

Impact of Washington State Initiative I-1183 (alcohol privatization): What does Oregon need to know?

Multnomah County Commissioners' Meeting

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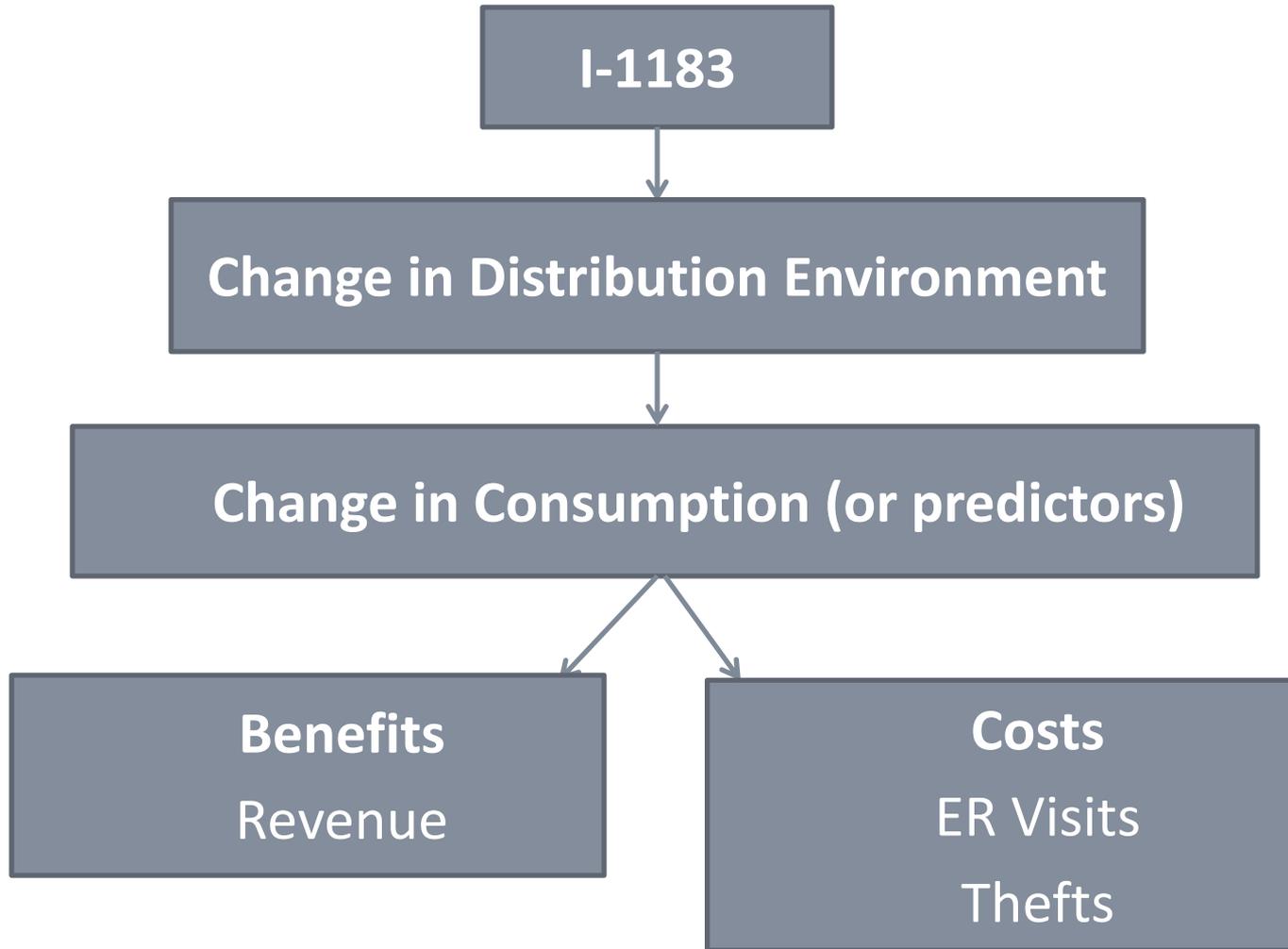
Background: Change in Law

- **I-1183**: “privatized” alcohol distribution (Nov 2011) – moving away from best practices for prevention
- Initiative promised benefits
 - More revenue for state and local jurisdictions
 - More convenience for consumers
 - “getting government out of liquor business”
- Other considerations
 - Restrictions to protect youth
 - No consideration of public health/social impacts

Methods

- Applying rigorous research methods to understand the impacts
 - Mainly trends in existing data systems in Washington, with Oregon as a comparison group
 - Varied timeframes for data availability
 - Informs continued policymaking, including in Oregon

Model for Change



Summary of Findings to Date

I-1183

Changing Spirits Sales Laws & Policies

May 2012 and before...



June 2012 and after...



When you buy 2 Quarts

Captain Morgan Spiced Rum
or Wild Turkey,
Selected Varieties,
750 ml
13.99
With Card

Black Velvet
1.75L Bot or
Sable 3.75L,
750 ml
15.99
With Card

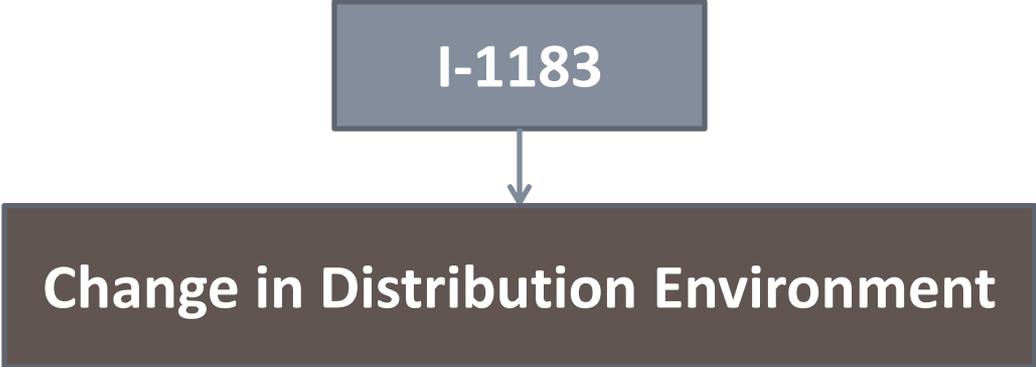
Coca-Cola, Pepsi or 7UP
Selected Varieties, 12 pk,
12 oz Cans or Coca-Cola
or Pepsi 8 pk, 12 oz Bottles
2\$9
for
With Card

Gatorade or G2
Selected Varieties,
8 pk, 20-oz Bottles
5.49
With Card



Summary of Findings to Date

I-1183



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Change in Distribution Environment

Spirits Distribution Environment

1-2 years after the change in law

- Increased number of spirits retailers
 - 328 to 1400+
- Increased potential maximum hours of sale
 - 73 to 140
- Similar resources for enforcement
 - # of LCB officers
- Similar compliance rate for spirits sales checks
 - 90%+ refuse sales to undercover minors

Summary of Findings to Date

I-1183

Change in Distribution Environment

- Change in Consumption (or predictors)

Alcohol Consumption & Predictors of Consumption

Youth: 5 months after change in law

Overall, youth alcohol use & binge drinking continue declines similar to recent trends & the US trend (but slight increases in days of drinking for older boys)

- Fewer youth believe alcohol is wrong & fewer perceive anti-alcohol beliefs among peers, parents (no change in general community)
- More high school youth say alcohol is “very easy” to get if they want some
- More youth say drinking alcohol *every day* is “risky”

Alcohol Consumption & Predictors of Consumption

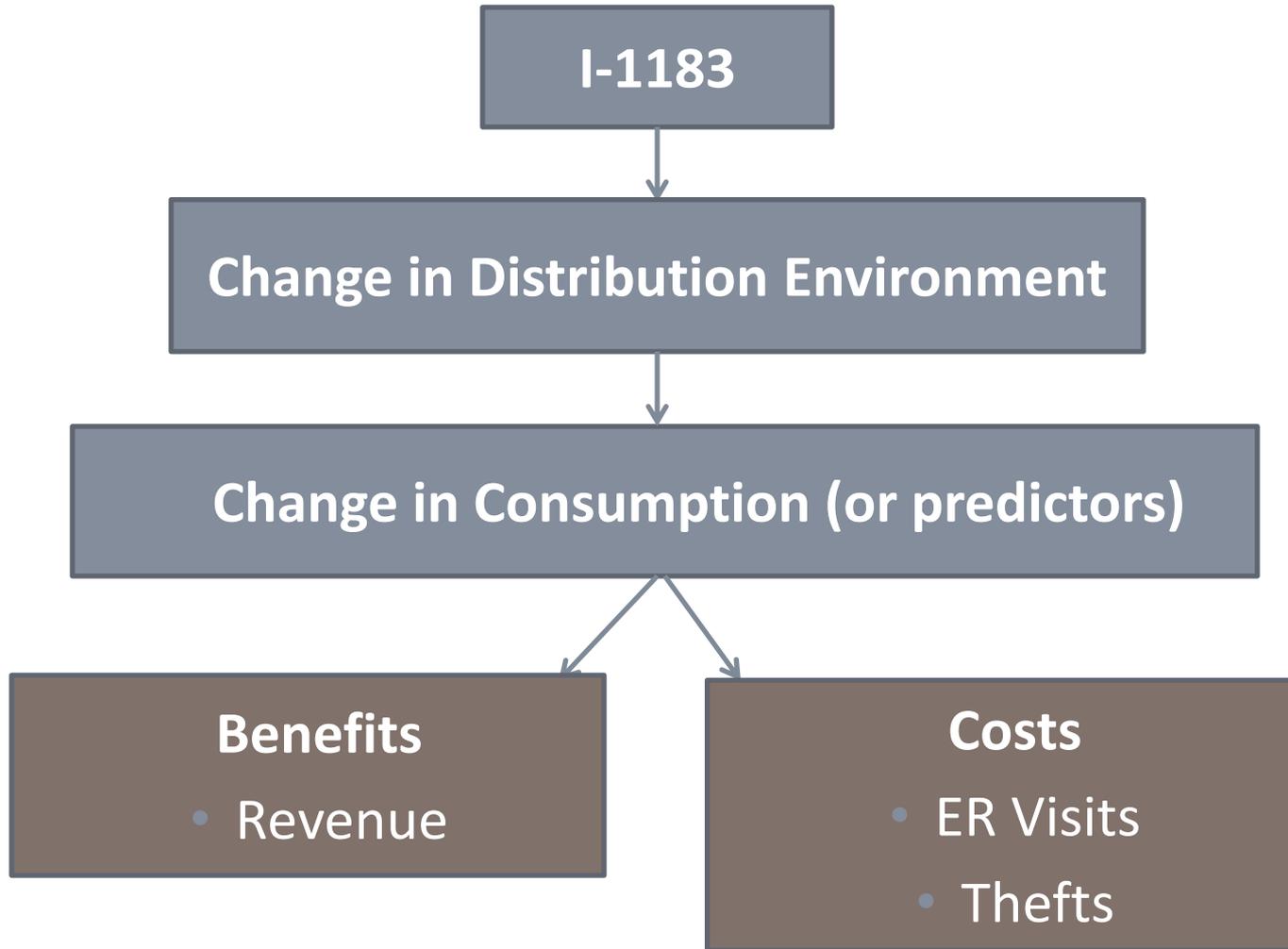
Adults - 7 months after change in law

- Overall, small but statistically significant increase in “any drinking” (59.5% to 61.4%)
- Increases in maximum number of drinks among men (by about .5 drinks)

General population Spirits Sales - 16 months after change in law

- About 1.1 million “extra” liters of spirits sold in Washington State by off-premise retailers (a 3-4% increase overall)
- Underestimates real distribution by about .7 million due to lost military system sales

Summary of Findings to Date



Benefits: Revenue

Tax Revenue - 16 months later

- Estimated “extra” \$30.9 million in revenue for off-premise sales
 - loss of about \$6.9 million in revenue for on-premise sales

Fee Revenue - 16 months later

- Similar annual revenue from fees (new fees replaced old State Liquor Board “markup”)

Net gain in spirits revenue about \$24 million

Costs: Emergency Department Visits

- Used data from King County (all residents) and Medicaid (minors) to examine trends in alcohol-related Emergency Department (ED) visits pre- and post-law (June 2012)
- **Statistically significant increases in ED visits for alcohol-related conditions post-privatization**
 - Minors (teens and young adults <21)
 - Men and women ages 40+
- In King County, an estimated excess 5,500 ED visits in the 16 months following privatization – approximately 50% greater than expected

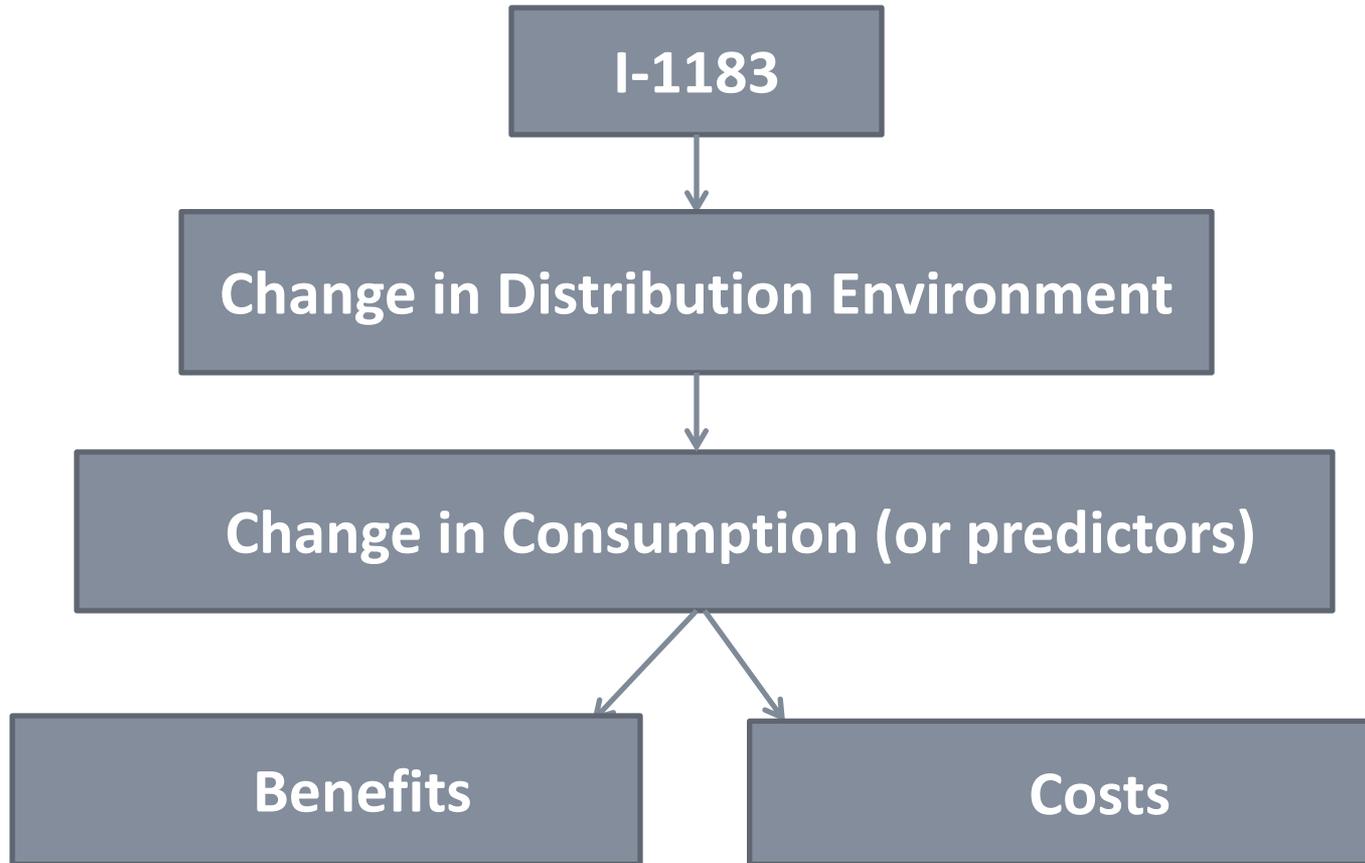
Costs: Alcohol Thefts

- No systematically collected data available
- Used four sources to summarize what is known
 - Media Story Analysis, Police reports, Stakeholder survey, High school norms survey
- Themes
 - Dramatic increase from low theft rate pre-1183;
 - “it’s easy to steal”
 - Organized thefts for resale
 - Stores avoid intervention: some danger for store staff, reporting to police not worth the effort
 - Teens stealing for distribution
- Conclusion: **thefts are a substantial problem resulting in increased spirits access and lost revenue**

Unclear impact: DUI and Alcohol-related Fatal Crashes

- Counts of DUI arrests and Fatal Crashes declining – similar to historical and national trends
 - Some research indicates decreases alcohol crashes associated with increased density of off-premise alcohol retailers
 - DUI arrests correlated with enforcement capacity, increased use of “ignition interlock devices”
 - Traffic fatalities associated with overall road safety, weather, emergency response system performance
 - Conclusion: **DUI/crash impacts inconclusive (for now)**

Summary of Findings to Date



Is privatization good or bad?

Interim study findings: Balancing Impacts of I-1183

Benefits

- Money



Costs

- Emergency Dep't Visits
- Alcohol Thefts

What do Oregon citizens need to know?

- Impacts would be associated with the specific changes in law
- How would proposed changes in Oregon law affect
 - **Availability** (locations of stores, placement and type of products within stores, time/day of sale)?
 - **Price?**
 - **Enforcement** (especially sales to minors, shoplifting)?
 - **Advertising** (promotion of products, “party game” accessories)?

Continued Study through 2015

- Next data releases (December 2014)
 - Hospitalization
 - Deaths
 - Births
 - Traffic
 - Crime
 - Alcohol treatment
 - Sexually transmitted disease
 - Updated adult consumption
- Updated youth consumption in March 2015

Thank you!

Please contact for questions or more information

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