

# Liquor Store and Wine Industry Revitalization Act

## THE RATIONALE

The Governor's budget proposal earlier this year to allow the sale of wine in grocery stores was focused on addressing two significant needs in the State:

1. Help New York's struggling wine and grape growing industries gain new market share and generate new economic activity
2. Raise desperately needed new State revenue – for uses ranging from education to social programs – through the licensing of new outlets selling wine

While both are extremely compelling concerns, the proposal failed because it did nothing to address two other critical components:

3. The need to concurrently address the very real concerns and interests expressed by the state's liquor store industry about the state's antiquated liquor laws and restrictive policies
4. Preventing increased access to alcohol for our youngsters.

**This new, comprehensive bill is a pro-active economic development initiative that seeks to address all of these four key concerns. It will create jobs, promote small business, protect consumers, and generate hundreds of millions for the state.**

## THE LEGISLATION

**Provides new opportunities for liquor store owners:** The bill eliminates prohibition-era restrictions that have burdened mom and pop liquor stores and instead gives them the ability to expand their product offerings, increase the number of stores they are able to own, have access to new sales markets, and several other changes that were suggested by liquor store owners themselves.

**Helps our wine and grape growing industries:** By allowing the sale of wine in those outlets currently licensed to sell beer, this bill would open up significant new markets for wineries, thereby allowing New York to finally join the 35 other states that benefit from expanded wine sales. Economic development in our grape growing and agricultural sector will spin off jobs and benefits throughout New York State.

**Raises significant revenue for New York State:** Not only is this initiative expected to raise more than \$160 million in direct new revenue over the first two years from licensing fees, but there will be significant additional revenue generated by increased wine sales, new economic activity in the wine and grape industries, and new job creation.

## THE STATEWIDE SUPPORT

Not only is this legislation strongly supported by the New York Wine Industry Association (and its member wineries, grape growers and industry suppliers), but this comprehensive legislative approach has been advocated by virtually every major newspaper across New York State. As Crain's New York Business stated in their March 1, 2009 editorial in support of the Governor's budget proposal:

*“The Legislature should approve the proposal to allow wine to be sold in grocery stores, and accompany it with legislation loosening the rules that stifle liquor stores. The result will help the state's consumers and its finances.”*

Other media outlets supporting this approach include the Albany Times Union, NY Daily News, Buffalo News, Newsday, Syracuse Post Standard, Rochester Democrat & Chronicle and others. In addition, dozens of members of the New York State Senate and Assembly have already signed on as co-sponsors (and more are joining every day).

## **WHAT STAKEHOLDERS AROUND THE STATE HAVE SAID ABOUT THE NEED FOR A COMPREHENSIVE “LIQUOR STORE-WINE BILL”**

### **FROM A LIQUOR STORE OWNER**

“...it could actually be a good thing. Thirty-five states already permit wine sales in grocery stores, and those states still have independent retailers. ...I also see these proposed changes as a huge opportunity to serve our customers better while redressing outdated, irrational and inequitable laws. But these proposals will bring increased competition, and it’s only fair that there should be commensurate opportunities to expand our small businesses. ...If the laws were truly fair, we independent retailers will have our own advantages.”

*-From a 03-20-09 op-ed in the NY Times by New York City wine store owner Marco Pasanella*

### **FROM THE WINE INDUSTRY**

“You should know that there were many of us in the wine making industry who, along with supporting the concept of wine in grocery stores, also felt that a thoughtful, “big picture” response should have been worked out that also addressed the bigger needs of the liquor store industry. Our sense was that in the end, if the State really wanted to make wine in grocery stores a reality, they would need to come to some kind of comprehensive solution.”

*-From a recent letter sent to liquor store owners by the NY Wine Industry Association regarding this year’s budget fight and the need for new legislation*

### **FROM NEWSPAPERS ACROSS NEW YORK STATE**

“In March, the Legislature rejected an overdue plan to allow supermarkets to sell wine—although that meant giving up a potential \$160 million in new tax revenue annually—because it might have hurt some small liquor store owners. Now proponents are back with a new proposal that would allow supermarkets to sell wine, yet also help ambitious liquor retailers. The idea is to create a medallion system for liquor licenses. This would make licenses easier to sell, permit owners to operate in multiple locations, allow cooperative buying groups and ease restrictions on wine tastings. This plan would allow the best of the current retailers to thrive while offering consumers expanded choices. And given that a deficit has already opened up in the budget, the state needs the money.”

*-Crain’s NY Business Editorial 06-01-09*

“So, before the state opens the door to grocery stores [to sell wine], it must also modernize its liquor-store statutes. Allow liquor stores to sell beer, mixers, cheese and other complementary products. Let them extend their owners and expand to more than one outlet. Fair is fair.”

*-Newsday Editorial 03-15-09*

“The logic of allowing wine sales in grocery stores is compelling. But before moving ahead with this proposal, lawmakers should try and make it fairer for liquor store owners who have invested in their enterprises and played by the rules...What about allowing liquor stores to sell mixers, snacks, accessories and beer? How about eliminating the one-store-only rule?”

*-Syracuse Post-Standard Editorial 03-15-09*

“If supermarket customers gain the right to buy a little wine with their cheese, though, antiquated liquor store rules also should be changed to allow customers there to buy a little cheese with their wine—or crackers, beer, chips, glassware, gift bags and other items such stores are not now allowed to sell. And wine sale hours also should be equal.”

*-Buffalo News Editorial 03-07-09*

“There’s no good reason that the store where you buy a T-bone steak can’t also sell you a Cabernet to go with it. By the same token, it’s ridiculous that liquor stores can sell tequila but not the lime juice or the salt for your margarita...Overhauling these laws would make life easier for almost everyone, boost the economy and raise a few bucks for our cash-strapped state government in the bargain.”

*-Bill Hammond column, Daily News 03-03-09*