

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

House Bill 2517

**FISCAL
NOTE**

BY DELEGATES FLEISCHAUER, FAST, STATLER AND FRICH

[Introduced February 16, 2017; Referred
to the Committee on Banking and Insurance then the
Judiciary.]

1 A BILL to amend and reenact §11-16-8 of the Code of West Virginia, 1931, as amended; and to
 2 amend and reenact §60-7-4 of said code, all relating to requiring licensees authorized to
 3 serve alcoholic liquors or nonintoxicating beer to have certain liability insurance coverage
 4 to cover the premises of the licensee; establishing statutory minimum level of insurance
 5 coverage; and directing the Alcoholic Beverage Control Commissioner, upon a finding that
 6 either statutory minimum insurance coverage is inadequate, to increase statutory
 7 minimum coverage amounts by legislative rule.

Be it enacted by the Legislature of West Virginia:

1 That §11-16-8 of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted; and that §60-7-4 of said code be amended and reenacted, all to read as follows:

CHAPTER 11. TAXATION.

ARTICLE 16. NONINTOXICATING BEER.

§11-16-8. Form of application for license; fee and bond; refusal of license.

1 (a) A license may be issued by the commissioner to any person who submits an
 2 application, accompanied by a license fee and, where required, a bond, and states under oath:
 3 (1) The name and residence of the applicant, the duration of such residency, that the
 4 applicant has been a resident of the state for a period of two years preceding the date of the
 5 application and that the applicant is twenty-one years of age. If the applicant is a firm, association,
 6 partnership, limited partnership, limited liability company or corporation, the application shall
 7 include the residence of the members or officers for a period of two years preceding the date of
 8 such application. If a person, firm, partnership, limited partnership, limited liability company,
 9 association, corporation or trust applies for a license as a distributor, such person, or in the case
 10 of a firm, partnership, limited partnership, limited liability company, association or trust, the
 11 members, officers, trustees or other persons in active control of the activities of the limited liability
 12 company, association or trust relating to the license, shall state under oath that each has been a

13 bona fide resident of the state for four years preceding the date of such application. If the applicant
14 is a trust or has a trust as an owner, the trustees or other persons in active control of the activities
15 of the trust relating to the license shall provide a certification of trust as described in section one
16 thousand thirteen, article ten, chapter forty-four-d of this code. This certification of trust shall
17 include the excerpts described in subsection (e), section one thousand thirteen, article ten,
18 chapter forty-four-d of this code and shall further state, under oath, the names, addresses, social
19 security numbers and birth dates of the beneficiaries of the trust and certify that the trustee and
20 beneficiaries are twenty-one years of age or older. If a beneficiary is not twenty-one years of age,
21 the certification of trust must state that such beneficiary's interest in the trust is represented by a
22 trustee, parent or legal guardian who is twenty-one years of age and who will direct all actions on
23 behalf of such beneficiary related to the trust with respect to the distributor until the beneficiary is
24 twenty-one years of age. Any beneficiary who is not twenty-one years of age or older shall have
25 his or her trustee, parent or legal guardian include in the certification of trust and state under oath
26 his or her name, address, social security number and birth date.

27 (2) The place of birth of applicant, that he or she is a citizen of the United States and of
28 good moral character and, if a naturalized citizen, when and where naturalized. If the applicant is
29 a corporation organized or authorized to do business under the laws of the state, the application
30 must state when and where incorporated, the name and address of each officer and that each
31 officer is a citizen of the United States and a person of good moral character. If the applicant is a
32 firm, association, limited liability company, partnership, limited partnership, trust or has a trust as
33 an owner, the application shall provide the place of birth of each member of the firm, association,
34 limited liability company, partnership or limited partnership and of the trustees, beneficiaries or
35 other persons in active control of the activities of the trust relating to the license and that each
36 member or trustee, beneficiary or other persons in active control of the activities of the trust
37 relating to the license is a citizen of the United States and if a naturalized citizen, when and where
38 naturalized, each of whom must qualify and sign the application. The requirements as to

39 residence do not apply to the officers of a corporation applying for a retailer's license but the
40 officers, agent or employee who manages and is in charge of the licensed premises shall possess
41 all of the qualifications required of an individual applicant for a retailer's license including the
42 requirement as to residence;

43 (3) The particular place for which the license is desired and a detailed description thereof;

44 (4) The name of the owner of the building and, if the owner is not the applicant, that the
45 applicant is the actual and bona fide lessee of the premises;

46 (5) That the place or building in which is proposed to do business conforms to all applicable
47 laws of health, fire and zoning regulations and is a safe and proper place or building not within
48 three hundred feet of a school or church measured from front door to front door, along the street
49 or streets. This requirement does not apply to a Class B license or to a place occupied by a beer
50 licensee so long as it is continuously so occupied. The prohibition against locating a proposed
51 business in a place or building within three hundred feet of a school does not apply to a college
52 or university that has notified the commissioner, in writing, that it has no objection to the location
53 of a proposed business in a place or building within three hundred feet of the college or university;

54 (6) That the applicant is not incarcerated and has not during the five years preceding the
55 date of said application been convicted of a felony;

56 (7) That the applicant is the only person in any manner pecuniarily interested in the
57 business so asked to be licensed and that no other person is in any manner pecuniarily interested
58 during the continuance of the license; ~~and~~

59 (8) That the applicant has not during five years preceding the date of the application had
60 a nonintoxicating beer license revoked; and

61 (9) That the applicant has general liability insurance coverage of not less than \$100,000
62 per occurrence and liquor liability insurance coverage of not less than \$100,000 per occurrence,
63 to cover liabilities arising out of a licensee's general business operations. The applicant shall
64 submit proof of coverage from each insurance coverage provider. The commissioner, upon a

65 finding that the insurance coverage is inadequate to cover claims made against either type of
66 policy, shall, by legislative rule, increase the minimum amounts of insurance coverage for all
67 applicants.

68 (b) In the case of an applicant that is trust or has a trust as an owner, a distributor license
69 may be issued only upon submission by the trustees or other persons in active control of the
70 activities of the trust relating to the distributor license of a true and correct copy of the written trust
71 instrument to the commissioner for his or her review. Notwithstanding any provision of law to the
72 contrary, the copy of the written trust instrument submitted to the commissioner pursuant to this
73 section is confidential and is not a public record and is not available for release pursuant to the
74 West Virginia Freedom of Information Act codified in article one, chapter twenty-nine-b of this
75 code.

76 (c) The provisions and requirements of subsection (a) of this section are mandatory
77 prerequisites for the issuance and if any applicant fails to qualify, the license shall be refused. In
78 addition to the information furnished in any application, the commissioner may make such
79 additional and independent investigation of each applicant and of the place to be occupied as
80 necessary or advisable and, for this reason, all applications, with license fee and bond, must be
81 filed thirty days prior to the beginning of any fiscal year. If the application is for an unexpired
82 portion of a fiscal year, the issuance of license may be withheld for such reasonable time as
83 necessary for investigation.

84 (d) The commissioner may refuse a license to any applicant under the provisions of this
85 article if the commissioner is of the opinion:

86 (1) That the applicant is not a suitable person to be licensed;

87 (2) That the place to be occupied by the applicant is not a suitable place or is within three
88 hundred feet of any school or church measured from front door to front door along the street or
89 streets. This requirement does not apply to a Class B licensee or to a place now occupied by a
90 beer licensee so long as it is continuously so occupied. The prohibition against locating any such

91 place within three hundred feet of a school does not apply to a college or university that has
 92 notified the commissioner, in writing, that it has no objection to the location of any such place
 93 within three hundred feet; or

94 (3) That the license should not be issued for reason of conduct declared to be unlawful by
 95 this article.

CHAPTER 60. STATE CONTROL OF ALCOHOLIC LIQUORS.

ARTICLE 7. LICENSES TO PRIVATE CLUBS.

§60-7-4. Application for license; information required; verification; application to be accompanied by fees; bond; college fraternities and sororities ineligible for license; racial discrimination by applicants prohibited.

1 (a) Application for a license to operate a private club shall be made on such form as may
 2 be prescribed by the commissioner and shall include:

- 3 (1) The name of the applicant;
- 4 (2) If the applicant is an unincorporated association, the names and addresses of the
 5 members of its governing board;
- 6 (3) If the applicant is a corporation, the names and addresses of its officers and directors;
- 7 (4) The place at which the applicant will conduct its operations and whether the same is
 8 owned or leased by the applicant;
- 9 (5) The number of members of the applicant;
- 10 (6) The name or names of any national organizations with which applicant is affiliated and
 11 the nature of such affiliation;
- 12 (7) The size and nature of the dining and kitchen facilities operated by applicant; ~~and~~
- 13 (8) Such other information as the commissioner may reasonably require which shall
 14 include, but not be limited to, the criminal records, if any, of each member of the applicant's
 15 governing board and/or its officers and directors who have been convicted of a felony or a crime

16 involving moral turpitude; and

17 (9) That the applicant has general liability insurance coverage of not less than \$100,000
18 per occurrence and nonintoxicating beer liability or liquor insurance coverage of not less than
19 \$100,000 per occurrence, to cover liabilities arising out of a licensee's general business
20 operations. The applicant shall submit proof of coverage from each insurance coverage provider.
21 The commissioner, upon a finding that the liability insurance coverage is inadequate to cover
22 claims made against either type of policy, shall, by legislative rule, increase the minimum amounts
23 of insurance coverage for all applicants

24 (b) The application shall be verified by each member of the governing board of the
25 applicant if an unincorporated association or, if the applicant is a corporation, by each of its officers
26 and all members of its board of directors. The application shall be accompanied by the license
27 fee hereinafter prescribed and by a bond of the applicant in the penal sum of \$5,000 with a
28 corporate surety authorized to transact business in the State of West Virginia, payable to the State
29 of West Virginia, which bond shall be conditioned on the payment of all fees herein prescribed
30 and on the faithful performance of and compliance with the provisions of this article.

31 (c) Under no circumstance may any college fraternity or sorority be issued a license to
32 operate a private club.

33 (d) No license to operate a private club will be issued to applicants who discriminate
34 against any person or group of persons because of race or color of such person or group of
35 persons.

NOTE: The purpose of this bill is to require licensees authorized to serve alcoholic liquors or nonintoxicating beer to have certain liability insurance coverage to cover the premises of the licensee. The bill establishes a statutory minimum level of insurance coverage. The bill directs the Alcoholic Beverage Control Commissioner, upon a finding that either statutory minimum insurance coverage is inadequate, to increase statutory minimum coverage amounts by legislative rule.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.