

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

*Multnomah County Commissioners' Meeting*

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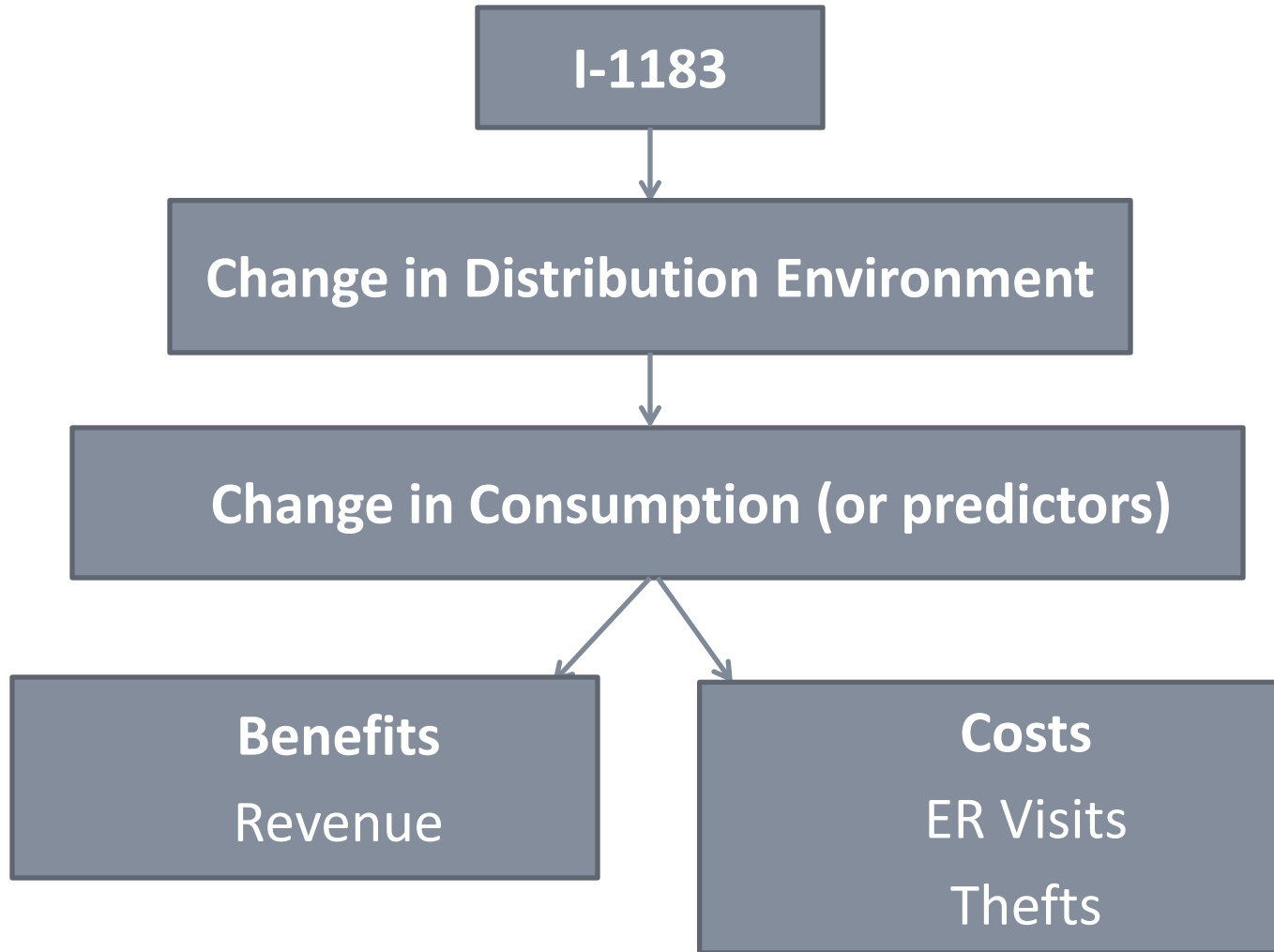
# Background: Change in Law

- **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...



# Summary of Findings to Date

I-1183



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**Change in Distribution Environment**

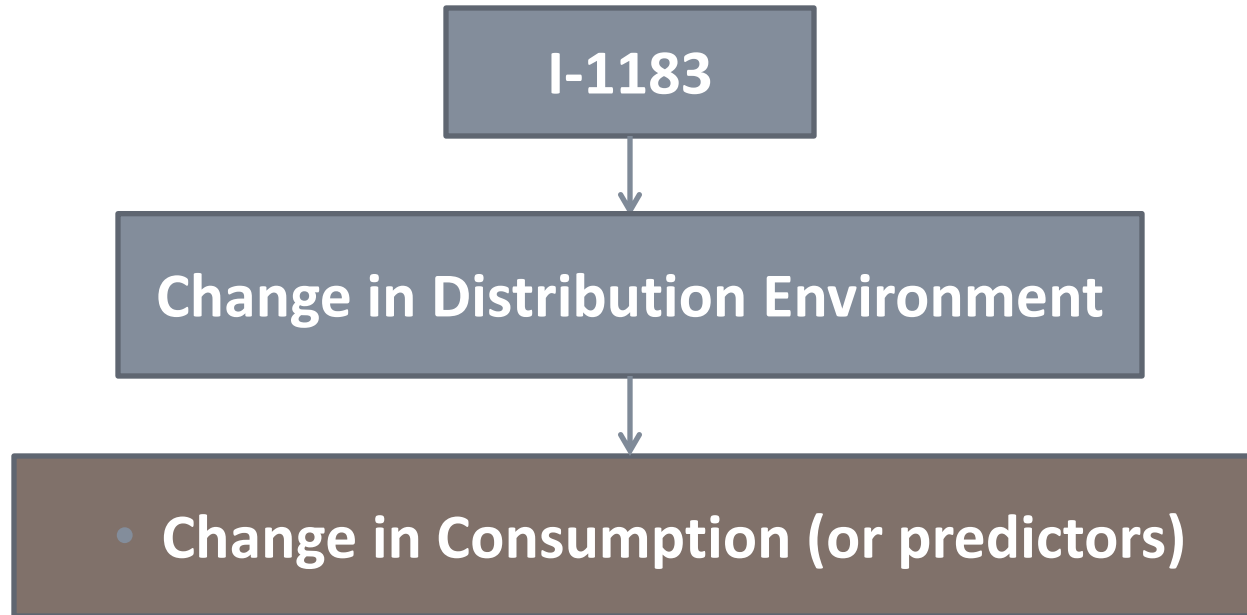


# Spirits Distribution Environment

*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



# 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

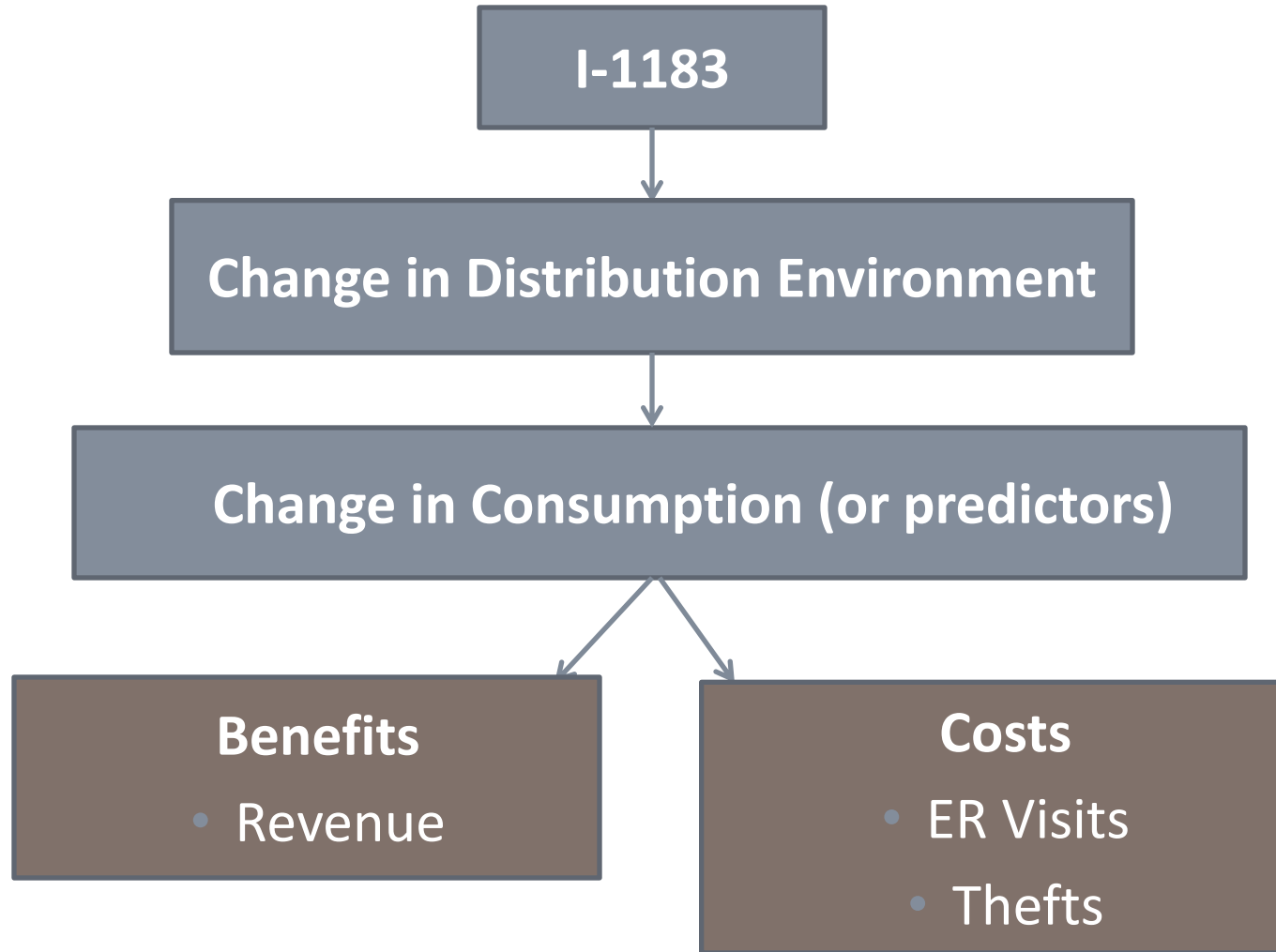
## *Adults - 7 months after change in law*

- 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

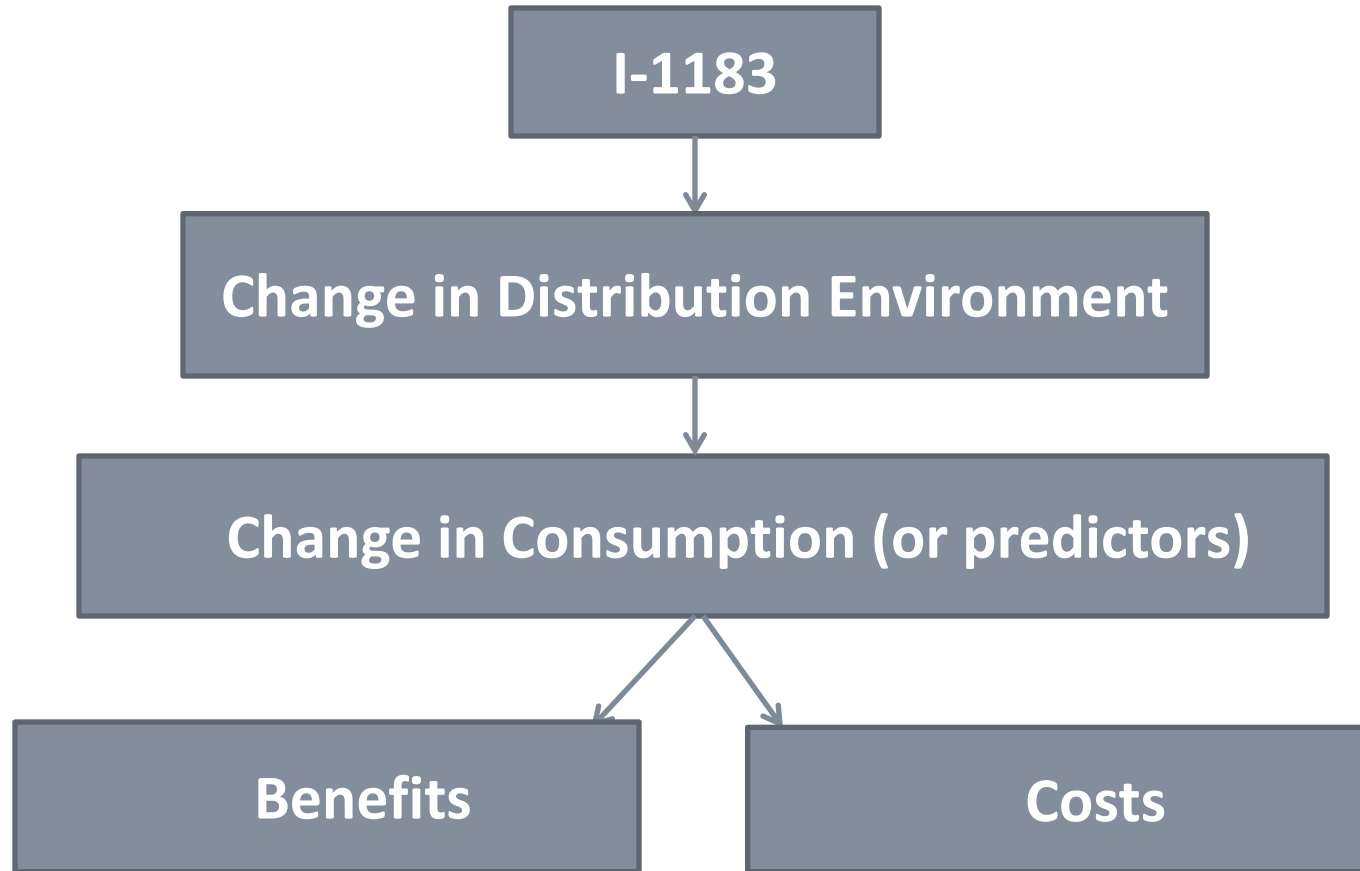
- No systematically collected data available
- Used four sources to summarize what is known
  - Media Story Analysis, Police reports, Stakeholder survey, High school norms survey
- Themes
  - Dramatic increase from low theft rate pre-1183;
  - “it’s easy to steal”
  - Organized thefts for resale
  - 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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