

# Legislature to vote on liquor changes

## License-bidding bill is before House, Senate

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The Legislature is taking a second shot at changing West Virginia's liquor-license bidding process.

Both the state Senate and House of Delegates are set to vote today on Gov. Joe Manchin's liquor-license bill (HB105), which would favor standalone liquor stores over mixed-retail outlets such as grocery stores and drug stores.

In the regular legislative session that ended in April, both houses approved the plan. But the bill died on the last day, when some legislators objected to an amendment that would have allowed Sunday liquor sales. The current bill does not allow the Sunday sales.

Next year, the state's liquor licenses — which run on a 10-year cycle — are up for re-bid-

ding. Currently, freestanding stores hold 65 of the state's 165 licenses, and the rest belong to mixed-retail outlets.

Manchin's office says the legislation will promote long-term investment in standalone liquor stores and protect local "mom and pop" businesses.

"These standalones have a much wider variety and selection and sell more per capita than the mixed-retail places," Manchin legislative director Jim Pitrolo told lawmakers Monday.

The bill would favor standalone liquor stores by letting them opt out of competitive bidding. Instead, they would renew their licenses by paying the minimum bid plus 10 percent.

In 2000, a handful of retailers lost their licenses either because they did not submit the minimum bid or could not match the high bid for their licenses. State Alcohol Beverage Control Administration spokesman Gig Robinson was not sure Monday exactly how many licenses were lost in 2000.

Many retailers are worried that could happen again if the process isn't changed, said

Butch Pennington, chairman of the West Virginia Retailers and Wholesalers Alcohol Beverage Committee.

"It's very important for us local, independent, freestanding stores because we stand a chance of losing [licenses] to the big-box stores," Pennington said.

The 2000 re-bidding raised about \$22 million for the state's general revenue fund, and the Department of Revenue projects \$24 million from the 2010 re-licensing and re-bidding.

On Monday, the legislation advanced out of both the House and Senate Judiciary committees, despite concerns from some lawmakers.

The current bidding process was set up to prevent corruption after the state got out of the retail liquor business in 1990, said Delegate Bill Wooton, D-Raleigh. The new proposal also could lose money for the state, he said.

"Our job is to represent the taxpayers," he said. "How are the taxpayers better off to get \$100,000 for a license instead of \$500,000?"

Delegate Barbara Fleischauer,

D-Monongalia, objected to a financing provision in the legislation. Retailers could pay half of the cost of their license renewal up front and pay the remainder to the state over five years at low interest rates.

"We don't do that in any other industry in the state," she said. "I just feel uncomfortable with this."

But Pitrolo said the current economy could make it difficult for retailers to get bank loans for their license bids.

An owner of a liquor store with \$175,000 in assets would have a difficult time convincing banks to loan what might be \$250,000 or more for a license bid, he told the Senate Judiciary Committee.

"It's not like a loan. We're not taking money out of state coffers," he said. "It's a payment plan."

Unlike a bank loan, if a retailer defaults on the repayment plan, the state could revoke and re-bid that liquor license, he said.

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