



# STATE LIQUOR & WINE OUTLET STORES NH LIQUOR COMMISSION



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## THE NEW HAMPSHIRE STATE LIQUOR COMMISSION UNVEILS LIQUOR COMMISSION MODERNIZATION ACT

**Major Changes Recommended at State Senate Hearing of SB 181 to Maximize Revenues, Modernize Operations and Better Serve Customers**

**Concord, NH** – The New Hampshire Liquor Commission today announced broad proposed changes in state statute and regulatory rules that it says will align its operation to operate more effectively and like the \$450 million business it has become. Termed the “Liquor Commission Modernization Act” (LCMA), the plan would, among other items, reorganize and streamline decision making among its senior management ranks, increase the overall efficiency of its retail and wholesale operation, streamline the process for restaurants and other hospitality establishments to obtain and renew their licenses, bring new products to market more quickly and eliminate so-called “blue laws,” which unnecessarily constrain charity wine tasting and alcoholic beverage marketing. The recommended changes were presented before the Senate Ways and Means Committee at a hearing on SB181 sponsored by State Sen. Lou D’Allesandro, Sen. Jack Barnes, Jr., Sen. Mike Downing, Sen. Molly Kelly, Rep. David Campbell, Rep. John Hunt, Rep. Alfred Lerandeau, and Rep. Peter Ramsey.

“The fundamental premise is to simply operate the Commission more like a business. To do that we will be proposing changes in state laws, as well as agency rules that will cut much of the mounds of red tape and unnecessary bureaucracy to help us respond to the changing needs of our customers,” explains NH State Liquor Commission Chairman Mark Bodi. “The New Hampshire State Liquor Commission celebrates its 75th anniversary this year, and as we look back on our past with pride we also have to look to the present and future and change with the times to become more responsive to our customers’ needs and ensure a sustained growing revenue source for our state.”

In addition to proposing revised laws, the Commission will also submit changes to its operating rules that will be presented at a public hearing and reviewed by a special legislative rules committee. These changes would simplify the “licensing paper work” and allow for the processing of Commission licensing and forms on-line. “We currently require establishments seeking a liquor license to complete a myriad of forms and provide information and documents that have no meaningful regulatory value,” said Bodi. “This process is especially burdensome for small restaurant operators who often require the assistance and cost of lawyers and accountants to unravel, understand and apply for a liquor license. The grocery, hospitality and restaurant industries are our business partners and our customers and we need to be as responsive to them as we are to the customer who comes through the door of our retail stores.”

### **Highlights of Liquor Commission Modernization Act:**

- **MANAGEMENT REORGANIZATION** – The LCMA reorganizes the senior management structure of the Commission to create five more accountable operating divisions including Finance, Marketing, Administration, Store Operations and Enforcement. These changes will improve operations and allow for greater efficiency.
- **CREATES A STREAMLINED ENTERPRISE OPERATION** – The LCMA permits the Commission to operate more like a business, providing more financial flexibility to respond to fast-changing conditions in the marketplace. The current government structure prevents the Commission from making quick decisions to streamline and improve operations and maximize revenues. The new reforms would provide real-world and real-time purchasing and maintenance options to improve the state’s competitive edge. This does not require more operating funds, only more flexibility in when those funds are spent. The LCMA would also allow the sale of new products, such as gift baskets, cork screws and other items that will draw more business to the state’s stores.
- **REDUCE LICENSING “RED TAPE”** — The LCMA would simplify and streamline the existing process to obtain licenses, using technology to replace antiquated paper applications. This new, on-line application system maintains the full scrutiny of potential licensees, guarantees local input and cuts down on long waits . The current process can require mountains of paperwork and take as long as 180 days to complete. A new, electronic approach can be just as effective and save time and effort, reducing the wait from months to a few weeks.
- **AGENCY STORES EXPANSION** – Permits the limited sale of spirits in grocery stores. It is the Commission’s intent to begin a limited pilot program of distribution expansion to assess its effectiveness and to allow for community input.
- **ETHICS AND ENFORCEMENT** – Strengthens agency ethics and fairness in licensing and enforcement by establishing the position of Deputy Commissioner of Legal Affairs, Compliance, Ethics and Ombudsman. This individual would also investigate and report

on ethical complaints regarding operations and enforcement, as well as overseeing all state and federal compliance requirements for the agency.

- **IMPROVE SERVICE TO HOSPITALITY INDUSTRY** – The LCMA would take numerous steps to improve revenue flow and foster new relationships in the hospitality community among businesses who have or may seek a liquor license in the future. It eliminates so called “Blue Laws”, outdated laws and rules which restrict and add unnecessary bureaucracy to liquor license operators.
- **WINE TASTINGS** - The LCMA eases the regulatory process of conducting charity wine tastings and the purchase of wine at auction. And it simplifies so-called “corkage fees” in the industry to let licensees allow privately owned wines to be consumed on restaurant premises with the purchase of a full meal. These steps will expand business opportunities while maintaining a controlled regulatory environment.

The LCMA also would broaden authority of the Commission to permit the sales of spirits in grocery stores. Once approved by the Legislature, the Commission would begin the process of offering a small number of agency licensees, under a pilot program, to carefully review its impact both financially as well as considering community interests and concerns. Bodi said that the Commission’s proposed expansion of spirit sales in grocery stores would likely be limited to no more than six to ten new licenses over the next year.

Since its creation 75 years ago, the Commission has contributed 2.2 billion dollars in net profits to the State’s General Fund. “The Commission is, by far, the largest producer of non-tax or fee revenue in the state and has been since its inception”, said Bodi. “But much has changed in the wine and spirits market over those years. It is critical the Commission changes with it.”

In addition, the Commission also announced that it is reviewing all of its current locations and considering where opportunities exist to expand, consolidate and open new retail stores. “Like any retail operation, we need to regularly review the effectiveness and efficiency of our store locations.”

Commission officials stated that it has already begun a store “Modernization Plan” to upgrade its existing facilities and improve the shopping environment. The Commission recently opened an expanded and renovated store in West Lebanon, which reflects a dramatic upgrade in overall appearance and store shop-ability. “Over 70% of our store facilities are substandard in one form or another,” said Bodi. “If the state is to operate a contemporary retail system, it must upgrade and invest in new store environments, systems and its employees to support its overall operations.”

“I am confident that with these changes to the oversight and operation of the New Hampshire State Liquor Commission, we will increase our revenues by millions of dollars in the future,” says Chairman Bodi. “We simply need more control over day-to-day business decisions than we currently have right now. And it is important that the Commission has the ability to read the changing sales market and respond with changes to the geographic location of our stores. We are in the business to improve sales and provide as much revenue to the state of New Hampshire as possible. With the changes outlined in the Liquor Commission Modernization Act, I am certain we can improve our competitive edge and boost sales throughout New Hampshire.”

### *About the NH Liquor Commission*

Founded in 1934 the NH Liquor Commission is celebrating its 75th anniversary. New Hampshire is one of 18 Control States in the nation, where the government controls the distribution of alcoholic beverages as well as being responsible for the regulation of alcoholic beverages. The New Hampshire State Liquor Commission operates 77 retail locations throughout the Granite State and serves more than 500,000 New Hampshire residents and tourists each year.