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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO ALCOHOLIC BEVERAGES - LICENSES GENERALLY

Introduced By: Representatives Carnevale, and DeSimone

Date Introduced: March 14, 2012

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 3-5-11 of the General Laws in Chapter 3-5 entitled "Licenses  
2 Generally" is hereby amended to read as follows:

3 **3-5-11. Licensing of chain stores.** -- (a) Licenses, except retailer's Class E, Class B,  
4 Class B-H, Class B-L, Class B-M, and Class B-V licenses, authorized by this title shall not be  
5 granted, issued, or transferred to or for the use of any "chain store organization," which term shall  
6 consist of any chain of retail or wholesale business or business organizations, and more  
7 specifically defined herein, including, without limitation, grocery stores, markets, department  
8 stores, and convenience stores, as well as retailers of alcoholic beverages, ~~and which include~~  
9 ~~chains in which one or more stores are located outside of the state.~~ ; provided, however, that such  
10 term shall not include chains in which one or more stores are located outside of the state.

11 (b) The term "chain store organization" is defined to include, but not limited to:

12 (1) Any group of one or more holders of Class A liquor licenses who engage in one or  
13 more of the following practices with respect to the business conducted under such licenses, either  
14 directly or indirectly, or have any direct or indirect beneficial interest in the following practices:

15 (i) Common, group, centralized or coordinated purchases of wholesale merchandise.

16 (ii) Common billing or utilization of the services of the same person or the same entity in  
17 the management or operation of more than one liquor licensed business.

18 (iii) Participation in a coordinated or common advertisement with one or more liquor  
19 licensed business in any advertising media.

1 (iv) Coordinated or common planning or implementation of marketing strategies.

2 (v) Participation in agreed upon or common pricing of products.

3 (vi) Any term or name identified as a chain or common entity.

4 (2) Any group of one or more liquor license holders who share any of the following  
5 common features, either directly or indirectly or acquire any direct or indirect beneficial interest  
6 in the following practices:

7 (i) The same director of a corporation, member of a LLC, LLP, partner in a general or  
8 limited partnership, trustee or beneficiary of a trust.

9 (ii) The same individual or corporate owners.

10 (3) Any group of one or more license holders that is found to be a "chain store  
11 organization" as a factual matter by the department, as a result of an evidentiary hearing in  
12 connection with any application for the issuance, grant or transfer of a license, or upon the filing  
13 of a complaint by any member of the public.

14 (4) Upon a finding of violation of this section, the department shall be empowered to set  
15 a fine up to the amount of ten thousand dollars (\$10,000) per violating licensee, revoke the  
16 license of the violator, or suspend the license of the violator for a period of time to be determined  
17 by the department. Additionally, the department shall issue a cease and desist order against the  
18 violating chain store entity(s) and may further order the dissolution of the violating chain store  
19 entity(s).

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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- 1           This act would allow a holder of a Rhode Island liquor license to purchase an out-of-state
- 2 liquor licensed business.
- 3           This act would take effect upon passage.

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