



New Hampshire Liquor Commission

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MLL
Joseph W. Mollica
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Deputy Commissioner

Christopher T. Sununu
Governor

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March 22, 2023

The Honorable Ken Weyler, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

His Excellency, Governor Christopher T. Sununu
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 177:2, Closing of State Stores, the New Hampshire Liquor Commission (NHLC) hereby reports the closure of New Hampshire Liquor and Wine Outlet #63, 30 Warwick Road, Suite 1, Winchester, and requests Fiscal Committee and Governor and Council approval of the Indirect Cost Allocation Plan for State Fiscal Year 2022.

EXPLANATION

Outlet #63, 30 Warwick Road, Suite 1, Winchester, temporarily closed from July 19, 2021 to July 23, 2021 as a result of flooding from the Ashuelot River. The outlet temporarily closed again on November 5, 2021 because of staffing needs at more profitable outlets in the region. On February 28, 2023, the outlet permanently closed when the lease ended. Outlet #63 was 4,000 square feet, produced \$2.3M in Fiscal Year 2021, and was one of the least profitable outlets. It should also be noted that there are geographically aligned outlet locations in the area, which include Hinsdale, West Chesterfield, Keene, Walpole, Rindge, and Peterborough. Each of these locations were more profitable than Winchester in FY 2021.

The Indirect Cost Allocation Plan reflects the operating expense base of the state liquor outlets and the overhead expenses of the other NHLC departments, which are allocated to all state stores on a consistent, rational basis. The table below is the indirect cost plan for Fiscal Year 2022 based on expenditures of \$76,008,778 with \$17,688,214 operating pool expenses and \$8,381,650 indirect cost expenses allocation back to all liquor stores based on each store's percentage of total sales. The amount allocated to Outlet #63 in FY2021 was \$97,377.

**STATE OF NEW HAMPSHIRE
LIQUOR COMMISSION
INDIRECT COST ALLOCATION PLAN
FISCAL YEAR ENDED JUNE 30, 2022**

<u>BUDGETARY OPERATING EXPENSES:</u>	<u>CLASSIFICATION</u>	<u>FY22 TOTAL</u>	<u>OPERATING POOL</u>	<u>INDIRECT POOL</u>	<u>UNALLOWABLE</u>
OFFICE OF THE COMMISSION	INDIRECT	1,443,903	NA	1,443,903	NA
INFORMATION TECHNOLOGY	INDIRECT	3,194,266	NA	3,194,266	NA
FINANCIAL ACCOUNTING	INDIRECT	3,092,234	NA	3,092,234	NA
HUMAN RESOURCES	INDIRECT	651,247	NA	651,247	NA
WORKERS' COMP & UNEMPLOYMENT COMP	DIRECT	1,259,180	183,479	NA	NA
MARKETING AND MERCHANDISING	DIRECT	1,191,937	1,191,937	NA	NA
STORE OPERATIONS - ALL STORES	BASE	57,915,386	13,242,412	NA	NA
ADVERTISING	DIRECT	2,800,000	2,800,000	NA	NA
WAREHOUSE AND TRANSPORTATION	DIRECT	270,386	270,386	NA	NA
ENFORCEMENT, LICENSING, EDUCATION & GRANTS	NOT ALLOWABLE	4,190,239	NA	NA	4,190,239
		\$ 76,008,778	\$ 17,688,214	\$ 8,381,650	\$ 4,190,239

ALLOCATION PLAN FOR INDIRECT EXPENSES:

Allocation for Stores direct (Marketing & Merchandising, Advertising and Warehouse and Transportation and indirect expenses (includes the following organizations - Commission, IT, Financial Accounting and Human Resources) Total of \$17,688,214 operating pool allocated to retail store locations based on their respective percentage contribution to total sales. Total of \$8,381,650 indirect pool allocated to retail store locations based on their respective percentage contribution to total sales.

Respectfully Submitted
New Hampshire Liquor Commission



Joseph W. Mollica, Chairman