

**Special Joint Subcommittee  
of the  
House Committee on General Laws  
and the  
Senate Committee on Rehabilitation and Social Services  
Studying Certain Alcoholic Beverage Control (ABC) laws  
Wednesday, September 14, 2016  
10:00 a.m.  
Senate Room B  
General Assembly Building**

**Suggested Agenda**

1. Call to order.
2. Continuation of Study Plan: Issue: 45 Percent Food-to-beverage ratio for Mixed Beverage Licensees.
3. Alternative Approaches to Current Ratio.

*You will recall that at its first two meetings, the Joint Subcommittee expressed concern that the current 45 percent food-to-beverage ratio was difficult to understand and apply. The Joint Subcommittee seeks to simplify the current food-to-beverage ratio by exploring alternative approaches with the goal of simplifying the process for mixed beverage licensees and the Department of Alcoholic Beverage Control, bringing rules of compliance up to date with the marketplace, avoiding a proliferation of establishments that sell mixed beverages, and addressing public safety concerns.*

- Review of Alternative Approaches to Current Ratio. *See Appendix A for Alternative Approaches to Current Ratio.*
- Compliance and related issues associated with Alternative Approaches to Current Ratio--Travis Hill, Chief Operating Officer, Department of Alcoholic Beverage Control.

4. FYI--2016 "Ratio" bills referred to Study<sup>1</sup>:

- HB 171 (Albo) Mixed beverage ratio;
- HB 219 (Taylor) Mixed beverage ratio;
- SB 373: (Ebbin) Mixed beverage ratio;
- SB 488 (DeSteph) Mixed beverage ratio; and
- SB 489 (DeSteph) Mixed beverage ratio.

5. Public Comment.

6. Discussion.

7. Other Business.

8. Set Future Meeting Dates.

*As part of the suggested study plan, the Joint Subcommittee concurred with staff recommendations to meet as follows:*

- Four meetings during the 2016 Interim
- Final Meeting                      October/November

(Reminder: Meetings may only be scheduled on Monday, Tuesday, and Wednesday of the first and third full weeks of the month.)

9. Adjournment.

**Special Joint Subcommittee Membership**

Delegate Barry Knight, Co-Chair	Senator John Cosgrove, Co-Chair
Delegate Todd Gilbert	Senator Bryce Reeves
Delegate Dave Albo	Senator Bill DeSteph
Delegate Luke Torian	Senator Rosalyn Dance

**Staff**

Maria J.K. Everett, Senior Attorney  
David May, Staff Attorney  
Eric Bingham Senate Committee Operations

**APPENDIX A**

**ALTERNATIVES TO CURRENT FOOD-BEVERAGE RATIO**

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<sup>1</sup> Summaries of the following bills may be found in Appendix B

Option No.	Option:
1.	<b>Food required to be sold at any time alcohol is sold **included in every option below</b>
2.	Maintain status quo
3.	Maintain current ratio, but give ABC discretion, upon petition by licensee, to craft alternatives for those who can't/don't meet ratio
4.	Current ratio, but based on "purchase" vs. "sale" price
5.	Lower current ratio
6.	Set minimum food sale requirement (\$4,000-\$10,000) WITHOUT ANY RATIO
6a.	Set minimum food sale requirement (\$4,000-\$10,000) WITH CURRENT RATIO
6b.	Set minimum food sale requirement (\$4,000-\$10,000) WITH LOWER RATIO
7.	Establish a tiered minimum food sale requirement based on Certificate of Occupancy (CO) for establishment
8.	Create a new MB "tavern" or "entertainment" license (separate and distinct from MB restaurants and caterers subject to ratio)
9.	Establish tiered annual license tax based on food sales
10.	Set ratio based on proof-gallon
11.	Enter into MOU with Department of Taxation to verify sales



**APPENDIX B  
RATIO BILLS REFERRED FOR STUDY  
BILL SUMMARIES**

**HB 171**

**Albo**

**Alcoholic beverage control; food-beverage ratio for certain mixed beverage licensees.**

Provides that for persons holding a mixed beverage restaurant, caterer's, or limited caterer's license, in calculating the minimum 45 percent ratio of food to mixed beverage and food, such licensees shall include the gross receipts from the sale of nonalcoholic beverages served on the premises in calculating the gross receipts from the sale of food. The bill provides that it declarative of existing law.

**HB 219**

**Taylor**

**Alcoholic beverage control; food-beverage ratio.**

Reduces from 45 to 25 percent the requirement for mixed beverage restaurant licensees for the ratio of combined gross receipts from the sale of food consumed on the premises and nonalcoholic beverages served on the premises and the combined gross receipts from the sale of mixed beverages, food, and nonalcoholic beverages. The bill provides that gross receipts be calculated on the basis of the price that the licensee paid for the food, nonalcoholic beverages, or mixed beverages sold, rather than the price at which the licensee sells such items to consumers.

**SB 373**

**Ebbin**

**Alcoholic beverage control; food sale requirements.** Provides that a business may be considered a restaurant for purposes of mixed beverage licenses if it regularly sells foods, rather than meals, prepared on the premises. The bill also provides that in calculating the gross receipts from the sale of food for purposes of the food-to-beverage ratio, mixed beverage restaurant licensees, mixed beverage caterer's licensees, mixed beverage limited caterer's licensees, and limited mixed beverage restaurant licensees shall include the gross receipts from the sale of nonalcoholic beverages.

**SB 488**

**DeSteph**

**Pilot project for mixed beverage licensees of the Alcoholic Beverage Control Board; alternative calculation for the 45 percent food-to-beverage ratio based**

**on price paid by the licensee.** Creates a two-year pilot project that directs participating mixed beverage restaurant licensees to calculate the required food-to-beverage ratio (i) on the basis of the price such licensee paid for the food, nonalcoholic beverages, and mixed beverages sold and (ii) on the basis of the price such licensee sold such food, nonalcoholic beverages, and mixed beverages to patrons. The bill provides that participating licensees shall be deemed to be in compliance with law if they meet the required food-to-beverage ratio based on either of the above calculations. The bill also requires participating licensees to serve food during any period of time mixed beverages are served and allows the Alcoholic Beverage Control Board to summarily suspend the license of participants for 24 hours for violation of this requirement.

**SB 489**

**DeSteph**

**Alcoholic beverage control; food-beverage ratio.** Provides that a mixed beverage restaurant licensee meets the required food-beverage ratio if its gross receipts from the sale of food and nonalcoholic beverages amount to at least (i) \$5,000 per month or (ii) 25 percent of the gross receipts from the sale of mixed beverages and food. The bill also provides that mixed beverage caterer and limited mixed beverage caterer licensees meet the required food-beverage ratio if their gross receipts from the sale of food and nonalcoholic beverages amount to at least 25 percent of their gross receipts from the sale of mixed beverages and food. Under current law, mixed beverage restaurant, mixed beverage caterer, and limited mixed beverage caterer licensees' gross receipts from the sale of food and nonalcoholic beverages must amount to at least 45 percent of their gross receipts from the sale of mixed beverages and food. The bill also requires such licensees to serve food during any period of time mixed beverages are served and allows the Alcoholic Beverage Control Board to summarily suspend a license for a maximum of 24 hours for failure to comply with this provision.

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