Bill Analysis

Phil Mullin *Legislative Service Commission*

H.B. 330

124th General Assembly
(As Introduced)

Rep. Peterson

BILL SUMMARY

- Allows the Division of Liquor Control to base the population quota restrictions that govern the number of liquor agency stores either on the federal decennial census or on state population estimates determined by the Department of Development between censuses.
- Changes these population quota restrictions and the compensation paid to operators of agency stores.
- Authorizes the Division to enter into additional contracts for agency stores with certain Class C permit holders, notwithstanding these population quota or other restrictions.
- Eliminates the restriction against the same person operating or having an interest in more than 16 agency stores in the state or more than eight agency stores in the same county.

CONTENT AND OPERATION

Changes in population quota restrictions for liquor agency stores

Under current law, a person engaged in mercantile business may act as an agent for the Division of Liquor Control to sell spirituous liquor (intoxicating liquor containing more than 21% of alcohol by volume) in a municipal corporation, the unincorporated area of a township with a population of not less than 2,000, or an area designated and approved as a resort area under the Liquor Control Law, but not more than one agency contract can be awarded in the unincorporated area of a county for each 50,000 population of the county. The bill removes both of the following: (1) the requirement that a township have a population of not less than 2,000 in order to qualify to have an agency store located within it and (2) the prohibition against more than one agency store contract being awarded in the unincorporated area of a county for each 50,000 population of that county. (Sec. 4301.17(A)(1).)

Current law also provides that, subject to local option election, five agency stores may be established in each county, with one additional store being allowed for each 30,000 of a county's population (or major fraction of that number) in excess of the first 40,000 of its population, according to the last preceding federal census. The bill changes this quota so that one additional agency store may be established in each county for *each 25,000 of its population* (or major fraction of that number) in excess of the first 40,000 of its population, according to the last preceding federal decennial census *or according to the population estimates certified by the Department of Development between decennial censuses*. (Sec. 4301.17(A)(1).)

The bill further provides that, notwithstanding the population quota or other restrictions described above on the number of agency stores the Division may establish in counties, the Division may establish additional agency stores at any premises that meets both of the following qualifications: (1) the Division has issued to the premises both a C-1 permit (authorizing beer sales for off-premises consumption) and a C-2 permit (authorizing wine and mixed beverage sales for off-premises consumption) and (2) the premises has not less than 30,000 square feet of retail space (sec. 4301.17(A)(1) and (2)).

Change in compensation of agency store operators

Current law requires the Division to fix the compensation of agency store operators in the manner it considers best, but the compensation must not *exceed 7%* of the gross sales of spirituous liquor that the agent makes in any one year. The bill instead requires that this compensation *be not less than 6½% or more than 7½%* of those gross sales. (Sec. 4301.17(A)(1).)

Restriction on the number of agency stores the same person may operate

Under current law, no person may operate, or have any direct or indirect interest, in more than eight agency stores in any one county or more than 16 agency stores in the entire state (see **COMMENT**). A person has an interest in an agency store if the person is a partner, member, officer, or director of, or a shareholder owning 10% or more of the capital stock of, any legal entity with which the Division has entered into an agency contract. The bill eliminates these restrictions on the operation of or having an interest in agency stores by the same person. (Sec. 4301.17(C).)

COMMENT

Although the language stricken through in the bill (lines 134-141) states that no person may operate, or have a direct or indirect interest in, more than *four* agency stores in any one county or more than *eight* agency stores in the entire state, these two numbers were changed to *eight* and *sixteen*, respectively, by Am. Sub. H.B. 94 of the 124th General Assembly, effective September 5, 2001.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	07-24-01	p. 806

h0330-i.124/kl