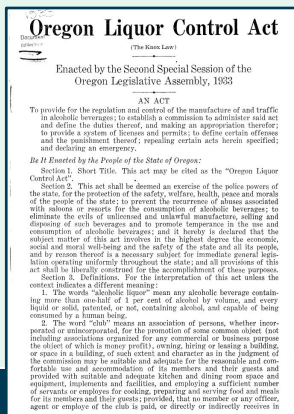
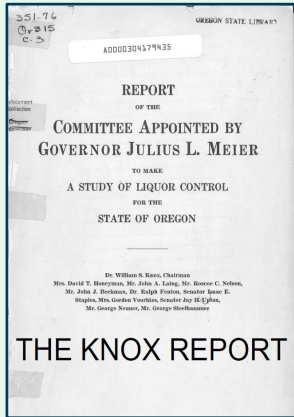
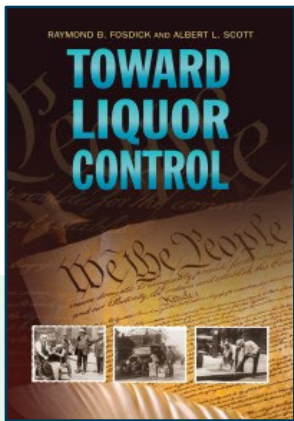
OLCC was founded in 1933, four days after the repeal of national prohibition.

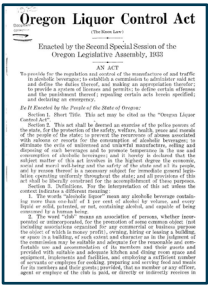
A new regulatory system for alcohol:

- based on the experiences of other countries and lessons learned during and before prohibition.

Main objectives:

- Abolish lawlessness
- Develop self-control and temperance – via regulation & education
- Limit the profit-motive, especially for high-ABV alcohol beverages / distilled spirits
- ▶ Oregon state monopoly in the distribution of distilled spirits.

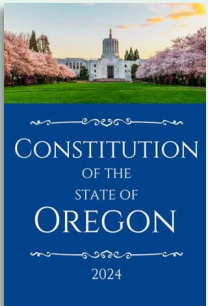




OREGON'S 1933 LIQUOR CONTROL ACT & OLCC'S PUBLIC HEALTH & SAFETY MANDATE

Statutory purposes: ([ORS 471.030](#) - excerpts)

<ul style="list-style-type: none"> Eliminate the evils of ... unlawful manufacture, sale, ... of [alcoholic] beverages. 	<ul style="list-style-type: none"> Prevent ... abuses associated with saloons
<ul style="list-style-type: none"> Protect the safety, welfare, health, peace, and morals of the people of the state. 	<ul style="list-style-type: none"> Encourage the development of all Oregon industry.



Constitution of Oregon: ([Section 39](#) - excerpts)

Promote:

- temperance in the consumption of alcoholic beverages
- and the consumption of lighter beverages

(language not amended since 1953) [LPRO 2021 background brief](#) – [The 1933 Act](#)



BALLOT MEASURE 91 (2014)

and the subsequent implementing legislation.

Legalization of the sale and use of recreational marijuana in Oregon

Statutory purposes (ORS 475C.001, excerpts)



- **To eliminate the problems caused by the prohibition** and uncontrolled manufacture, delivery and possession of marijuana within this state;

- **To protect the safety, welfare, health and peace of the people of this state** by prioritizing this state's limited law enforcement resources in the most effective, consistent and rational way [...]

THE CONTROL STATE MODEL

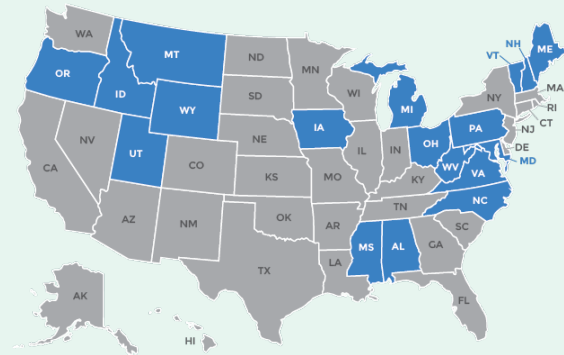
In Oregon:

- All distilled spirits are sold through the state-controlled wholesale system

- OLCC controls the number of liquor stores (currently: **285**)
- OLCC controls the price of distilled spirits
Same price statewide.

- **Oregon prices for spirits are the second highest** ([Tax Foundation 2024](#))

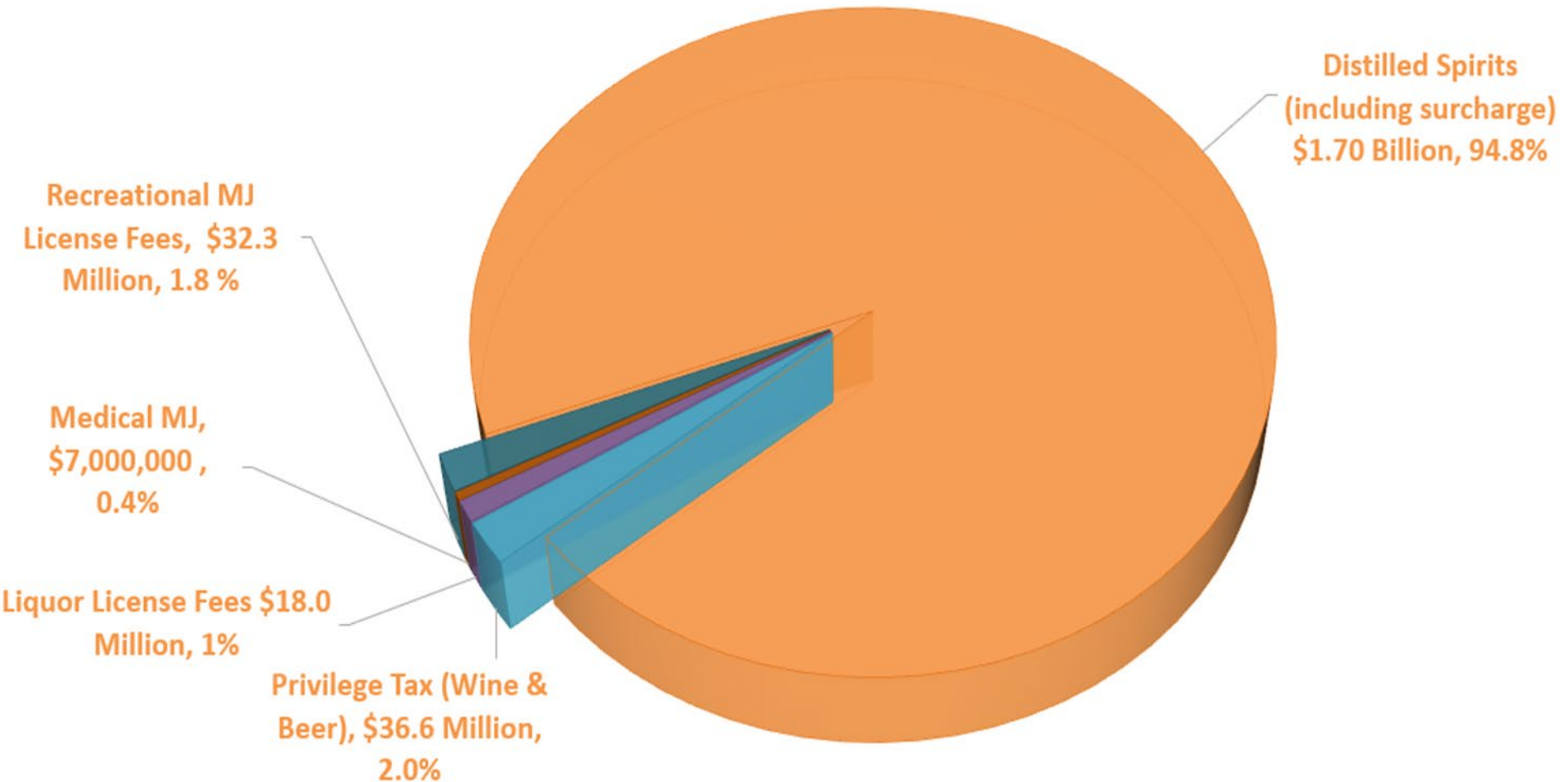
- Wine, Beer, & Cider sold through the state licensed entities



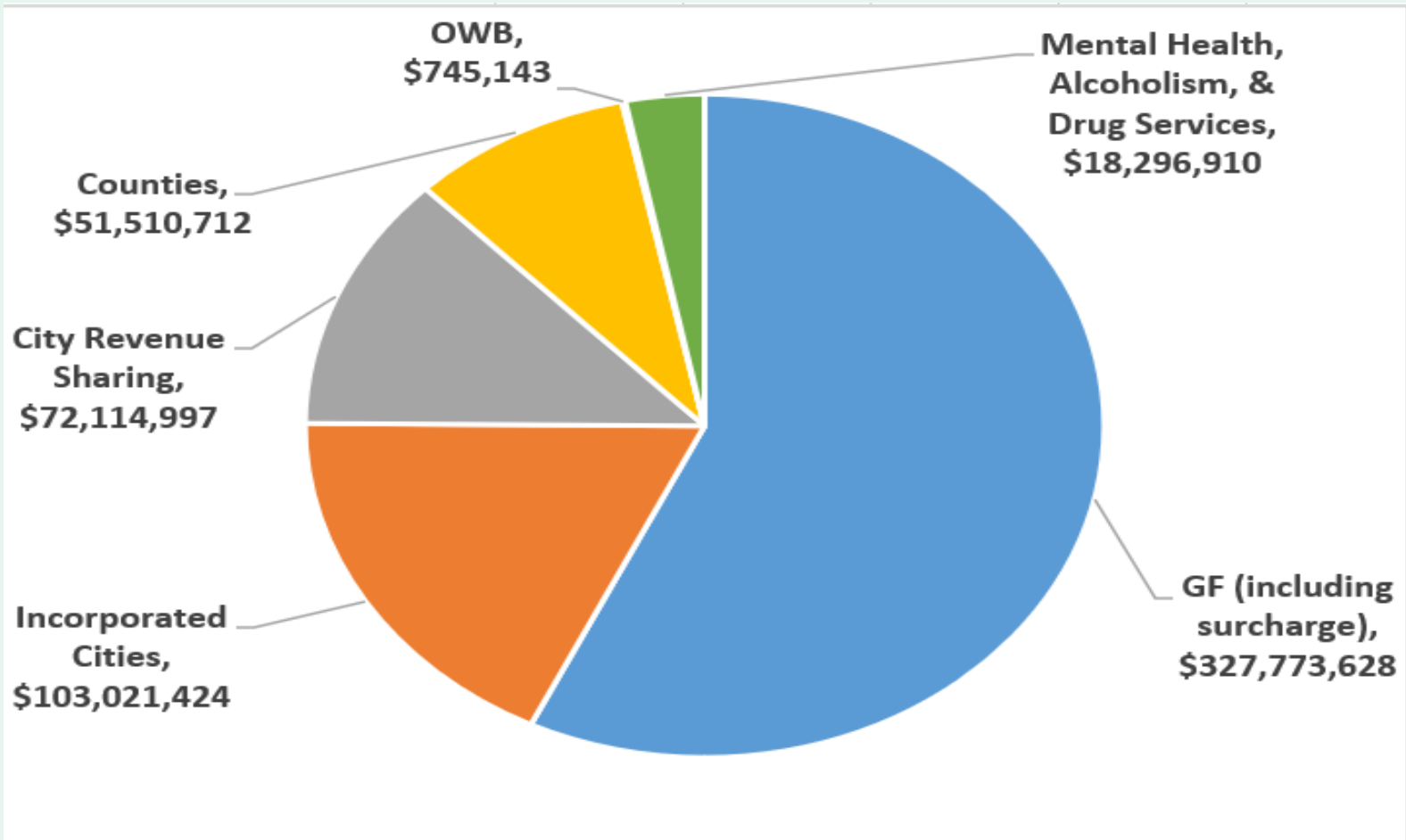
Oregon is one of 17 US States with a Control State Model

2023-25 PROJECTED GROSS REVENUE SOURCES

(MAIN REVENUE SOURCES – UPDATED MAY 2024)



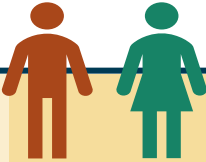
2023-25 PROJECTED DISTRIBUTION: \$573.5 MILLION OVERALL (DISTRIBUTION SET BY THE LEGISLATURE)



OREGON'S ALCOHOL PROBLEM & POLICY OPTIONS TO REDUCE HARM



Excessive drinking includes:



BINGE DRINKING

For MEN:
5 or more drinks on one occasion*

For WOMEN:
4 or more drinks on one occasion*

HEAVY DRINKING

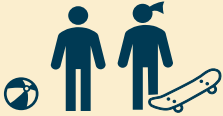
For men: more than 14 drinks per week on average



For women: more than 7 drinks per week on average



Any alcohol use during **PREGNANCY**



Any alcohol use **UNDER 21**

Defined in the 2020-2025 Dietary Guidelines for Americans

▶ *Even drinking within the recommended limits may increase the risk of death from various causes (including cancers & heart diseases)*

▶ **Drinking less is better for health than drinking more.**

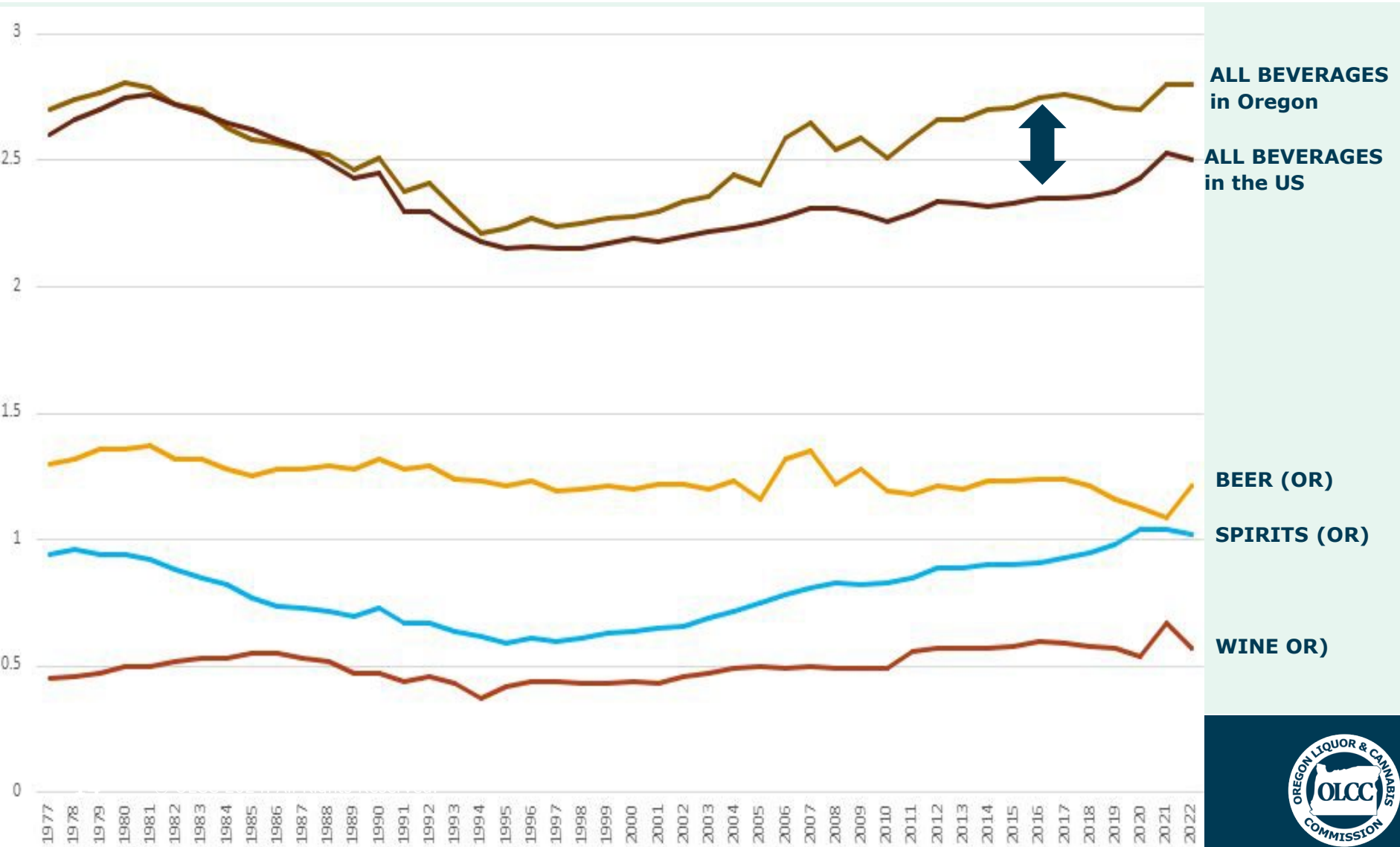


See also CDC fact-sheet - *One occasion = within 2 to 3 hours.

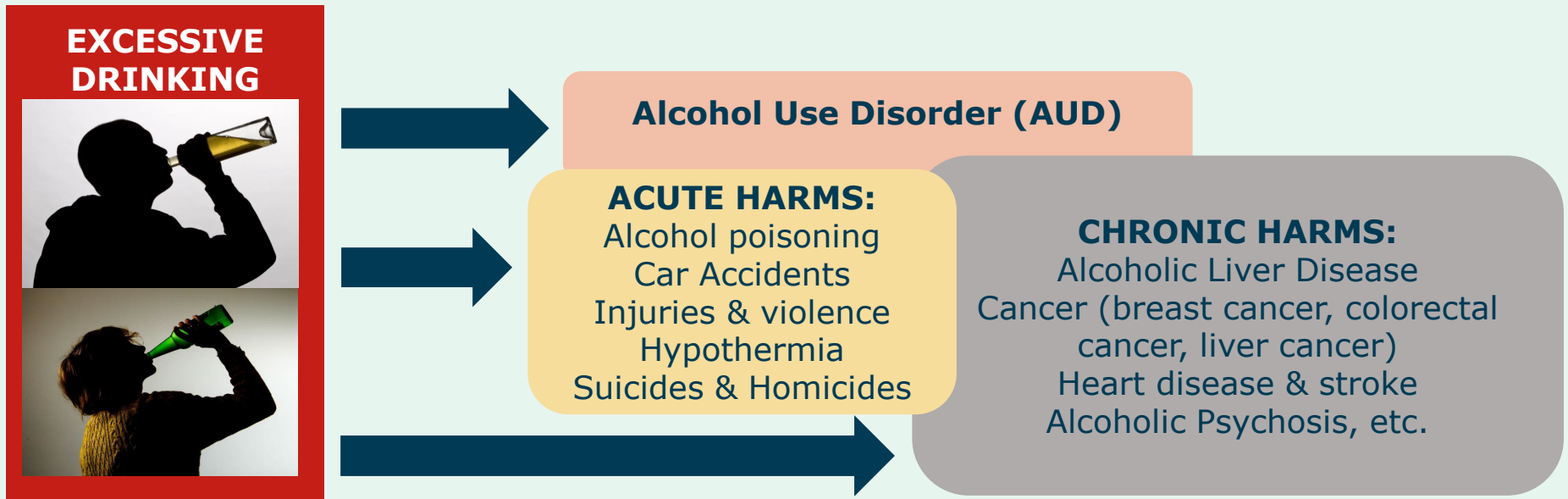


Average alcohol consumption per person Oregon & the US – estimation based on sales data.

[NIAAA report #121 \(released April 2024\)](#)



THE BROAD RANGE OF ALCOHOL HARMS



178000 deaths per year in the US (CDC)

29% increase between 2016-17 & 2021-22

More than 2500 deaths per year in Oregon (OHA)

A major driver of health inequity:

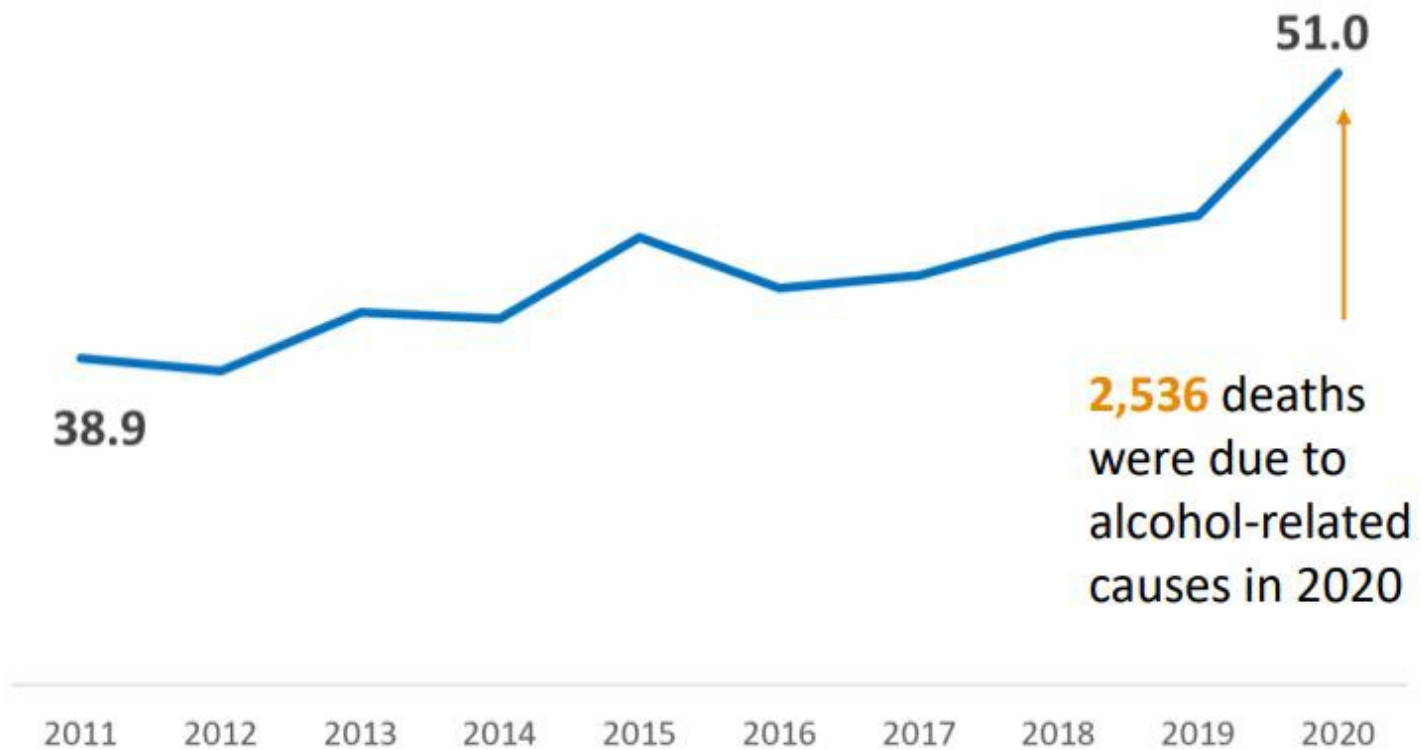
One liter of alcohol causes more harm to the poor than to the rich.

[Collins \(2016\)](#) [Katikireddi \(2017\)](#) [Boyd J \(2021\)](#) [SAHMSA \(2022\)](#) [CDC \(2024\)](#)



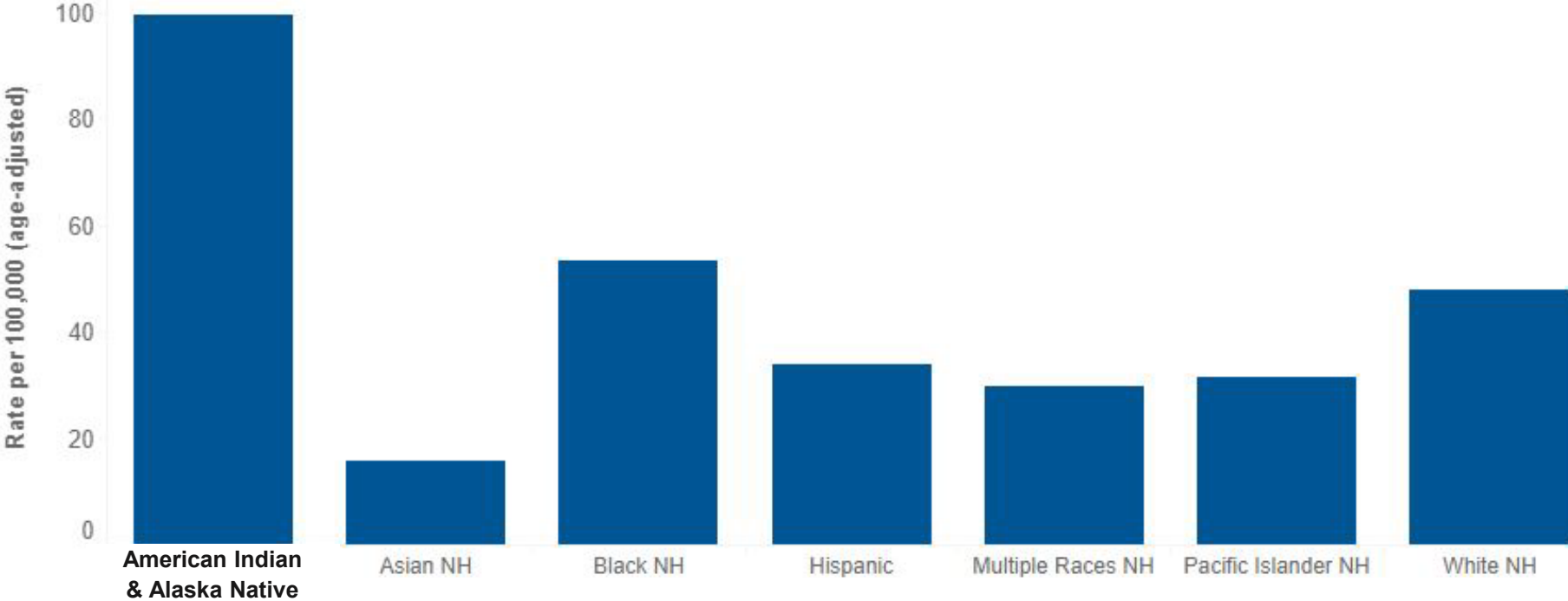
Alcohol-related death rate, Oregon, 2011-2020

Age-adjusted rate per 100,000 population



Source: Oregon Death Certificates

Alcohol Related Deaths by Race/Ethnicity, Oregon, 2017-2020



Alcohol-Induced Death Rate (2022)

Alcohol-induced deaths
 ► only include causes of death that are fully attributable to alcohol.

For example:

- Alcoholic Liver Disease
- Alcohol Use Disorder
- Alcohol Poisoning.

Age-adjusted death rates per 100,000 population

Source:

KFF analysis of Centers for Disease Control and Prevention, National Center for Health Statistics. Underlying Cause of Death 1999-2022 on CDC WONDER Online Database. Accessed 6/14/2024

1. New Mexico	42.7
2. Alaska	36.6
3. South Dakota	34.5
4. Wyoming	31.1
5. Montana	27.3
6. North Dakota	25.0
7. Colorado	24.5
7. Oregon	24.5
9. Nevada	20.7
10. Arizona	20.2
11. Oklahoma	19.3
12. Maine	18.5
13. Washington	18.4
14. Nebraska	18.1
15. Minnesota	17.8
16. New Hampshire	17.1
17. Idaho	17.0
18. Iowa	16.8
18. Vermont	16.8
20. Wisconsin	16.6
21. Tennessee	16.4
22. Kansas	15.6
23. California	15.5
24. Rhode Island	15.3
24. South Carolina	15.3
26. Indiana	15.1
27. District of Columbia	14.5
28. Delaware	14.1
29. Michigan	13.9
30. West Virginia	13.7

United States	13.5
31. Missouri	13.3
32. Mississippi	13.0
33. Kentucky	12.6
34. North Carolina	12.4
34. Ohio	12.4
36. Connecticut	12.0
37. Massachusetts	11.8
37. Utah	11.8
39. Florida	11.7
40. Arkansas	11.4
40. Illinois	11.4
42. Georgia	10.6
43. Texas	10.4
44. Virginia	9.6
45. Louisiana	9.3
46. Pennsylvania	9.1
47. Alabama	8.9
48. New York	8.8
49. Maryland	8.6
50. New Jersey	7.3
51. Hawaii	7.1

RECOMMENDATIONS TO PREVENT EXCESSIVE ALCOHOL USE



Community
Preventive Services
Task Force

SAMHSA
Substance Abuse and Mental Health
Services Administration

OLCC's role?

Increasing Alcohol Prices

(Minimum Unit Pricing, inflation-adjusted taxes, etc)

OLCC (distilled spirits)
& Legislature (wine, beer, & cider)

Prohibiting Sales to Minors

OLCC Education & enforcement
Including the Minor Decoy Program

Limits on: Days of Sale / Hours of Sale

Limits set by OLCC

Regulation of Alcohol Outlet Density

OLCC control
of Liquor Store locations

Dram Shop (commercial host) liability

Education, training,
& compliance (DUII investigations)

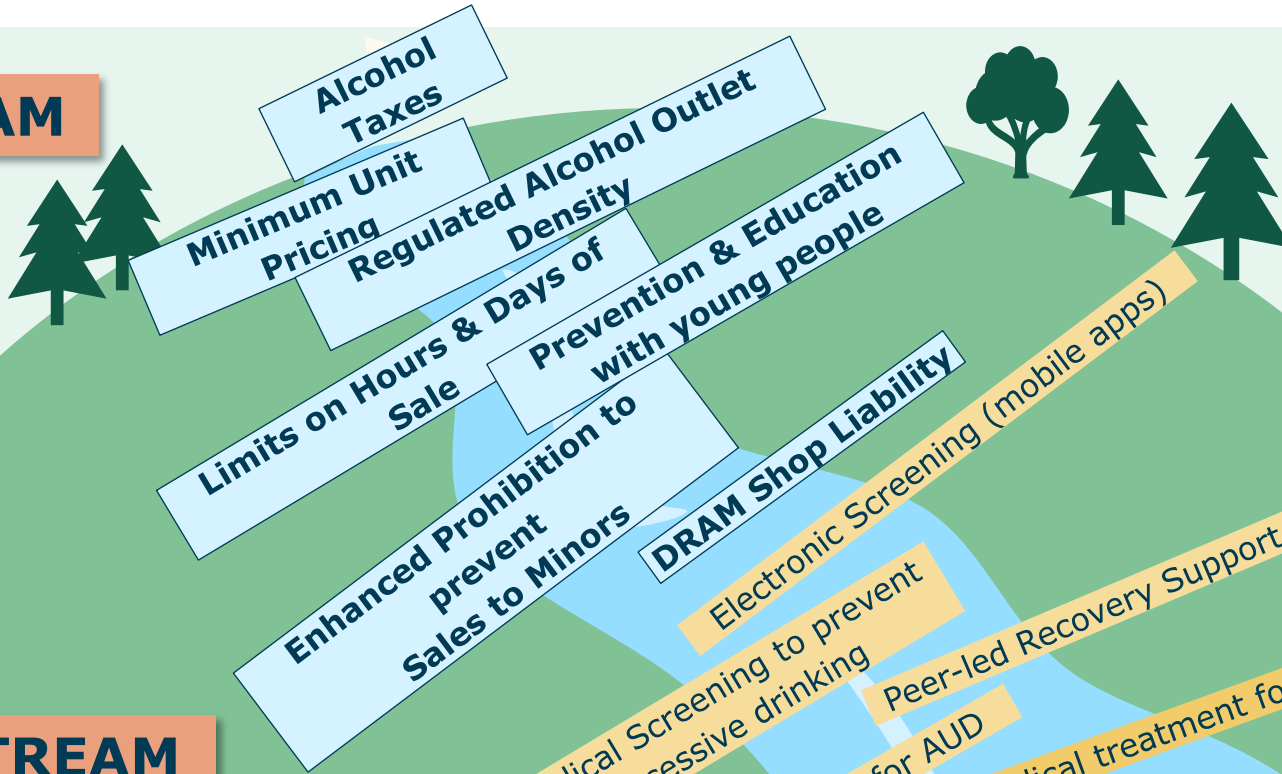
No Further Privatization of Alcohol Sales

N/A



THE RIVER METAPHOR

UPSTREAM



DOWNSTREAM

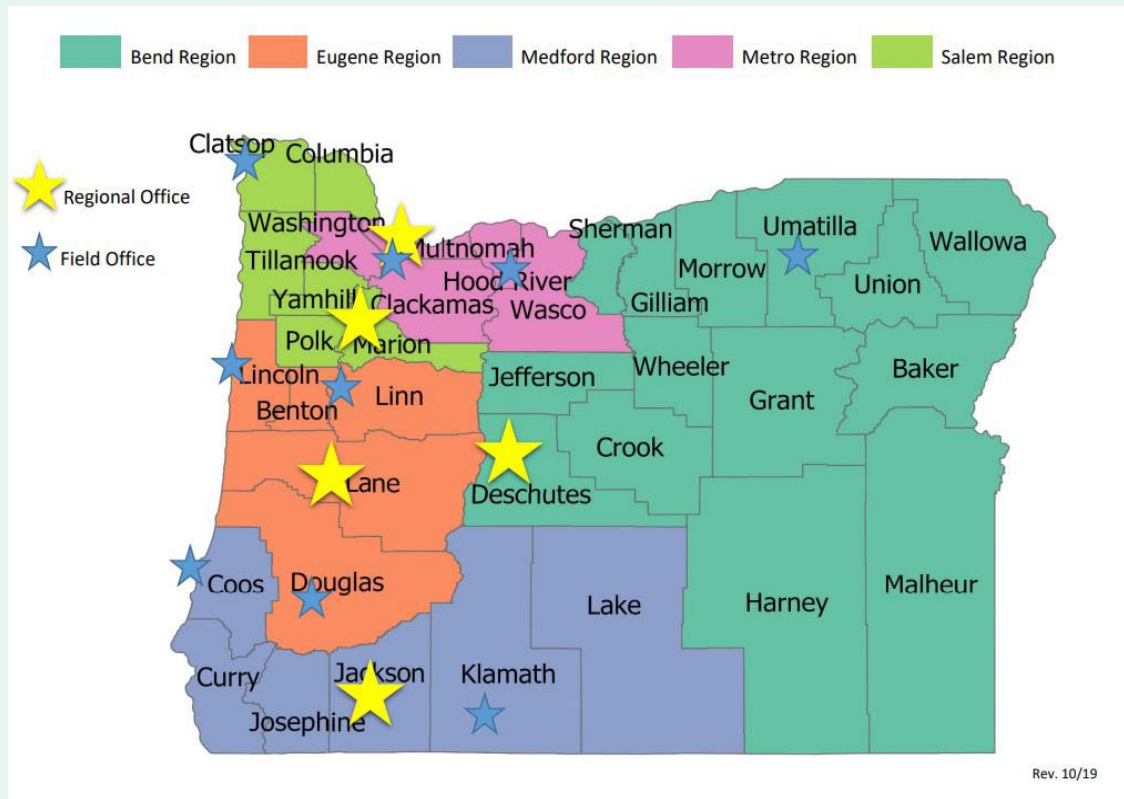


OLCC ACTION TO PROMOTE PUBLIC HEALTH & SAFETY



ONGOING EFFORTS TO VERIFY & ENSURE COMPLIANCE WITH OREGON LIQUOR & CANNABIS LAWS

- **EDUCATION, EDUCATION, & MORE EDUCATION!**
- **ONSITE INSPECTIONS**
- **FOLLOWING UP ON COMPLAINTS**
- **INVESTIGATIONS**
- **DISCIPLINARY ACTIONS**



- Involving OLCC Education services, the Regulatory Specialists (the OLCC Inspectors), & Administrative Hearings Division (AHD)

OREGON LAW

In Oregon, it is illegal to sell, serve, or give alcohol and recreational marijuana to:

- **any person under 21**
- **any person who is visibly intoxicated.**

[ORS 471.410](#) - [ORS 471.412](#) - [ORS 475C.329](#) - [475C.213](#)

* Narrow exceptions include:

- Alcohol provided by parents or guardians to their own minor children in a private residence.
- Sacramental wine consumed as part of a religious ceremony.

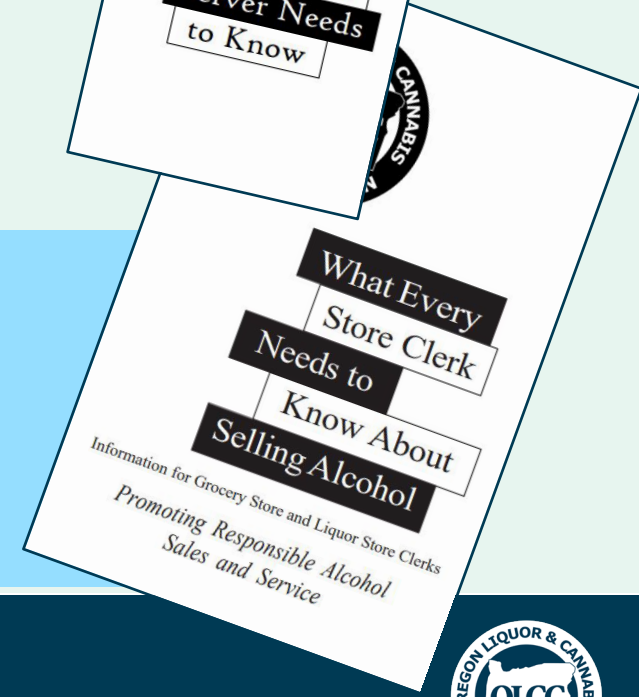
OLCC'S EDUCATION FIRST APPROACH

CORE FOCUS ON THE PROHIBITION OF SALES TO MINORS & TO VISIBLY INTOXICATED PERSONS

- Mandatory Alcohol Server Education (via an OLCC approved provider – renewed every five years)
- Focused training during First Call Inspections (for all new alcohol licensees) and as part of inspections.
- Training course for the Marijuana Worker Permit
- Law Orientation for Retailers, alcohol training materials for store clerks and for volunteer alcohol servers at special events

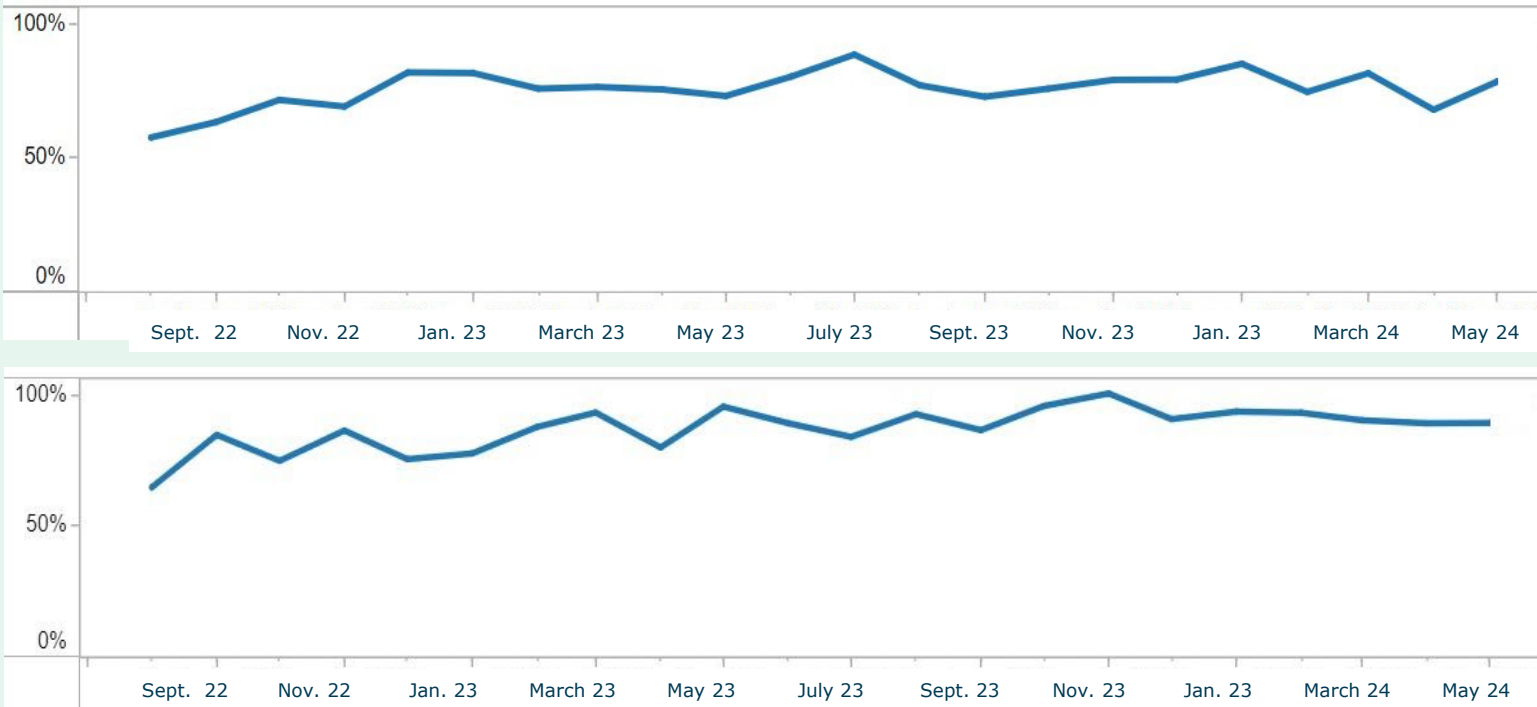


OLCC Inspectors offer ID Checking Classes upon request (more than 100 sessions in 2023)



OLCC COMPLIANCE: PREVENTING SALES TO UNDERAGE CUSTOMERS

Minor Decoy Operations between August 2022 and May 2024



**Overall
Passing
Rate:**

Alcohol
76%

Marijuana
87%



Restart of operations following Covid crises

Aiming for 90%, as set by legislature in 2020.





OLCC'S FLOOR PRICING POLICY FOR DISTILLED SPIRITS (SINCE 2021)

Increased the price of the lowest priced spirits sold in Oregon liquor stores.

- Recommended by CDC (2024) SAMHSA (2022), WHO (2022) and OECD (2021)
- OLCC set a "Minimum Price on Distilled Spirits by Alcohol Content (ABV) and Container Size"

Current Minimum Unit Price (MUP) in Oregon for each standard drink (0.6 fl oz of pure alcohol):

- **46 cents** when buying a 1.75-liter container (absolute minimum in Oregon).
- **50 cents** when buying a 750ml bottle
- **\$1.33** when buying a 50ml mini-bottle.



IMPACTS OF MINIMUM UNIT PRICING (MUP)

- Reduction in sales of the 112 impacted products compared with control groups of similar products. (OLCC evaluation, 2023)

2024 modelling by CDC researchers of the effects of a policy very similar to that of OLCC (only for distilled spirits). Increasing the MUP per standard drink to 45 cents:

- **Prevent 8.1% of alcohol-attributable deaths annually.** (Bertin, 2024)

2023 evaluation of Scotland's Minimum Unit Pricing policy:

- estimated to reduce alcohol-related deaths by 13.4% (particularly among men in the most socioeconomically deprived areas)

A major limitation:

OLCC minimum pricing only applies to distilled spirits.

Some consumers may have switched to beer, cider, and wine.

- Taxes & pricing regulations for beer, cider, and wine are set by the Legislature, not OLCC.

OREGON ALCOHOL PRIVILEGE TAXES & SURCHARGE SYSTEM



MALT BEVERAGES

- ▶ **8.4 cents** per gallon



WINE

- Up to 16% ABV
- ▶ **67 cents** per gallon

- 16% to 21% ABV
- ▶ **77 cents** per gallon

(Exemption for small wineries)



DISTILLED SPIRITS

Retail price set by OLCC
(about 105% above cost on
average per LRO)

See OLCC markup formula
and Floor Pricing for details.

Tax rates for beer, wine, & cider
are set by the Legislature

OREGON EXCISE TAXES & SURCHARGES: ABOUT HOW MUCH PER UNIT?



Tax rates for beer, wine, & cider are set by the Legislature

Source: Beer, Wine, & Spirits: ECONorthwest calculations based on 2019 data
Published in [Economic Analysis of Excessive Alcohol Consumption in Oregon](#) (page 20), 2021
Marijuana: estimate based on 1g of marijuana sold for \$4 (17% tax)
Cigarettes: Oregon taxes are [\\$3.33 per pack of 20](#).



EMERGING OUTLIER PRODUCTS

Some newer products challenge classical definitions of alcohol types
Beer (Malt Beverage) / Cider / Wine / Distilled spirits

Examples:

Smirnoff Ice

Brand name might suggest it is manufactured with Smirnoff vodka, yet its alcohol base is made of a **fermented malt base** then mixed juice and other ingredients. Only the fine print reveals its actual base ingredients.

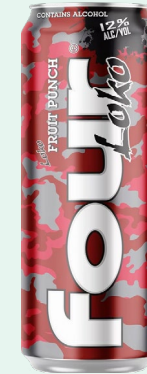
► It falls within Oregon's definition of malt beverage due to its brewing process and ABV content.

Four Loko

Appears to be an energy drink (though it no longer contains caffeine), but in fact has a malted alcohol base. Sold in Oregon in very large cans (23.5 fl oz) with 13.9% ABVs

Contrasting Example: **Jack Daniels Ginger Ale** (7% ABV)

► Clearly states its alcohol base, and clearly falls within distilled spirits classification.



HB 3610 TASK FORCE ON ALCOHOL PRICING AND ADDICTION SERVICES



Chaired by **Representative Tawna Sanchez**
20 members (including Annaliese Dolph)
Staff support by **OLCC**

To study:

- benefits and drawbacks of imposing taxes on beer and wine
- alcohol addiction and prevention; cost of alcohol addiction to state;
- current overall funding and distribution of resources for alcohol addiction treatment;
- additional funding options for alcohol addiction treatment;

► **Report to the Legislative Assembly by September 15, 2024**

Learn more:

[Task Force page](#) (found on the [OLCC Website](#) via Quick Links ► Public Meetings ► HB 3610 Task Force)

CANNABIS: DAILY SALES LIMITS, SERVING SIZES, & PRODUCT SAFETY

A retailer may not sell more than the following amounts to a recreational customer **at any one time or within one day:**



 The OLCC is committed to enforcing child-resistant packaging laws.

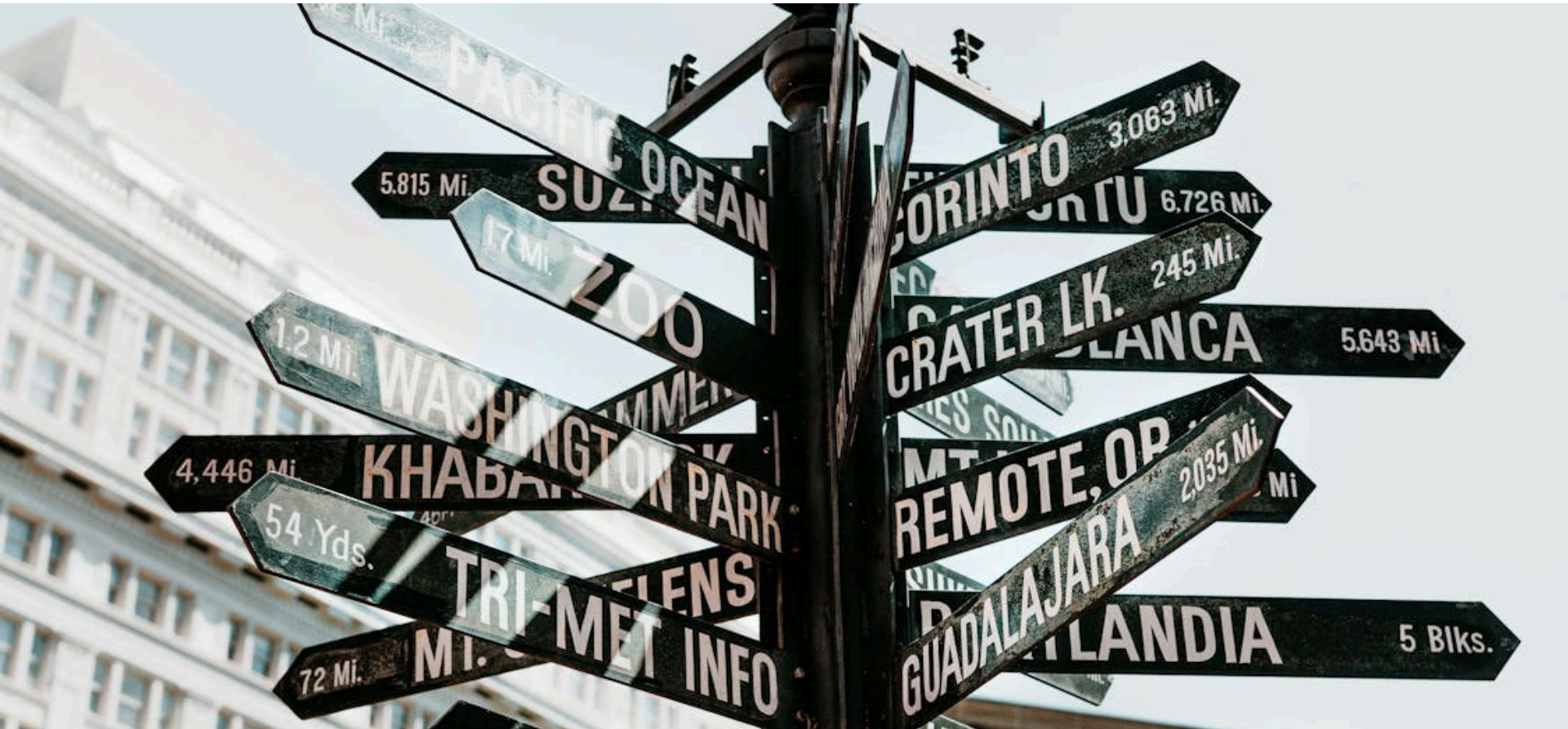
- Generally aligned with legal possession amounts - except for extract and concentrate daily limits that are **lower** than legal possession amounts.
- Since April 2022: new requirement on Marijuana edibles to set a **clear standard serving size of 10 mg of THC.**
- Random Marijuana Product Testing Policy & RECALLS.

<https://www.oregon.gov/olcc/marijuana/Documents/Posters/PurchaseLimitsPoster.pdf>

OLCC'S NEW STRATEGIC PLAN FOR 2024-2028



THE NEW OLCC STRATEGIC PLAN FOR 2024-2028 (CURRENTLY BEING FINALIZED)



NEW DIRECTIONS & STRATEGIC PRIORITIES

OLCC NEW STRATEGIC PLAN EXTENSIVE CONSULTATIONS

INTERNAL CONSULTATIONS:

93 People at all Levels

48 Staff 15 Managers
16 Supervisors 11 Executive Team members
3 Commissioners (& discussion with full Commission)



EXTERNAL CONSULTATIONS:

33 individuals - 22 Organizations/Entities Represented

Governmental/Public Service Organizations

1. **Alcohol and Drug Policy Commission (ADPC)**
2. Association of Oregon Counties (AOC)
3. League of Oregon Cities (LOC)
4. Oregon Association Chiefs of Police
5. Oregon Recovers
6. Oregon Beverage Recycling Cooperative
7. Oregon Legislative Fiscal Office (LFO)
8. Oregon Department of Agriculture
9. Oregon Department of Revenue
10. Oregon Dept of Administrative Services
11. Oregon Wine Board
12. Select Oregon Senators & Representatives

Private Companies/Organizations

1. Cannabis Industry Alliance of Oregon (CIAO)
 2. Columbia Distributing
 3. Hemp Growers of Oregon
 4. Micro Producer
 5. National Alcohol Beverage Control Assoc.
 6. NuProject
 7. Oregon Beer & Wine Distributors Association
 8. Oregon Coalition of Local Health Officials
 9. Oregon Distillers Guild
 10. Oregon Restaurant and Lodging Association
 11. Retail Agents (Associated Liquor Stores of Oregon + Town Hall)
- Coquille Tribe Representative



REVISED OLCC MISSION STATEMENT

Previous:

Support businesses, public safety, and community livability through education and the enforcement of liquor and marijuana laws.

Updated:

OLCC oversees access to alcohol and cannabis products in Oregon through education, regulation, and distribution of distilled spirits, **with the goal of protecting public health and safety**—while supporting responsible Oregon businesses and generating revenue for local and state agencies.

REVISED OLCC VISION STATEMENT

To be recognized as a model in management and regulation of alcohol and cannabis, with measurable success in reducing harm, fostering responsible business practices, and supporting economic development.

To accomplish our vision we will:

- Act at all times with transparency, integrity, equity and respect, reflecting our dedication to our staff, licensees, and the communities we serve.
- **Promote health and safety through evidence-based policies, quality education, and collaboration with our public health and recovery community partners.**
- Ensure diligent, fair enforcement of all laws and rules designed to protect and guide consumers and businesses, including Oregon's Bottle Bill.
- Create and sustain innovative, robust systems and processes to support Oregon's alcohol, cannabis and related industries.
- Efficiently generate revenue to fund local and state government programs and services.
- Provide outstanding and responsive customer service, with a focus on operational effectiveness and continuous improvement.
- Cultivate an inclusive, diverse, and equitable environment for our workforce, emphasizing a culture rooted in excellence and teamwork.

KEY PUBLIC HEALTH & SAFETY GOALS 2024-2028

- Improve training for both alcohol and cannabis licensees and permittees – updating public health component and tracking effectiveness and impact.
- Further improve efforts to prevent:
 - use of alcohol and cannabis by minors (incl. Minor Decoy Operations)
 - sales to Visibly Intoxicated Persons
- **Further engagement with ADPC and other partner agencies and community groups to coordinate effective public health efforts.**
- Build out and transition all distilled spirits distribution to the new Canby warehouse by 2026 – a core component of the Control model.



ARE YOU INTERESTED IN HELPING THE OLCC DRAFT RULES AND POLICIES?



- **Learn about OLCC rulemaking process!**
https://www.oregon.gov/olcc/docs/publications/Rulemaking_Process.pdf
 - See recent and upcoming OLCC Rule Hearings & Advisory Committee Meetings:
https://www.oregon.gov/olcc/pages/rule_hearings.aspx
 - Sign-up to be automatically notified on Rules Hearings here: <https://public.govdelivery.com/accounts/OLCC/subscriber/new> (select: Rule Hearings - Hearings on Proposed Rule Actions)
- The **OLCC Cannabis Advisory Committee** is currently welcoming applications (deadline: Friday, June 28, 2024) - see (top of the page): https://www.oregon.gov/olcc/pages/rule_hearings.aspx
- The 2024 **OLCC Alcohol Advisory Committee application** will very soon be published! Watch this space: https://www.oregon.gov/olcc/pages/rule_hearings.aspx



OLCC is committed to maintain a high level of inter-agency cooperation and engagement with community representatives.



Craig Prins
OLCC Executive Director

THANK YOU!



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