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Testimony from:

Robert Melvin, Senior Manager, State Government Affairs for the Northeast Region, R Street Institute

In SUPPORT of HB 1730, “Alcoholic Beverage Control; Grounds for Suspension or Revocation of License, Exception”

January 24, 2023

House General Laws Committee, Subcommittee #3

Chairwoman Robinson and Members of the Committee:

My name is Robert Melvin, and I am the senior manager of state government affairs for the Northeast region for the R Street Institute. I reside in Richmond. The R Street Institute is a nonprofit, nonpartisan public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas, including public policy related to alcohol and criminal justice issues. This is why HB 1730 is of particular interest to our organization.

As you know, the COVID-19 pandemic upended labor markets and businesses around the Commonwealth. Hospitality businesses like restaurants were one of the hardest hit sectors of Virginia’s economy.¹ These businesses continue to face workforce challenges even several years after the forced closures and restrictions imposed by government edicts. Recent reports indicate that restaurateurs still have an inadequate number of staff, including waiters, bartenders, managers and others.²

Unfortunately, archaic state prohibitions hamper the ability of restaurants and other businesses that hold Virginia Alcohol Beverage Control Authority (VABC) licenses to hire employees who possess certain criminal records. The VABC possesses the power to “suspend or revoke” a VABC license from a restaurant or other establishment if that business hires an individual who has been convicted of a “felony...or offense involving moral turpitude.”³

The challenge is that these stipulations not only hold back the recovery of the workforce for the struggling hospitality industry, but they also act as a barrier to gainful employment for the formerly incarcerated. Studies have found that recidivism can be curtailed if former inmates are able to obtain meaningful employment.⁴

While the VABC can grant special dispensation from these requirements, the process alone still discourages many licensees from hiring individuals with certain criminal records. Ultimately, the question is whether the government should dictate who employers are allowed to hire. Conversations



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with many restaurateurs have yielded the conclusion that the structure of the system acts as a disincentive because there are perceived challenges with pursuing this process and the risk of a potential license suspension from simply hiring a formerly incarcerated individual is too high.

Restaurant owners and other licensees should have the ability to determine who they deem best to hire for a particular position, free of any government involvement. There is a market incentive for these businesses to hire individuals who they deem to be a good fit for a position, and the business owners are certainly more qualified to make that determination than an alcohol regulator would be.

As you consider HB 1730, we urge you to recognize the benefits of this legislation. The proposal can help alleviate the workforce shortage in Virginia's restaurants. This bill will also provide a path to meaningful employment for formerly incarcerated individuals and help them reintegrate into society. Additionally, it will put the power to make hiring decisions back in the hands of the most appropriate individual—the business owner. For these reasons, I strongly encourage you to grant this legislation favorable consideration.

Thank you,

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¹ Michael Ettlinger, "COVID-19 Economic Crisis: By State," University of New Hampshire, Carsey School of Public Policy, Oct. 22, 2021. <https://carsey.unh.edu/publication/COVID-19-Economic-Impact-By-State>.

² David Ress, "'Staffing is a nightmare:' Needed jobs squeezed hard by Virginia's tight job market," *Richmond Times-Dispatch*, Sept. 2, 2022. https://richmond.com/business/local/staffing-is-a-nightmare-needed-jobs-squeezed-hard-by-virginias-tight-job-market/article_4c26e677-3170-52e0-ae0f-21a4825f7107.html.

³ Code of Virginia § 4.1-225. Grounds for which Board may suspend or revoke licenses, Virginia Law, last accessed Jan. 24, 2023. <https://law.lis.virginia.gov/vacode/title4.1/chapter2/section4.1-225>; Virginia Administrative Code 3VAC5-50-40. Designated managers of licensees; appointed generally; disapproval by board; restrictions, Virginia Law, last accessed Jan. 24, 2023. <https://law.lis.virginia.gov/admincode/title3/agency5/chapter50/section40>.

⁴ Torbjørn Skardhamer and Kjetil Telle, "Post-release employment and recidivism in Norway," *Journal of Quantitative Criminology* 28:4 (2012), pp. 629-649. <https://psycnet.apa.org/record/2012-29484-004>.