

FEBRUARY 11, 2019

S 1040

COPIES OF WRITTEN TESTIMONIES

ATTACHMENT 2

Points to make in opposing SB 1040, relating to alcohol.

February 10, 2019

Submitted by Stan Boyd, Owner

The Refuge Restaurant and Lounge

404 E. Parkcenter Blvd., Boise, ID 83706

- Current system promotes “stability”. Rules and regulations are administered statewide and enforced by the Idaho State Police in a uniform manner.
- This legislation would allow all 201 incorporated cities, and Idaho’s 44 counties, to put in place varying regulations. Well over half of Idaho’s towns and cities do not have their own police departments. It would be incumbent on the County Sheriff to enforce these varying municipal regulations.
- In visiting with ISP Alcohol and Beverage Control this past week, they reported there are 90 municipalities that have alcohol licenses available right now. No waiting period. Simply fill out the application, pay the appropriate fees, get fingerprinted and pass the back ground check, and the license is yours to operate.
- Because the license has substantial value in some Idaho municipalities, special attention is provided to make sure there are no violations. All our servers are required to take and pass the “Tips” (Training for Intervention Procedures) server certification. We welcome inspection by ISP Alcohol and Beverage Control officers.

-Several businesses in Idaho that serve alcohol have borrowed the funds to purchase a liquor license and are now making monthly payments. If this legislation should be signed into law, it is probable that the value of those licenses will be drastically reduced. This will be an unfair economic hardship on those businesses that simply followed Idaho law.

- Article III, Section 24, of the Idaho Constitution states “The first concern of all good government is the virtue and sobriety of the people, and the purity of the home. The legislature should further all wise and well directed efforts for the promotion of temperance and morality”. I believe SB 1040 does not further this concept.

Twyla Melton

From: Double Diamond Saloon <DoubleDiamondBar@hotmail.com>
Sent: Monday, February 11, 2019 7:49 AM
To: Twyla Melton; Senator Patti Anne Lodge; Senator Mark Harris
Cc: Senator Abby Lee
Subject: SB 1040

February 8, 2019

Regards; Hearing Monday February 11, 2019 8:00 am SB 1040

Attention:

State Affairs Committee

Chair; Senator Patti Anne Lodge

Vice Chair; Senator Mark Harris

Senator Brent Hill

Senator Chuck Winder

Senator Steve Vick

Senator Kelly Arthur Anthon

Senator Mary Souza

Senator Michelle Stennett

Senator Cherie Buckner-Webb

District 9 Senator Abby Lee

I urge you to vote NO on SB 1040.

Expanding the access to liquor licenses in Idaho would have significant detrimental effects on our society and I am not convinced would offer any positive impact with respect to economic development. Studies and past experiences of States that have changed their once quota system have found NO impact on economic development by expanding the availability of liquor licenses.

Business owners with current licenses take their responsibilities to their community very seriously. Current license holders paid handsomely for the right to have a liquor license and protect that license every time they open for business. Reducing this privilege and allowing local cities/counties would diminish not only the value of the license but the level of responsibility.

Many of Idaho's counties have limited enforcement resources as it is, and would not have the staff or financial resources to support any increase in the consumption of liquor. I know from experience that the City of Riggins for example has almost NO support services with respect to law enforcement.

From my experience Idaho's current quota system has proven effective. Rules, laws, fees and qualifications to obtain a liquor license have been efficient and fair. Changing the current system would devalue the entire industry and the businesses currently licensed. I urge you to vote NO on SB 1040.

Regards,

*Robin Cusma
Owner
Double Diamond Steakhouse and Saloon
127 N Plymouth Ave, New Plymouth Id*

To: 2019 State Affairs committee

Re: Senate Bill 1040

Prepared February 8, 2019

Sent via email: sstaf@senate.idaho.gov

Madam Chair and Honorable committee members.

Thank you for allowing my thoughts and insights on Senate Bill 1040. My name is Lee Tolley, I am a native Idahoan, I currently reside in Coeur 'Alene, I own two businesses of which both require licensing. I apologize for not being physically present and will commit to do so in the future if warranted.

It appears most everyone agrees the current procedure of issuing licenses is being abused, allowing profiteering without any intention of opening a legitimate business. One plan may include following the food licensing requirements, which requires complete facility and sales plans. I would also suggest the value of a license fee be based on the market values in the area being issued. This would maintain the stable quota system while increasing revenue for the state.

I also support the server training and certification program which will promote quality employees and assist in the safety of the public.

The portion of the bill flooding the markets with unlimited licenses will be a disaster for the state. If this bill were adopted I personally would lose hundreds of thousands of dollars due to the lowering market value of my business. Adoption will limit my ability for bank assistance and a future sale if desired. When deciding to purchase my business the value of the license played a large part in the decision. I felt the value of the license was worth the purchase and have run a successful business. The suggestion an additional 5% discount on products fall short in the attempt to offset the lowered market value, I estimate it would take a minimum of 25 years to break even. The value of a license is an important incentive to follow all laws and regulations. If the market is flooded with low cost licenses, owners will have less incentive adhere to the laws, costing significant

amount of the authority's time, resources and public safety. This bill also excludes new business specifically bars and night clubs from opening without an existing license.

The Mission of the Idaho State Liquor Division (ISLD) includes control over consumption of distilled spirits; curtail intemperate use of beverage alcohol. Governor Otter added "... focused on preventing the harm caused by irresponsible and underage drinking." If a proven stable quota system is replaced and unlimited licenses are allowed a reasonable person can conclude an increase in underage consumption, crimes, domestic issues, DUI's to name a few. Are we willing to chance the safety of the citizens because a few want to bypass the current stable system hurting existing licensees and the state.

Finally the statement this bill will have no fiscal impact is not acknowledging the great costs involved with unlimited licenses. The immediate revenue loss will be from transfer fees. According to Kelsey Woodward of the Alcohol Beverage Control the fees generate about \$500,000.00 annually for Boise alone. In addition the state and local authorities are not currently equipped for a flood of licenses. Also the state run liquor stores will be overwhelmed by the onslaught of orders. Law enforcement, judicial, emergency medical, state and local administration will add costs which have not been budgeted for.

Thank you for your valuable time on this issue. I respectfully ask you not to replace a stable and proven quota system and vote no on Senate Bill 1040.

Lee H. Tolley

Twyla Melton

From: Sean Coletti <scoletti@ci.ammon.id.us>
Sent: Thursday, January 31, 2019 9:19 PM
To: Twyla Melton; Senator Patti Anne Lodge; Senator Mark Harris; Senator Brent Hill; Senator Chuck Winder; Senator Steve Vick; Senator Kelly Anthon; Senator Mary Souza; Senator Michelle Stennett; Senator Cherie Buckner-Webb
Subject: Senate Bill No. 1040

Dear Members of the State Affairs Committee,

I am writing in strong support for Senate Bill 1040, which smartly de-regulates the liquor license monopoly system. This bill sends the decision-making power for issuance of liquor licenses back to where it really should be--to the cities and counties.

Cities already issue beer and wine licenses, and do so effectively. I can attest that cities know what entities should be issued beer and wine licenses, and they know where these licenses should be used in the city. That is largely because cities plan for their future. Liquor licenses should not be treated differently than beer and wine sales licenses.

Our state should encourage and support government at the most local levels. It should also support more market-driven business practices. The current liquor license system is a relic of the past and is anti-competitive. It doesn't work, and it should be overhauled.

A liquor license is just that--a license. And a license is not a property right. There is no better time to reform this inequitable system than now. It will only get worse the longer it is allowed to exist.

Cities and counties can self-regulate under Senator Rice's wisely-proposed legislation. I urge you to send Senate Bill No. 1040 to the full Senate with a do-pass recommendation.

Thank you for your service to our State.

Sincerely,

Sean Coletti

*Hoagadone
Beer & Wine Distributors*



Sean J. Coletti

Mayor | City of Ammon

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2/7/19

Rod and Melinda Nielsen
1004 Evergreen Drive
McCall, Idaho 83638

Dear Legislators,

As long time business owners and Idaho State Liquor License holders, we oppose proposed SB1040.

In 1989, our purchase from the State of this license enabled us to expand our business and meet community needs for responsible dining and beverage services. It took planning, saving, and waiting for this license over a ten year period when, eventually, we purchased a license at a price set by the State. It may not be the best way for new businesses, but it is the States responsibility to follow the Constitution and we accept that.

We have been good guardians for the State, paying our dues, voluntarily training our staff and monitoring customer consumption. After 40 yrs., we plan on retiring and selling this to someone who, like us, follows the rules of the State and believes in a system that is fair.

What's not fair is changing the rules and regulations that have been in existence since 1934, undermining those that have been playing by the State's rules for over 84 years. Quota system has created a stable economic and socially sound community thus a positive factor for economic development; licensees know the value of the quota license therefore protect the license by adhering to rules, regulations and public image.

We don't feel it's a privilege, as much as an agreement we have with the State that should be upheld. SB1040 will devalue our license and all others the State has made agreements with. It opens up licenses without State control and conceivably leaves the State in a defenseless situation when serious offensives arise.

Our small business concerns are vital to us; we ask for your consideration in rejecting this proposal and continue work on improving the current system.

Sincerely,

Rod and Melinda Nielsen
Si Bueno Inc.

McCall, Idaho

Following are concerns, questions, and justifications for rejecting SB1040:

- SB1040 has many NEW SECTIONS, and changes, among them, setting pricing guidelines for cities and raising catering permit fees.
 - SECTION 19/ 23-910: Does the \$400 non-refundable fee go to the State or entity issuing license? **Statement of purpose states no fiscal impact on General Fund saying license fee for municipal licenses to cities and counties will defray the cost? Where are the facts and figures to support this?**
 - SECTION 22/ 23-913: Each city and county can make up their own rules, regulations and costs for the "eating establishment" licenses which will mean different rules and regulation from one county/city to the other. Where does the \$3000 min. figure come from? Why not set this at 50% of current market value, as what these special licenses do is give restaurants exactly the same permission to serve alcohol, with the same rules and regulations exempting them only from transferring/selling license?
 - Raising Catering Permit Fees 50%; if this is needed, shouldn't it be done aside from a Bill? While the amount isn't objectionable, is it also being considered a tool to offset fiscal impact?
- **What we don't see are restricting these licenses:**
 - to restaurants with no physical bars or adding bars on
 - mention of being site specific; on premise only, not OFF PREMISE
 - No more than one business sharing license on the same property
- Controlling 'restaurant' classification can be a nightmare; grocery stores such as Whole Foods have restaurants in them, gas stations, convenience stores, on and on. **Do we really want people to be able to casually have a cocktail while filling up on gas or buying groceries and then get in their vehicle?**
- Idaho State Constitution, Article III, Section 24, Section 25, Section 26 that states clearly the State of Idaho is responsible for Promotion of Temperance and Morality (24), the members of the legislature shall swear to support and uphold the constitution of the US and Idaho State Constitution (25) and the legislature shall have full power and authority over intoxicating liquors (26). Where in the Constitution of the State of Idaho does it say the legislature will assign these responsibilities to a "lower court" called a city and county, especially for the wishes/political pressure of any special interest group?
- **Opening up licensing to restaurants isn't economic growth, it's creating severe problems with enforcement and liabilities. It's definitely not representative in promoting temperance and morality.**
- Dismantling the Quota System to create or deny "eating establishment" liquor outlets as decided by a group at the county and city level is not a stable factor in promoting economic development. Selling a license anywhere in the State doesn't guarantee the city or county will allow it to be used, again devaluing grandfathered licenses.
- With these special licenses, who would want to pay for a Quota State License? This limits future sales of current licenses to bars and taverns only, which means **more bars**

across the state, more problems, more enforcement and expense on already financially stressed cities and counties.

- More bars means more liquor related problems i.e. DUI's.
 - More DUI's means more potential deaths.
 - More alcohol related incidents i.e. domestic violence, over service, under aged drinking.
 - Heavier burden on local law enforcement financially and physically (more officers - where's the income to pay for added expense - who's paying for that?)
 - Financial burdens on counties and municipalities (more personnel to manage or oversee. Local support for increased taxes won't fly.
 - Loss of accountability by the State – State will still be held responsible!
-
- Right now with Specialty licenses and Quota Licenses, most cities are closer to 1 license per 750-1000 people. Granted, with our huge population increase, economic growth follows, however, keeping quotas allows guidelines for cities and counties to abide by and offers the State a tool for increasing or decreasing quotas to accommodate. In McCall, there is a license for every 300 people currently; even with our peak tourist times, adding more will be irresponsible governing.
 - Idaho's Liquor Quota System is socially sound, constitutionally responsible stewardship partnered with economic development. Anyone that fits the regulation profile can apply for a license and/or buy/lease as over a 1,000 people across the State have managed to do.

February 8, 2019

TO: Senate State Affairs Committee
FROM: Mayor Hyrum Johnson, City of Driggs
Council President Ralph Mossman, City of Driggs
RE: Support for Senate Bill 1040 on Liquor Licensing

We appreciate this opportunity to offer our support for Senate Bill 1040, which would make important changes to Idaho laws governing licenses for sale of liquor-by-the-drink. We respectfully ask that you vote to send SB 1040 to the floor with a “do pass” recommendation.

For the last decade, representatives from the City of Driggs have advocated for changing Idaho’s antiquated liquor licensing system for two reasons: economic development and safety.

Allowing our local restaurants to serve cocktails to the tourists who come to our community every year will better meet the needs of our visitors and ensure they have the best possible dining experience. Driggs is competing with resort communities in other states and needs every tool at its disposal to ensure that its visitors have the best possible experience and want to return.

From a safety perspective, serving cocktails with dinner is a much better option than people drinking in a bar with limited food availability. It is also preferable if people drink at a restaurant or hotel that close enough to their lodging so that they do not have to drive.

The current liquor-by-the-drink population quota system creates problems for resort communities that see large seasonal influxes of visitors that far exceed their year-round population that is used to determine the number of liquor licenses.

We believe that SB 1040 is an important step forward in strengthening Idaho’s liquor licensing laws. We appreciate your consideration of this important policy issue and respectfully ask that you support SB 1040.