

JOINT MEETING
OF THE
SPECIAL SUBCOMMITTEES
OF THE
HOUSE COMMITTEE ON GENERAL LAWS
AND THE
SENATE COMMITTEE ON REHABILITATION AND SOCIAL SERVICES
STUDYING
CERTAIN ABC ISSUES

Tuesday, July 29, 2008 *10:00 a.m.*
House Room D *General Assembly Building*

SUMMARY

1. Call to order.
2. Presentation by Curtis Coleburn, ABC Board:
 - Recent regulatory changes.
 - Specific challenges for ABC Board related to retail licensees.
 - Other states laws related to food and dollar sale requirements.

Pam Evans, Chair of the ABC Board, addressed the subcommittees and offered the Board's assistance and support. Mrs. Evans explained that the single biggest complaint to the Board has been the complication of the license application process and continuing license requirements.

Mr. Coleburn addressed the subcommittees on the planned elimination of the 5-food groups stocking requirements for certain off-premises licensees. Although the 5-food group requirement would be eliminated, the dollar amount of inventory and sales requirement would remain.

Mr. Coleburn also addressed a specific challenge facing the Board: enforcement. Between 2004 and 2007 the number of licenses increased from 14,000 to 19,000, yet the number of enforcement officers has not changed. Delegate Suit asked why ABC, a self funded agency, has not hired more enforcement staff. Mr. Coleburn responded that even though ABC is self funded, the General Assembly limits the department's overall budget. Mr. Coleburn stated that ABC has hired more civilian employees to assist agents in processing the licensing paperwork.

Finally, Mr. Coleburn reviewed ABC laws and regulations in other states. Most significantly, approximately 40 states have some form of food requirement for establishments serving mixed beverages. The majority of those states simply require food to be available during times mixed beverages are served. Additionally, thirteen states only permit restaurants to serve mixed beverages. Mr. Coleburn also noted that states use seat, table, kitchen, proximity, population, high licensing

fees, and square footage requirements to assist in limiting the number of mixed beverage licenses granted. One of the more unique regulatory requirements exists in Texas, where licensees have to post a bond to get a license. Any violations of law or regulation by the licensee will result in forfeiture of the bond. Mr. Coleburn also stated that 43 states have dram shop liability.

3. Retail on-premises licenses; appropriateness of imposition of food requirement for all retail licensees.

- New licensing category--"Limited Service License" that would include day spa, meal assembly kitchen, certain annual banquet, and museums licenses, where service of alcoholic beverages to patrons is incidental to the main business activity of the licensee.
- Limited Service Licenses must have food *available* when alcoholic beverages are served as part of the requirements for the license.
- Review of draft language re same.

Delegate Suit asked that any new requirements that may be based on population or proximity account for the influx of tourists in certain parts of the Commonwealth. The subcommittees began a discussion reviewing the potential impact that new licensing requirements would have on existing and future licensees. Generally, all members agreed that the food requirement should still be a major component of most mixed beverage licenses.

With regard to the new licensing category proposed by staff, the subcommittee members asked staff to present a more detailed draft for the next meeting. Delegate Albo stated that he would like to consider eliminating the 45% ratio requirement for certain mixed beverage licensees, but ultimately all mixed beverage licensees should be required to have a full kitchen.

4. Public Comment.

One member of the public stated that there are already too many mixed beverage licenses issued and he would like to see the subcommittee work to limit the number of mixed beverage licenses granted.

Walter Marsden stated that he was concerned about the proliferation of licenses and that any new license category the subcommittee may propose should have a means of limiting the number of licenses granted.

A representative from the Virginia Nightlife Association spoke to the committee and offered his assistance.

5. Other Business.

Delegate Suit asked that staff work with industry members to develop an alternative to the food ratio requirement for certain mixed beverage licensees.

6. Schedule future meeting dates.

7. Adjournment.

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House Membership

Delegate Terrie Suit, Chair
Delegate Dave Albo
Delegate John Cosgrove
Delegate Danny Bowling
Delegate Edward Scott
Delegate Rosalyn Dance

Delegate Tom Gear, Vice-chair
Delegate Tommy Wright
Delegate Watkins Abbitt
Delegate Charles Carrico
Delegate Jackson Miller
Delegate David Bulova

Senate Membership

Senator Toddy Puller, Chair
Senator Frank Wagner
Senator Robert Hurt

Senator Y.B. Miller
Senator Mark Herring

Staff

Maria J.K. Everett, Senior Attorney,
Patrick Cushing, Staff Attorney
Division of Legislative Services
Christine McCormick, House Committee Operations
Emily O'Brion, Senate Committee Operations

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E-mail: meverett@leg.state.va.us or pcushing@leg.state.va.us.