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Summary

The Oregon Liquor Control Commission is a relic of the Prohibition Era that has outlived its purpose. Oregon should join the 32 other non-control states by privatizing the distribution and sale of distilled spirits.

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“Arguments for abolishment are stacking up against the Oregon Liquor Control Commission (OLCC), with little justifiable reason to defend its existence.”

Prohibition's over, the OLCC should go now

By Aaron Davis and Angela Eckhardt

Arguments for abolishment are stacking up against the Oregon Liquor Control Commission (OLCC), with little justifiable reason to defend its existence. Growing discontent has resulted in a coalition of interests seeking to dismantle the OLCC and privatize the distribution and sale of distilled spirits— through lawsuits, legislation or perhaps an initiative.

Among the most vocal are Oregon's liquor storeowners, or “contract agents.” The OLCC regulates hours of operation, store location, liquor prices, amount of inventory, breadth of products offered for sale, and even the storeowners' work hours. Although contract agents must abide by the full labyrinth of OLCC regulations, they do not enjoy any of the financial benefits or liability protection normally associated with state employment.

Frustration with these policies has been mounting, leading some agents to seek legal recourse. One lawsuit, involving liquor storeowner Mark Karson of Portland, claims that the OLCC violated a written contract it had with every agent in the state—a contract storeowners must sign in order to operate in Oregon.

One year before the contract expired, the OLCC informed contract agents there would be a small change in the wording—instead of store licenses “will be renewed” the OLCC substituted “may be renewed.” Essentially, the OLCC gave itself exclusive discretionary power to put a store out of business, with or without sufficient reason.

Exasperated by this further extension of authority, Karson decided to sue the OLCC. David Nepom, his attorney, explains, “The state wants to treat contract agents as independent contractors when, in fact, they control the method and manner of their work so they should have employee status. They should be treated as one or the other. They enjoy the benefits along with the responsibility of being independent business owners, or they receive appropriate benefits associated with state employment.”

Karson seeks to have the court declare him an employee, and determine what he is entitled to in the form of lost retirement benefits, overtime wages, unpaid salary and other benefits he would ordinarily receive as a state employee.

Pete Grapel, a contract agent in Eugene, is currently involved in another lawsuit contesting the OLCC's use of undercover minors in "stings" to catch businesses selling alcohol to underage people. Although it is illegal for minors to attempt to purchase alcohol, the OLCC continues to break the law by using them as decoys in their operations.

Others have taken the battle to the legislature. A campaign to educate legislators on the abuses of the OLCC is underway in conjunction with Senate Bill 909, which would privatize most of the commission and get the state out of ordering, warehousing and distributing liquor. If the bill fails, interested parties are prepared to file an initiative to dismantle the OLCC completely.

Other states that have gotten out of the liquor business have had good results. Though some worry privatization of distribution and sales would lead to increased drunk driving, evidence suggests otherwise. A 1997 study by Pennsylvania's Commonwealth Foundation, *Privatization of Liquor Stores: No Threat to Public Safety* details the experiences of Iowa, Ohio and West Virginia—the states that most recently abandoned government monopoly control over liquor sales. These states showed a decrease in alcohol-related driving fatalities and in alcohol-related fatalities as a percentage of total driving fatalities.

Privatization of the liquor industry could greatly benefit Oregon consumers. As the law stands, there is no incentive to act in the interest of consumers because the commission sustains a monopoly on the liquor industry. Abolishing the commission would foster competition, lead to improved efficiency and customer service, and allow the market to set liquor prices.

Responsible adults should be able to enjoy convenience and choice when purchasing alcohol. In California and many of the 31 other non-control states, residents can purchase liquor in privately owned and operated stores, including grocery stores. These non-control states show that the OLCC's regulations unnecessarily intrude on the peaceful, voluntary behavior of individuals.

Oregon has an antiquated system in need of reform, and privatization is a reasonable answer. The OLCC was born in 1933 at the end of the Prohibition Era, based on the fear that bootlegging of alcohol would continue without state control. Clearly, the state agency has outlived its original purpose.

Still, the primary reason for abolishing the OLCC should be an ethical one. In a free society, the government's role is to protect life, liberty, and property—not operate liquor warehouses and sell liquor for profit.

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