

due to increased field compliance.

The Governor's Budget makes some staffing changes related to long-term vacant positions, but adds positions in the Human Resources division to enhance the agency's ability to recruit and on-board employees, adds additional Information Technology support staff, invests in a permanent liquor auditor position, and provides the resources necessary to operate and maintain the new privilege tax system. The Governor's Budget provides for an additional thirteen positions for marijuana business licensing activities to help address a backlog in the licensing of those businesses. The budget provides the Agency with resources necessary to accompany a legislative concept providing OLCC with the authority to regulate CBD vaping products. Finally, the Governor's Budget increases funding to update the compensation formulas for both liquor store agents and distillery agents.

REVENUE SUMMARY

Alcohol Related Revenues

The OLCC receives revenues from multiple sources; the three major contributors are the sale of distilled spirits, privilege taxes on malt beverages and wines and licensing fees. After subtracting the cost of distilled spirits, freight, a reserve for encumbrances and the agency's operating expenditures, surplus proceeds from sales, taxes, fees, and fines are allocated as follows:

- Privilege taxes on beer and wine sales: Two cents per gallon of wine tax is distributed to the Oregon Wine Board; the balance is allocated 50 percent to fund Oregon Health Authority addiction and mental health programs, 28 percent to the General Fund, 10 percent to cities based on population, five percent to counties based on population and seven percent to cities based on a revenue sharing distribution formula.
- Revenues from liquor sales, license fees, civil penalties and fines, and miscellaneous revenues: 56 percent to the General Fund, 20 percent to cities based on population, 10 percent to counties based on population and 14 percent to cities based on a revenue sharing distribution formula.

On October 15, 2020, the Commission voted to extend its \$0.50 surcharge on distilled spirits through June 30, 2023. Based on the current OLCC forecast, this surcharge is expected to generate an additional \$41.2 million in revenue for the General Fund during the 2021-23 biennium, and this amount has been included in the state revenue forecast published by the Office of Economic Analysis on November 18, 2020.

The Governor's Budget includes an additional \$0.25 surcharge on the sale of distilled spirits for the period beginning July 1, 2021, estimated to generate an additional \$20.4 million in General Fund revenues.

Marijuana Related Revenues

OLCC's Recreational Marijuana Program is funded by marijuana application and license/permit fees and fines. Revenues support the marijuana program as well as the program's proportional share of agency-wide shared management, support staff, and expenses. The agency estimates it will receive \$27.0 million in marijuana revenues in 2021-23, up slightly from revenues in 2019-21.