# UFCW PA

## *A $2 <u>billion</u> MYTH vs.*

## *$500 million in HARD CASH every year!*

- Rep. Mike Turzai thinks he can raise $2 billion by selling the wine and Spirits Stores. He bases this on faulty numbers from the 1997 failed privatization scheme and even worse math by the privateers pushing the sale now.
- Price Waterhouse originally said that a sale in 1997 would raise $600 million, but then conceded that the Ridge Administration had provided bad numbers. The firm reversed itself and said the sale would raise less than **<u>HALF</u>** of this amount – between $230 million and $300 million.
- Now, to get $2 billion, Turzai wants to sell 850 retail and wholesale licenses at a $2.3 million average = a figure achieved **nowhere** in the U.S. for similar licenses. For example, New Jersey's average license sells for less than $250,000.

## *$500 MILLION FACTS:*

- Wine and Spirits store revenue for the taxpayers of Pennsylvania more than doubled from $233 million in 1996 to **$513 million** in fiscal year 2010 – **after all costs were covered –** far outpacing Price Waterhouse's 1997 projections.

- This money comes from store profits and sales taxes.

- PA's Wine and Spirits stores guarantee **100 percent** that all taxes are collected at the point of sale – a record unmatched in the private sector.

- Mike Turzai's privatization scheme would jeopardize more than $500 million year-in and year-out, potentially leading to higher taxes because lawmakers would have to make up for this revenue loss.

**Tell your legislator to get the facts, and not believe the myth, before voting to sell this valuable state asset.**

**For the facts, visit: [www.ufcw1776.org](http://www.ufcw1776.org)**

## Sell our Wine and Spirit stores?

# PA faces a $4 billion deficit. Selling them is risky and irresponsible – a step that Pennsylvania's taxpayers can't afford!

**Selling** the Wine and Spirit stores means:

- Higher taxes. Count on them. If the privateers an asset that generates more than **$500 million a year every year** for the state – an asset owned by taxpayers – they'll have to find major new revenues to replace this loss.

- **A big risk to our communities**. We could end up with nuisance **new liquor stores on every corner.**

- **Loss of control.** The clerks in the Wine and Spirit stores prevent the sale of alcohol to children and inebriated persons. We don't need **more teenage drunk-driving fatalities** and other alcohol related tragedies.

- **Job losses.** The Wine and Spirit stores provide more than **4,500 family-sustaining jobs that would be replaced by part-time, minimum wage jobs with no benefits** – when Pennsylvania needs good jobs the most!

## ***Keeping** the Wine and Spirit stores means:*

- ***A reliable and growing flow*** of taxes and profits to the state treasury, instead of to big out-of-state corporations.
- ***Protecting our communities*** against being overrun by new liquor stores on every corner.
- ***Proven, successful*** state-of-the-art prevention – a national model – against sales to minors and people who had too much to drink.
- Protecting 4,500 solid, tax-paying jobs **– the kind of jobs that our state needs!**

State Control of Alcohol:

<u>Protecting the Public's Health</u> Martin Institute

When the 21st Amendment repealed national prohibition in 1933, states became responsible for regulating alcoholic beverages. While many states decided to license private businesses to sell alcohol, 18 states chose to control alcohol sales with state monopolies. (Here, a "monopoly" just means that alcohol is under state control.) The goal was to provide a legal way for people to obtain alcohol, but also encourage moderate consumption by reducing economic incentives for maximum sales.

States that currently have monopolies over either beer, wine, or spirits for some combination) are: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. In addition, Montgomery County, Maryland has a monopoly over spirits, beer, and wine (the only jurisdiction that controls all three.)

***<u>Benefits of state monopolies</u>***

- States with spirits retail monopolies have a lower prevalence of drinking and binge drinking among people between 12 and 25 years old?

- Compared to states that license private sellers of alcohol, states with retail monopolies over wine and spirits have:

  - 14.5% fewer high school students reporting drinking alcohol in the last 30 days;
  - 16.7% fewer high school students reporting binge drinking in the last 30 days;
  - A death rate for people under age 21 killed by alcohol-impaired driving that is 9.3% lower.
- As many as 45 deaths per year could be prevented by state monopolies over alcohol sales.
- Monopolies of both wine and spirits sales reduce consumption more than monopolies over spirits alone.
- When a beer sales monopoly was reinstated in Sweden, alcoholism, alcohol psychosis and intoxication decreased by more than 20% among people 10-19 years old and by more than 5% among people older than 40. Motor vehicle crashes decreased by 14% in most age categories, and suicides decreased by more than 11% among people ages 10-19 and older than 40.

## ***Effects of privatizing alcohol sales***

- Consumption of alcohol is higher in privatized jurisdictions.

- A comprehensive review and analysis by the U.S. Task Force on Preventive Medicine found that privatization leads to higher alcohol outlet density, greater physical availability, and a decline in the real price of alcohol.

- The task force review of 17 studies found that after privatization, alcohol sales increased by an average 42%.

- This review also found dramatic increases in outlet density in eight U.S. states and two Canadian provinces after retail monopolies were eliminated specifically, Alabama, Idaho, Iowa, Maine, Montana, New Hampshire, Washington, West Virginia, Quebec, and Alberta all saw outlet density increase after privatization.

- After private retail licenses were introduced to British Columbia in 2002, the number of private alcohol retailers rose by 33% over six years.

- Privatization results in increased alcohol marketing and extended days and hours of sale.

**Bottom Line:** Maintaining state monopolies over alcohol sales helps lower alcohol outlet density; overall consumption, underage drinking and deaths from drunk driving. A state considering changing its monopoly system to a privatized one must seriously consider the increased consumption and alcohol-related harm that will likely follow.