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EDITORIAL

Another round of regulation

State's effort to shield small businesses who own liquor licenses not sober

If HB 105 becomes law, the drinks should be on the House — the House of Delegates, that is. Or better yet, on Gov. Joe Manchin, who has thrown his executive weight behind this legislation. House Bill 105 proposes to redefine the two types of liquor licenses — Class A and Class B. What the bill does in essence is provide special protections for small stand-alone businesses, who own liquor licenses, to maintain them — forever. The bill's provisions allow for these longtime license holders to hold onto their licenses by bidding 10 percent above the minimum offer; or they can bid as usual. Obviously, few, if any, will risk taking the latter option. If these smaller businesses meet credit criteria the bill also allows them to finance the bid through the state at 1 percent below the prime rate, after putting 50 percent down. HB 105 does stipulate it will not provide these protections to new small businesses seeking a 10-year liquor license. We understand and sympathize with the difficulties small businesses face in competing with and bidding against large corporate stores and chains.

As a family owned business ourselves we understand all too well how competing with major media can be a major challenge. Small businesses can often be at a clear disadvantage.

We find it encouraging when small businesses succeed. However, there's a difference between encouraging success and attempting to regulate it.

If the state shields certain small businesses from competition, then why not protect others, too? Aside from enacting laws against illegal acts and unfair practices in the private sector, government should stick to regulating the public sector.

Delegate Barbara Fleischauer on Monday said that taking those licenses — 65 of them statewide, worth between \$50,000 to \$500,000 each — off the market to protect current license holders creates a limited monopoly. She's right.

She also said it's not a good idea for the state to be floating loans to ensure small stores maintain those licenses, either. And she rightly points out that the state does not bend that far backward for any other business.

Furthermore, the taxpayer dollars used to finance those Class A licenses and the losses resulting from not keeping the bids open or accepting the highest ones is also detrimental to the state's coffers.

Other criticisms by a minority of lawmakers were that the loan rate for these stand-alone liquor licenses are better than you would get for a home — and this bill gives these Class A license holders a virtual lifetime right to this privilege.

We agree on all counts with those objections.

As a rule, government's approach to regulating business should be at arms's length and in a sober manner.