



TO: Mayor and City Council for the City of Sandy Springs, Georgia

FROM:

DATE: October 24, 2016, for submission onto the November 1, 2016 Mayor and City Council Work Session Agenda

ITEM: Discussion of an Ordinance to delete or modify Section 6-131 of the Sandy Springs Code of Ordinances relating to commercial rent payments based on volume of alcoholic beverage sales.

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***Background:***

Section 6-131 of the City's Code of Ordinances prohibits any lease agreement in which a commercial rental payment is based in whole or in part on the volume of sales of alcoholic beverages by the lessee, or whereby the lessor otherwise shares in the profits or receipts from the sale of alcoholic beverages. Ostensibly, the purpose of this provision is to prevent someone from bypassing alcohol serving regulations that prohibit convicted felons from owning a liquor license. The ordinance prevents a convicted felon, who is the owner of a commercial property, from leasing the property to a business owner who sells alcoholic beverages under a lease based on percentage of sales, thereby allowing the convicted felon to obtain the profits of the business as rent. However, the ordinance also carries the unintended consequence of making it more difficult for undercapitalized small businesses to open in the City.

***Discussion:***

The question has been raised whether this ordinance needs to be deleted or modified to allow percentage rent agreements. By allowing percentage rent agreements, commercial property owners would be able to invest in rental opportunities and allow lessees to start business without significant capital. However, maintaining existing policy would help ensure that convicted felons are unable to circumvent the pouring license process.

***Alternatives:***

The City could decide not to repeal or modify the Ordinance.