

APPENDIX

218TH NEW JERSEY LEGISLATURE
ASSEMBLY OVERSIGHT, REFORM AND FEDERAL
RELATIONS COMMITTEE
HON. JOE DANIELSEN—CHAIR

TESTIMONY

SAL RISALVATO

Executive Director

New Jersey Gasoline-Convenience-Automotive Association

March 21, 2019

COMMITTEE ROOM 11
TRENTON, NJ 08625

Testimony of Sal Risalvato

Thank you, Mr. Chairman, for the invitation to speak to the Committee today. I am the Executive Director of the New Jersey Gasoline, Convenience, Automotive Association (NJGCA), an over 80-year-old non-profit trade association representing independent business owners, including hundreds of the state's convenience stores.

The Committee agenda for today calls for representatives from the alcoholic beverage industry, and our members cannot claim to be a part of that industry, though it is not for lack of desire or ability. No, the independent small businesses which make up our association have been locked out of the market for decades because of an outdated series of protectionist policies designed to favor those who happened to be in the market decades ago at the expense of everyone else, and everyone who has come since.

The arcane patchwork of laws and regulations governing the sale of products containing alcohol would never be re-adopted if we were to draw them up from scratch today, and no state in the union would ever suggest adopting anything that could be described as the "New Jersey model". It is long past time that this entire system be reformed, and I applaud this Committee for being willing to consider doing so.

Our current system does not explicitly ban convenience stores from selling beer and wine, and there are a handful that do. Instead, they are restricted from the market because a small store that wants to offer a small selection of beer for their customers must invest tens, or (more likely) hundreds of thousands of dollars in a full "plenary retail distribution license", which also gives them the right (and at that price the obligation) to sell liquor. At that point, the owner may just as well become a liquor store, if they have the space available. Of course, this presumes that there even is a license available. Distribution licenses are granted to municipalities at the rate of one per 7,500 residents, making them less than half as common as the licenses for retail consumption.

This is not a marginal issue for our industry, this is a fundamental cornerstone of the business model that has been effectively eliminated by state government mandate. According to data from the National Association of Convenience Stores, **79% of the nation's c-stores offer beer for sale**, and 65% offer some selection of wine as well. At those stores, on average, **over 12% of their total sales are beer, making it the third largest category**. Beer and wine generate approximately \$220,000 in gross sales for the average store. It equates to about \$50,000 per year in gross profit, an amount of money that could be used to hire 2 more employees for thirty hours a week at \$15 an hour. But in New Jersey, the number is \$0.00.

Imagine if a legislator in any of those states announced they wanted to adopt New Jersey's system of liquor licensing; and all those convenience owners were told that one eighth of their sales were going to be taken away from them, for no reason other than that the State wanted those sales flow

to a different, more favored, type of business. No one would stand for it. Yet that is the status quo in the state of New Jersey. It does not serve any benefit of any kind to the public good, it actively hurts the consumer, and it only helps some businesses at the expense of hurting other ones. Over the last decade, multiple states have taken action to open up the market for alcoholic beverages, and none have moved in the opposite direction.

It's tough to keep the doors open and keep people employed as an independent retailer. Just this month Visa and MasterCard announced they are increasing the credit card interchange fees businesses are forced to pay. These fees now account for the second largest expense for a retail business, after the cost of employment. The cost of employment will be going up on July 1st when the minimum wage increases 13% and will continue to increase by State mandate every year going forward. Employers must also contend with a new paid sick leave mandate as well.

All we are asking for is the ability to offer a small selection of beer and wine as a matter of convenience. Consumers looking to pick up a bottle of spirits along with their beer will continue to patronize full blown liquor stores. One of the defining traits of a convenience store is its small size. They need to make every inch count, even more so than other retailers do. Beer and wine enthusiasts and connoisseurs will continue to make their purchases at a liquor store, where the selection will always be wider and fuller than what a c-store can offer.

To alleviate our problem, I would suggest the following as a backbone for legislation:

The cost of a license should be reflective of what it costs the State to enforce the law, it should not be a rate created because of an artificial scarcity created by the government. The State largely doesn't even benefit from these inflated license costs, they are pocketed by businessmen and their brokers.

I look to the legislation proposed by Assemblyman Burzichelli (and passed by this Committee last year) to free up the retail consumption licenses as a useful guide for solving the problem of retail distribution. The State should create a new type of license which allows for the sale of beer and wine (but not liquor). As with almost all types of licenses the State gives out (motor fuel retail and cigarette licenses are ones our members are already familiar with), the total number of licenses available should not be capped at an artificial level, the market can and will decide how many are needed. The lack of a cap prevents the license itself from having value, as would the fact that it would be non-transferable.

These licenses could be opened to any type of retailer; or defined in such a way as to only allow genuine convenience stores to hold them. If they are to be restricted to convenience stores, I would propose the following as a solid definition for a c-store:

“A retail establishment whose primary business is the sale of groceries and other foodstuffs for primarily off-premises consumption, and may also include the sale of motor fuel, household items, tobacco products, and lottery tickets; and which is between 800 and 4,500 square feet in size.”

We are willing to support allowing this new type of retail distribution license to be restricted by a cap on total ownership, in order to ensure that the benefits will be constrained to actual independent business owners. However, the current cap of two in the entire state is simply too low. It will prevent any small business from growing to a medium business, as is the hope of just about any retailer there is. We enthusiastically endorse the underlying concept behind Majority Leader Greenwald’s bill to increase that number from two to ten over a period of years.

As for current license holders, it is certainly true that they have a financial asset that will see its value decrease as a result of a loosening of the oligopoly granted them by the State. However, that loss in value should also be measured against all the extra money that they have made over the years and decades which are attributable to the market protections given them by the government. I agree that it is a huge and unfair burden for someone who wants to go into business to have to take out a massive loan in order to get a government license to sell certain types of products to consumers. While we should respect the sacrifice of those that already have done it, we should also actively work to ensure that no one else is ever forced to go through the same injustice.

Even still, and especially for those who have recently purchased their licenses, some level of compensation is deserved, given there will likely be a decline in the value of the license they hold (though it still will hold immense value since they will continue to have the same control of liquor sales). The basic model proposed in Asm. Burzichelli’s legislation for restaurants can be used to compensate distribution license holders for the value they do lose, in the form of a series of tax credits over several years. Crucially, these tax credits should be transferrable, given the fact that many license holders may not have a large state income/corporate tax burden.

These basic reforms will bring freedom to the marketplace in New Jersey and allow millions of New Jerseyans to have greater choice in where, when, and how they spend their hard-earned money. All the Legislature needs to do is let small businesses compete in a free market and then let consumers determine what is best for them and their life.

Over the years and across the country, convenience stores have proven to be an entryway to the American dream for thousands of small business owners, including many immigrants. They require—and also reward—hard work. Allowing New Jersey’s independent convenience stores to compete on the same terms as c-stores in almost every other state will help them stay afloat in a world of high costs and high pressure from big corporations.

I am happy to discuss this issue in further detail at your convenience anytime. Thank you.

**RETAILERS FOR
RESPONSIBLE
LIQUOR LICENSING**

**TESTIMONY &
EXHIBITS**

**ASSEMBLY OVERSIGHT,
REFORM AND FEDERAL
RELATIONS**

MARCH 21, 2019

1

SUBMITTED TESTIMONY

2

**NJFC WHITE PAPER
CASE FOR ECONOMIC
DEVELOPMENT**

3

**MASSACHUSETTS REVENUE
REPORTS**

4

**IMPACTS/IMPLICATIONS
OFF-PREMISE LICENSE
ALLOCATIONS**

5

**ECONOMIC IMPACT OF
ALLOWING ALCOHOL IN
RETAIL STORES**

6

**MAPS OF CO-EXISTING
LIQUOR STORES WITH
SUPERMARKET LIQUOR**

7

**MONMOUTH UNIVERSITY
POLL ON SUPERMARKETS
ALCOHOL SALES**

8

**PRESS CLIPPINGS ON
ALCOHOL LICENSE REFORM**

Retailers for Responsible Liquor Licensing

Testimony and Exhibits

Assembly Oversight, Reform and Federal Relations

March 21, 2019

Table of Contents

Submitted Testimony.....Tab 1

New Jersey Food Council White Paper

A Case for Economic Development.....Tab 2

Massachusetts Revenue Reports

June 2015 - June 2018Tab 3

Food Marketing Institute Report

Impacts and Implications in Off-Premise

License Allocations.....Tab 4

University of Denver Study

The Economic Impact of Allowing Alcohol in Retail Stores....Tab 5

Maps of Co-Existing Liquor Stores with Supermarket Liquor

Licenses.....Tab 6

Monmouth University Poll on Supermarkets Alcohol Sales.....Tab 7

Press Clippings on Alcohol License ReformTab 8

1

Submitted Testimony

Assembly Oversight, Reform and Federal Relations Committee
Thursday, March 21, 2019
AJ Sabath, Retailers for Responsible Liquor Licensing

Good Afternoon Chairman Danielsen; Vice Chair Houghtaling and members of the committee. My name is AJ Sabath and I am here today on behalf of the Retailers for Responsible Liquor Licensing Reform, a coalition of supermarket interests dedicated to reforming New Jersey's discriminatory and anti-competitive liquor licensing laws in order to provide greater consumer choice, convenience and transparency. *Our members include Whole Foods, Stop and Shop, Kings, and Acme.* We are on a quest to have New Jersey join forty-six other states that do not restrict beer, wine, or spirits from being sold in retail food stores. We very much appreciate this opportunity to share the perspective with you on behalf of our members.

Our specific issue of concern that we'd like to bring to the committee's attention is a 1962 State law (N.J.S.A. 33:1-12 and 33:12.31) and subsequent regulations promulgated by the New Jersey Alcohol Beverage Control Commission (ABC) that restricts entities to a limit of two liquor licenses. This prevents corporations such as supermarkets from selling beer, wine and spirits in more than two stores. We believe the current law should be changed because it favors liquor store monopolies, perpetuates inequality within the industry and creates barriers to promoting economic development opportunities at the local level.

For the committee's review, we have shared our:

- White Paper
- A series of press clippings of news stories and Op-Eds
- The Monmouth Poll that demonstrates consumers want choice
- The Massachusetts Alcohol and Beverage Commission Study
- The Massachusetts Division of Revenue Report
- Food Marketing Institute Study
- A recent Economic Impact Study from the State of Denver conducted by the University of Denver Daniel's School of Business
- Maps of Paramus, Princeton and Cape May

In speaking about promoting economic development we would like to highlight New Jersey's home-grown craft breweries and wineries that can't sell their products in most grocery stores. To preserve this 1962 law, we are forsaking an obvious economic boon for New Jersey small business, while stripping customers of a local choice.

Nothing paints a clearer picture of how impractical and outdated our liquor licensing laws are than the recent snafu over the bankruptcy purchase of A&P stores by Stop and Shop and Acme. Many A&P stores across the State were purchased in a bankruptcy sale and have recently reopened as Acme or Stop and Shop stores, but without the liquor departments that were popular features under the previous A&P ownership. Since Acme and Stop and Shop already own two liquor licenses, they are restricted from operating liquor departments in those stores due to the 1962 State law two-license cap.

A&P had 21 licenses that were grandfathered under the 1962 liquor licensing law. Members estimate the substantial decrease in these sales for EACH loss of license to be about \$4 million in liquor sales, excise taxes and job reductions. There will be an additional economic impact to the State stemming from the tax loss and job reduction as a result of the lost liquor licenses. Think about it. It is absurd that

customers one day walked into an A&P to purchase alcohol and at same location, when the banner went up as an Acme, they lost capacity to buy alcohol. Many of these customers are expressing their outrage and frustration on social media, community blogs, and in news articles because the law makes no sense.

The issue with the licenses at A&P's former stores underscores the archaic liquor licensing laws on the books. The fact that a company buying an existing chain, with existing liquor licenses, is without the ability to use them, demonstrates we are long overdue for massive reform. The two-license restriction has also been an issue when other food retailers have entered the State for the first time. When Whole Foods wanted to open a liquor department at its store in Paramus, the company first had to close the wine department at its Madison store.

This outdated cap was created more than half-a-century ago to combat price fixing and to fight organized crime – concerns that are clearly obsolete now. Even though those threats are long gone many mega chain liquor retailers operating in New Jersey are opposing any reform because they want to protect themselves from competition. The special interest chain liquor lobby have fought us every step of the way. Why? The answer is to defend their fifty-year old monopoly because they have found a way to maneuver around the two license restrictions.

This is mindboggling to say the least– but one of the unfair challenges we face is that liquor giants have spent decades perfecting ways to play the system so that Joe Canal's and Buy-Rites can hold dozens of licenses. With just one mouse click all one needs to do is to go to any liquor giant's website — Joe Canal's (11 stores), Bottle King (14 stores), Spirits Unlimited (22 stores) and Buy-Rite (over 50 stores) — and we've provided screen shots of each retailer's website for you. Many mega liquor store chains have devised a work-around of the two-license-limit by establishing relationships with individuals to purchase licenses and then yank out all the profits by charging these individuals with management agreements and rents. Our members cannot do this because of their corporate structures. Meanwhile, consumers are left empty-handed; often inconvenienced and subjected to high prices due to the lack of competition:

This is one of the many reasons our coalition has been advocating for a measure A-1278/S-2282 that would gradually increase the number of liquor licenses a supermarket can own and operate. Immediately after the bill's enactment, the limit is raised only from 2 licenses to 5 licenses. Five years after enactment, the cap is again raised from 5 licenses to 7 licenses. Finally, 10 years after enactment, the final lift occurs, moving from 7 licenses to 10 licenses. The measure also contains a License Transfer Fee provision, which is new to liquor license sales in New Jersey. Any retailer who obtains more than 2 licenses through a private transaction must pay an additional 10% fee, based off the sale of the license, to the municipality where the license is located.

We are not advocating for the creation of new liquor licenses. All we are seeking is to open the market and allow businesses at the current two-license cap to purchase available or dormant licenses, which are currently unused in specific towns because of a lack of demand the two-license limit causes. We believe increasing the cap will create greater value and return on existing licenses, and could increase the value of licenses for current owners. Lifting the cap will also open the market and allow businesses who are at the two-license limit to purchase pocket licenses, which are currently dormant due to a lack of demand.

Most important, consumers want convenience and choice when it comes to purchasing beer, wine and spirits. A recent Monmouth University poll showed that 76 percent of New Jersey residents who purchase alcoholic beverages would like the option to do so at their local grocery store. Another public benefit of lifting the cap would be incentivizing supermarkets to expand in New Jersey, creating more jobs. A typical supermarket employs between 200-600 people and companies spend approximately \$25 million to build each new 100,000-square-foot facility.

Before I close, I would like to dispel a few myths being perpetuated by the mega chain liquor lobby. First, supporters of the status quo fighting us on licensing reform say that allowing more food retailers to enter the liquor business will put small stores out of business. This is simply false, and there is no evidence to support such a claim. A recent study of New Jersey's liquor marketplace found that in areas of the State where food retailers already have liquor licenses, there are ALSO a substantial number of independent liquor stores. None of these stores have gone out of business because of the presence of the food store selling liquor.

In fact, basic common sense prevails in reviewing the Bergen County Town of Paramus where there are over thirty (30) independent liquor stores within a four (4) mile radius of four (4) supermarkets that sell alcohol. Also, any changes to the liquor license limit would still maintain a cap on the total number of licenses in the State. Even if a supermarket chain was able to obtain ten (10) licenses, they would still have less licenses than Joe Canal's (11 stores), Bottle King (14 stores), Spirits Unlimited (22 stores), or Buy-Rite which advertises on its website that one family owns "the largest and first discount liquor store chain in NJ, with over 50 convenience locations throughout the state" It is far more likely that these stores are putting the "little guy" out of business. We have provided you with other examples of similar countenance of independent liquor stores and supermarkets in Princeton and Cape May.

In other States, retail liquor license reform occurred by legislation or through legal action. When legislation became delayed the courts were sought to resolve the issue. Such was the case in South Carolina and Tennessee. We have provided you with copies of the of legal cases in both of those States where license limitations were struck down.

Massachusetts used the New Jersey liquor reform bill we support as a model to upgrade incrementally their state's liquor laws three years ago with great success. Starting in January of 2012, the number of off-premise licenses allowed per single-entity in Massachusetts went from three (3) to five (5). In 2016, single-entities will be allowed to hold seven (7) licenses, and in 2020, a maximum of nine (9). A study of the Massachusetts law concluded that smaller retailers are not being overrun by supermarkets as a result of increasing the number of liquor licenses in that State. The study was released in the fall of 2015 and is titled, "The Impact of Changes in Off-Premises License Allocations in Massachusetts and The Implications for New Jersey."

The Massachusetts study found that only 7.6 percent of the approximately 2,800 off-premise licenses are held by firms with more than three (3) licenses. Roughly half of those existed *prior* to the law change and represented family groupings or franchise retail establishments holding licenses in a coordinated fashion. In the entire Commonwealth of Massachusetts, an average of thirteen (13) licenses per year have either been transferred or granted to entities already holding at least three (3) licenses. That represents less than 0.5 percent of licenses granted each year. The geographic spread of these licenses was wide - just four communities had more than one license-holder that also held more than three licenses statewide.

The Massachusetts Division of Revenue Study which we have provided found that allowing supermarkets to increase the number of liquor licenses did not result in a cannibalization of the retail market. In fact, since they adopted New Jersey's law, the tax revenue increased from year to year. Wine, beer and spirits are taxed at different rates in the State of Massachusetts. The Division revenue study underscored that the retail market actually increased, and did not decrease. They made an extra \$8 million this year, 4 years after increasing the license limitation.

Another myth we hear is that supermarkets will use alcohol as a loss leader and undercut packaged goods stores. Under current law, alcohol cannot be a loss leader in New Jersey because it cannot be sold below cost. This means there will always be a price floor that retailers cannot dip below. However, any liquor store can adjust its prices in the hope of generating more volume as long as it does not go below the price floor. We are not recommending any changes to the below cost prohibition that exists under current law. And all supermarkets operate under the 3-tier system in New Jersey.

Finally, we always get a kick out of this myth . . . If more supermarkets sell alcohol, minors will have greater accessibility. Not only is that statement blatantly false but recent violations data from the ABC proves the exact opposite. Food retailers have some of the tightest safeguards in place to ensure minors do not obtain alcohol and other age restricted items such as tobacco products, lottery tickets and certain over the counter medicine. Many have 100 percent age verification policies using sophisticated license scanning technologies. Data obtained from the ABC through OPRA shows that over a three-year period there were ZERO incidents of supermarkets selling alcohol to minors. However, small package good stores were the biggest offenders with over 400 violations in that same time period. If a teenager is looking to obtain alcohol, they are not going to a large retail facility; they are going to a small corner store.

The State of New Jersey had the courage to take on the liquor industry when they took up the direct wine shipment issue which is now law. The liquor opposition testified strongly against change to status quo and warned liquor stores would close and wholesalers would go out of business. In reality, the update in the law has created a flourishing wine industry in New Jersey with revenue growth, new jobs and opportunity for farmers and entrepreneurs. No one went out of business and the State continues to benefit from the change. And now we have a thriving craft brew business in New Jersey that is looking to expand. Customers are seeking these products and yet we are denying these companies from gaining maximum exposure and sales volume because we can't sell these New Jersey homegrown products in New Jersey supermarkets.

So, while over the past 50 years man has walked on the moon, the Berlin Wall has fallen, the internet has invaded every facet of our lives and the United States has elected its first African-American president, and the Garden State is on the cusp of legalizing recreational marijuana, New Jersey still has not modernized its outdated and monopolistic liquor laws. It's time for that to change and on behalf of the Retailers for Responsible Liquor Licensing we hope that this committee will use its power and influence to help facilitate much needed reform in this area.

TO: Members of the Assembly Oversight, Reform, and Federal Relations Committee

FROM: Michael D. DeLoreto, Esq.

RE: Liquor License Reforms in Other States

DATE: March 21, 2019

On behalf of my client, the New Jersey Food Council and its Retailers for Responsible Liquor Licensing ("RRL") coalition, I appreciate the opportunity to submit this testimony as the Committee reviews the State's alcoholic beverage licensing system. As you may know, the RRL coalition is supportive of Assembly Bill 1278 (Greenwald) / Senate Bill 2282 (Cruz-Perez) which gradually increases the limit on the number of licenses a supermarket company can own.

State Regulation of Alcoholic Beverages

After the fall of prohibition and the enactment of the 21st Amendment, states were relatively free in their regulation of the alcoholic beverage industry. As a result, each state has its own rules and regulations regarding the sale of alcohol. New Jersey, for example, has a broad regulatory system for the sale of alcoholic beverages including a quota system on the number of licenses that can be issued and a limitation on the number of licenses a single entity can own (referred to as the two license limit law).

Nearly 100 years since prohibition ended, state governments are still grappling with the proper method to regulate alcohol sales. Each state has a difficult job balancing its interests in promoting the public welfare while also recognizing that alcohol is part of the economic and cultural landscape. What has become apparent is that many of the regulations states put into place decades ago are now outdated, do not reflect current attitudes towards alcohol, and place unnecessary restrictions on good corporate citizens operating in the modern business world.

State Reform Efforts

A significant number of states are now reforming their laws, either through legislative enactment, legal challenges, or ballot initiatives. Below is a brief snapshot of some major reform activities that have occurred over the past several years:

- **Colorado** – The Governor and Legislature enacted Senate Bill 16-197 which allows an increase in the number of Retail Liquor Licenses and Liquor-licensed Drug Store Licenses to be held by an entity (subject to strict radius requirements and a ten to twenty year phase-in of new license rules). The bill also allows for the sale of full strength beer by Fermented Malt Beverage Licensees starting in 2019.

- **South Carolina** – The Supreme Court of South Carolina struck down the state’s three license limit law in 2017 as serving no public purpose except as an economic protectionist measure which violated the South Carolina constitution. The State Legislature subsequently enacted a new licensing system that increased the number of licenses a single entity could hold based upon the population size of the county where the store is to be located.
- **Massachusetts** – The Governor and State Legislature enacted a gradual increase of the state’s three license limit to nine licenses over an eight year period. The first increase took effect on January 1, 2012 (increase from three to five licenses), with a second increase effective as of January 1, 2016 (five to seven licenses), and the final increase effective January 1, 2020 (seven to nine licenses).
- **Oklahoma** – Voters approved a statewide ballot question in 2016 (65% to 35%) to allow for the sale of wine and full-strength beer at grocery stores and convenience stores. As of the end of 2018, all counties in Oklahoma that had previously been “dry” have now allowed for the sale of alcohol.
- **Tennessee** – The U.S. Supreme Court heard argument in January 2019 on whether a state law requiring a person to live in the state for two years before obtaining a liquor license was constitutional. Two lower courts had found the provision to be unconstitutional, noting that the provision discriminates against out-of-state economic interests.
- **Pennsylvania** – Governor Tom Wolfe signed into law legislation that made changes to the State’s liquor system. While the state-run liquor stores still exist, it is now easier to buy beer and wine. This includes the sale of growlers, selling “mixed six-packs,” earlier Sunday sales (9:00 a.m.), and more holiday sale hours.
- **Minnesota** – A state prohibition on Sunday sales was repealed in 2017, allowing towns to make the decision whether or not to allow Sunday sales.
- **Connecticut** – Prior to leaving office, Governor Malloy signed legislation to allow Sunday sales and allow for discounting pricing on certain alcohol items. The Connecticut Legislature’s General Laws Committee held hearings in February 2019 on other areas of reform.
- **Maryland** – State law prohibits a chain convenience or grocery store from selling alcohol. A 7-Eleven owner in Bethesda (Montgomery County), Maryland, established a separate entity from which he sells beer and wine at his location. The County issued the license, which is now subject to litigation. The State’s Comptroller has proposed legislation to the General Assembly to allow grocery stores to sell beer and wine.
- **Virginia** – A new law took effect in 2016 allowing state-run liquor stores (which are the only places in the state to buy spirits) to open on Sundays and holidays for extended hours.

- **New Mexico** – The Legislature’s Economic and Rural Development Committee is reviewing that state’s liquor laws during its 2019 legislative session, noting that certain limitations have hampered economic development in downtown areas and made the state less attractive to business.

The Need for New Jersey to Reform its Liquor License Laws

The states mentioned above have recognized the benefits of updating their liquor license laws, and as more states continue to reform their alcohol sales practices, New Jersey will only fall further behind the curve. It is therefore imperative that this State take action to align its laws with changing consumer preferences and market dynamics.

One step New Jersey can take immediately is enacting A-1278/S-2282 to raise the limit on the number of retail distribution licenses a supermarket company can own. This legislation not only reflects consumer preferences, as the vast majority want to buy alcohol as part of their food shopping experience, but it will also support our New Jersey-based craft beer, wine and spirits industry by providing them additional outlets to sell their products.

Most importantly, the data from Massachusetts and Colorado clearly shows that gradually increasing the number of liquor licenses a single company can possess is not destabilizing to the marketplace. While these states increased the license limit for all entities, New Jersey’s legislative proposal is narrower, only applying the increase in the license limit to supermarkets. This further mitigates the risk of any adverse market impacts.

Allowing the current two-license limit to remain in place, to the detriment of some of New Jersey’s largest employers, is an arbitrary and unnecessary economic protection measure that drives supermarkets out of business and out of New Jersey. We therefore request the Legislature take swift action and enact A-1278/S-2282.

Thank you for considering the views of my client and the RRLL coalition.

2

New Jersey Food Council

White Paper

**A Case for
Economic
Development**

**A Case for Economic Development:
Why Supermarkets Need A-1278/S-2282**



**New Jersey Food Council
30 W. Lafayette St.
Trenton, NJ 08608**

**Original Publication Date: June 2014
Updated Publication Date: August 2018**

Current Liquor Laws Make New Jersey Non-Competitive for Economic Growth in the Food Retail Sector

New Jersey's liquor licensing laws have not been updated since 1962.

In the 56 years since their last revision, there have been substantial changes to the marketplace and the way retailers do business.

The food retail and distribution industry in New Jersey accounts for over 250,000 jobs and \$136.37 billion of total industry output, direct value to the economy, and wages.¹ This makes businesses in this segment of the economy responsible for 7 percent of the State's Gross Domestic Product and 8 percent of all private sector employment.²

Despite these numbers, New Jersey food retailers are at a competitive disadvantage, as compared to their fellow retailers in neighboring states. At least forty-five (45) states allow beer sales in supermarkets, and at least thirty-three (33) states allow supermarkets to sell beer and wine, with many of those states allowing beer, wine, and liquor sales at food retailers.³ **In New Jersey, a food retailer can only own and operate up to two liquor licenses – what is commonly known as the “two license limit.”**

Because of these restrictions, supermarket companies are choosing NOT to expand in New Jersey and are selecting to do business in other states with lower costs and barriers to entry. Our State was 267 supermarkets short of meeting our residents' needs in 2010 - the lowest amount of supermarkets per 100,000 residents than any other area of the country.⁴ While some new supermarkets have opened since then, there have been significant store closures throughout New Jersey that outpace industry growth.⁵

Assembly Bill 1278 and Senate Bill 2282 Will Boost Supermarket Location and Expansion in New Jersey

A-1278/S-2282 will **gradually** increase the number of liquor licenses a supermarket can own and operate. Immediately after the bill's enactment, the limit is raised only from 2 licenses to 5 licenses. Five years after enactment, the cap is again raised from 5 licenses to 7 licenses. Finally, 10 years after enactment, the final lift occurs, moving from 7 licenses to 10 licenses.

Second, A-1278/S-2282 also contains a License Transfer Fee provision, which is new to liquor license sales in New Jersey. Any retailer who obtains more than 2 licenses through a private transaction must pay an additional 10% fee, based off the sale of the license, to the municipality where the license is located. This means that if a license sells for \$350,000 in Town A to the holder of more than two licenses, that holder must pay an additional \$35,000 to the town.

Massachusetts Has Lifted Its Cap – And Its Working!

In 2011, the Commonwealth of Massachusetts enacted legislation using the New Jersey bill as its model, and gradually increased the number of liquor licenses an entity could hold. In 2012, the

limit was increased from two to five licenses. In 2016, the limit increased from five to seven licenses. In 2020, the limit will increase from seven to nine licenses.

A study conducted in 2015 on the impacts of the Massachusetts law showed that the change in the law was successful in protecting small retailers and promoting economic growth.⁶ The study's authors noted that "small retailers are not being overrun by supermarkets and other large retailers" and that up to "\$16.9 million in increased economic activity and 150 new jobs" could be attributed to the increase from just two to five licenses.⁷

Massachusetts has also seen an increase in its excise tax revenues since it increased the number of licenses an entity can own. Between Fiscal Year 2013 and Fiscal Year 2017, alcohol excise tax revenues increased from \$76.3 million to \$84.4 million.⁸ In fact, alcohol beverage excise tax revenue has increased every year since the change in the law.

Following the enactment of the law to raise the State's license limit, the Treasurer of the Commonwealth formed a Task Force to make recommendations regarding the future of liquor sales and regulations. The recommendations were based off of feedback from multiple town hall meetings and input from members of the working groups. One of the Task Force recommendations was that after the current law expands to the nine license limit in 2020, the State allow for further expansion of the number of licenses an entity can possess and allow cities and towns to cap the amount of licenses they are willing to distribute to supermarkets and grocery stores in that municipality, pending the approval and review of the ABCC. This only further demonstrates the success that Massachusetts is having with raising its license limit cap.

Assembly Bill 1278 and Senate Bill 2282 Can Generate \$19.8 Million In State and Local Revenues and Create 275 Jobs In New Jersey

State and local governments can see an estimated revenue increase of \$19.8 million if A-1278/S-2282 is enacted.

The current proposed legislation initially increases the two license limit to five licenses, then increases to seven licenses after 5 years, and ten licenses after 10 years. Looking at just the immediate permitted increase from two to five licenses, we conservatively estimate over \$9.55 million in new revenue for local governments in the first year.

- We conservatively estimate that 10 supermarket companies will purchase the additional 3 licenses permitted immediately after enactment. This means 30 supermarkets previously without liquor sales will now carry alcohol. Of these 30 licenses, we estimate that 27 will be purchased from a municipality and 3 will transfer from a current owner to a new owner. With an average cost of \$350,000 per liquor license,⁹ this means towns will see direct municipal aid from the sale and transfer liquor licenses in the amount of \$9.55 million.
- State government will see an additional \$10.3 million after the enactment of A-1278/S-2282. A 2012 economic development study of legislation identical to A-1278/S-

2282 found the State would collect \$6.7 million in additional sales and excise tax and would collect \$3.6 million in business and employment taxes.¹⁰

- In addition to the \$19.8 million in new revenues, New Jersey could generate 275 jobs, paying residents as much as \$12.6 million in wages.¹¹

Supermarkets and Package Good Stores CAN AND DO Coexist

One of the arguments raised by those opposing this legislation is that if supermarkets are allowed to purchase just a few additional liquor licenses, smaller package goods stores will go out of business.

This is simply FALSE. Massachusetts, which has already increased its license cap, has not seen the closure of package good stores, and similar evidence can be found right here in New Jersey.

In Paramus, a Whole Foods Market acquired a liquor license in 2009. In 2012, there were 27 liquor stores and two (2) supermarkets which sell alcohol within a three-mile radius of that Whole Foods. All of those liquor stores and other supermarkets stayed in business, even though Whole Foods also entered the marketplace.¹²

In addition, supermarkets often become the buyers of a package good store owner's retail liquor license if they chose to sell. Supermarkets pay good money to these store owners, often higher than the average market price, for a license. One such example is in the Madison, New Jersey area where a package good store owner put his license up for sale. Whole Foods Markets purchased that license at a price above the average and the owner and his wife had a substantial windfall from the sale. But because of the two license limit, Whole Foods was required to suspend the use of its license in Madison so that it could operate its location in Paramus, which was a larger location able to accommodate its growing alcoholic beverage department.

Minors Will NOT Have Greater Access to Alcohol

Another commonly touted myth is that allowing supermarkets to sell alcohol will lead to more underage drinking. Food retailers have the tightest safeguards in place to ensure minors are not obtaining alcohol. Many, if not all, have 100% age verification policies using sophisticated license scanning technologies.

The data from the New Jersey Alcoholic Beverage Commission (NJ ABC) showed that between 2008 through 2011 there were **ZERO** incidents of supermarkets selling alcohol to minors. However, small package good stores were the biggest offenders with over 600 violations during that same time period. If a teenager is looking to get alcohol, they are not going to a large retail facility; they are going to a small, corner store.

New Jersey Residents Want This to Happen

A Monmouth University Poll found that among those who purchase alcohol on a regular basis, 76% are in favor of allowing the sale in supermarkets.¹³ Yet, New Jersey consumers have been denied this convenience.

The supermarket industry has worked diligently to address each and every concern, and potential concern, raised by opponents of this legislation. It's time to raise the two license limit and enact A-1278/S-2282.

Endnotes

¹ Rutgers NJAES Cooperative Extension, "The Economic Importance of New Jersey's Food System in 2012," <https://njaes.rutgers.edu/pubs/publication.php?pid=E355> (June 3, 2016). The food retail and distribution industry includes food and beverage manufacturers, wholesalers, and retailers but excludes agricultural producers and foodservice/drinking places.

² Ibid.

³ Food Marketing Institute, "The Economic Impact of Allowing Shoppers to Purchase Wine in Food Stores" https://www.fmi.org/docs/gr-state/fmi_wine_study.pdf?sfvrsn=2

⁴ New Jersey Food Marketing Task Force, "Expanding New Jersey's Supermarkets" <http://www.njeda.com/web/pdf/ExpandingNewJerseySupermarkets.pdf>

⁵ Compare Steve Strunsky, "At Whole Foods' Newark opening organic smiles to go with the food" NJ Advance Media for NJ.com, https://www.nj.com/essex/index.ssf/2017/03/at_whole_foods_newark_opening_organic_smiles_to_go.html (Mar. 1, 2017) with Myles Ma, "A&P files for bankruptcy for 2nd time since 2010," NJ Advance Media for NJ.com, https://www.nj.com/bergen/index.ssf/2015/07/ap_files_for_bankruptcy_for_2nd_time_since_2010.html (Jul. 20, 2015).

⁶ Food Marketing Institute, "The Impact of Changes in Off-Premise License Allocations in Massachusetts and the Implications for New Jersey," Nov. 23, 2015. The study is attached at Appendix A.

⁷ Ibid.

⁸ Massachusetts Department of Revenue Fiscal Year 2017 Annual Report *available at* <https://www.mass.gov/files/documents/2018/06/08/FY17AnnualReport.pdf>

⁹ Tara Nurin, "Explainer: Why it's so tough to get an NJ liquor license – and what can be done" NJSpotlight, <http://www.njspotlight.com/stories/17/05/07/explainer-why-it-s-so-tough-to-get-an-nj-liquor-license-and-what-can-be-done-about-it/> (May 8, 2017).

¹⁰ Food Marketing Institute, "The Economic Impact of New Jersey A-1325" May 10, 2012. The study is attached at Appendix B.

¹¹ Ibid.

¹² Food Marketing Institute, "The Impact of Changes in Off-Premise License Allocations in Massachusetts and the Implications for New Jersey," Nov. 23, 2015. The study is attached at Appendix A.

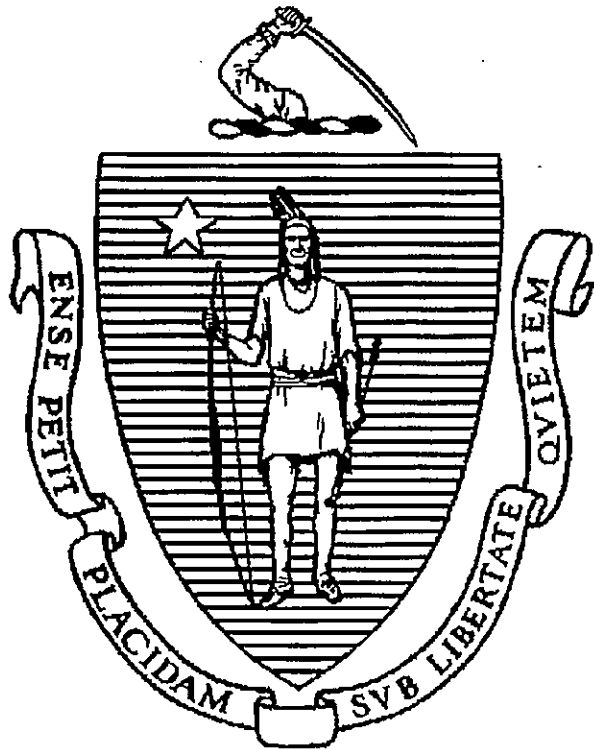
¹³ Monmouth University Polling Institute "New Jersey State Poll on Supermarket Alcohol Sales" <https://ex.democracydata.com/955FDCCBCA378990325968BE89C868C0CF08F2BD/4b5ea478-b790-4b9d-b779-9c00a50577fa.pdf> (April 21, 2010).

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Massachusetts Revenue Reports

June 2015 - June 2018



Commonwealth of Massachusetts
Department of Revenue
Monthly Report of Collections and Refunds
June 2015

Mark E. Nunnelly
Commissioner

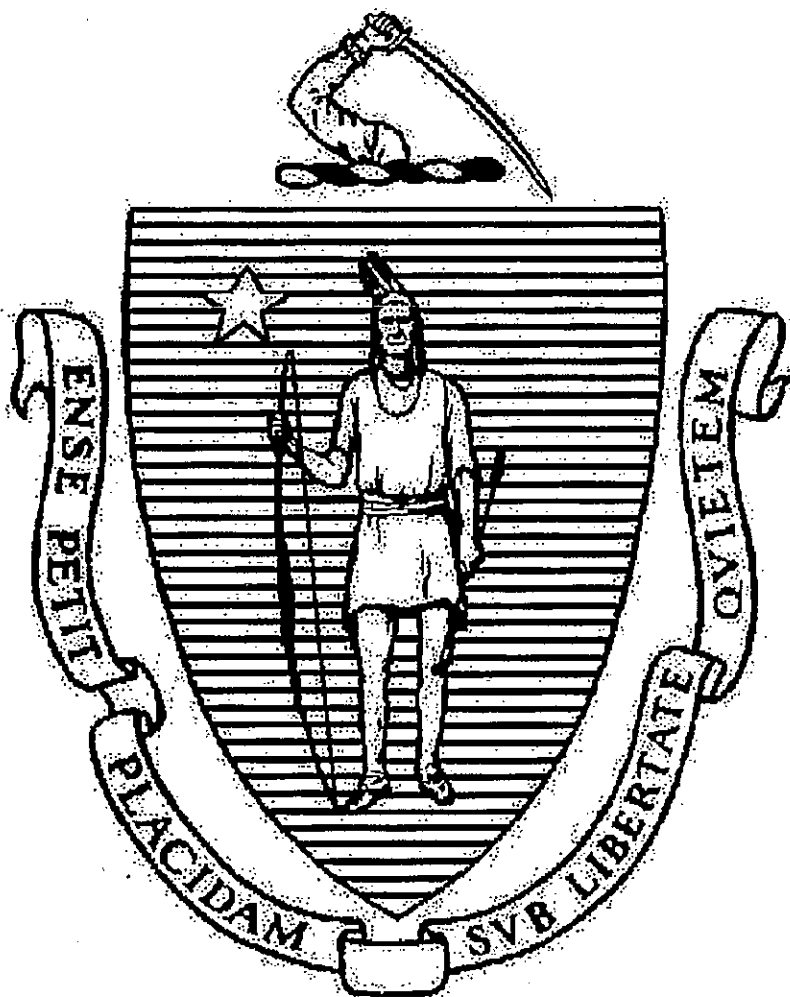
FISCAL 2015
GROSS COLLECTIONS
PERIOD ENDING:
MONTH OF JUNE 2015

RUN DATE: 8/31/15

TAX OR OTHER REVENUE	LAST YEAR SAME PERIOD	YEAR TO DATE
ALCOHOLIC BEVERAGES	(77,716,829)	(79,954,745)
BANKS: FINANCIAL INSTITUTIONS	156,240,624	64,875,724
CIGARETTE	662,517,633	648,963,764
CORPORATIONS	3,008,002,451	3,159,154,097
DEEDS	154,618,980	164,381,587
ESTATE & INHERITANCE	421,257,816	360,555,766
INCOME:		0
ESTIMATED PAYMENTS, GROSS	2,825,261,870	3,165,399,641
TAX WITHHELD, NET	10,559,387,178	11,113,893,837
RETURNS & BILLS, GROSS	1,871,206,005	2,257,059,394
SUB-TOTAL INCOME	15,255,855,053	16,536,352,872
INSURANCE	375,715,082	359,154,030
MOTOR FUELS:		
GASOLINE	643,943,889	660,719,492
SP FUEL, MOT CARR & IFTA	91,243,306	99,486,582
SUB-TOTAL MOTOR FUELS	735,187,196	760,206,074
PUBLIC UTILITIES	10,394,657	3,922,624
ROOM OCCUPANCY	209,921,753	230,766,171
SALES & USE:		
REGULAR	3,592,693,997	3,762,796,392 *
SERVICES	253,017,095	262,990,979 *
MEALS	970,626,595	1,026,545,624
MOTOR VEHICLE	737,971,132	790,518,323 *
SUB-TOTAL SALES & USE	5,554,308,818	5,842,851,319 *
MISCELLANEOUS:		
CLUB ALCOHOLIC BEVERAGE	1,105,003	1,003,382
MOTOR VEHICLE EXCISE	68,464	82,892
CONTROLLED SUBSTANCES	452	112
SATELLITE	12,166,767	11,251,575
SURCHARGES:		0
CONVENTION CENTER	14,906,346	15,659,455
COMMUNITY PRESERVATION TRUST	23,770,610	23,608,360
SUB-TOTAL TAXES	26,673,814,533	28,262,744,548 *
OTHER REVENUE:		
LOCAL OPTION AIR. (JET) FUEL	39,484,030	37,470,973
LOCAL OPTION ROOMS	169,157,671	185,408,197
LOCAL OPTION MEALS	99,183,475	110,091,768
PUBLIC UTIL. & INS. ASSESS.	0	0
URBAN REDEVELOPMENT	41,384,162	37,302,016
DEPT. NON-TAX REVENUE	11,703,871	10,100,929
DEEDS COUNTY CORRECTION FUND	0	0
COUNTY RECORDING FEES	25,467,496	25,929,871
ABANDONED DEPOSITS (BOTTLE)	37,359,720	39,911,430
LOCAL RENTAL VEH (CONV CTR)	1,401,438	1,460,190
VEHICLE RENTAL SURCHARGE	410,538	131,590
EMBARKATION FEES	1,253,553	1,283,690
UST DELIVERY FEES	74,886,748	73,644,424
TOTAL REVENUE	27,175,507,235	28,785,479,627 *

*INCLUDES MBTA FUNDING, SMART FUND AND CONVENTION CENTER FUNDING.

28x



Commonwealth of Massachusetts
Department of Revenue
Monthly Report of Collections and Refunds
June 2016

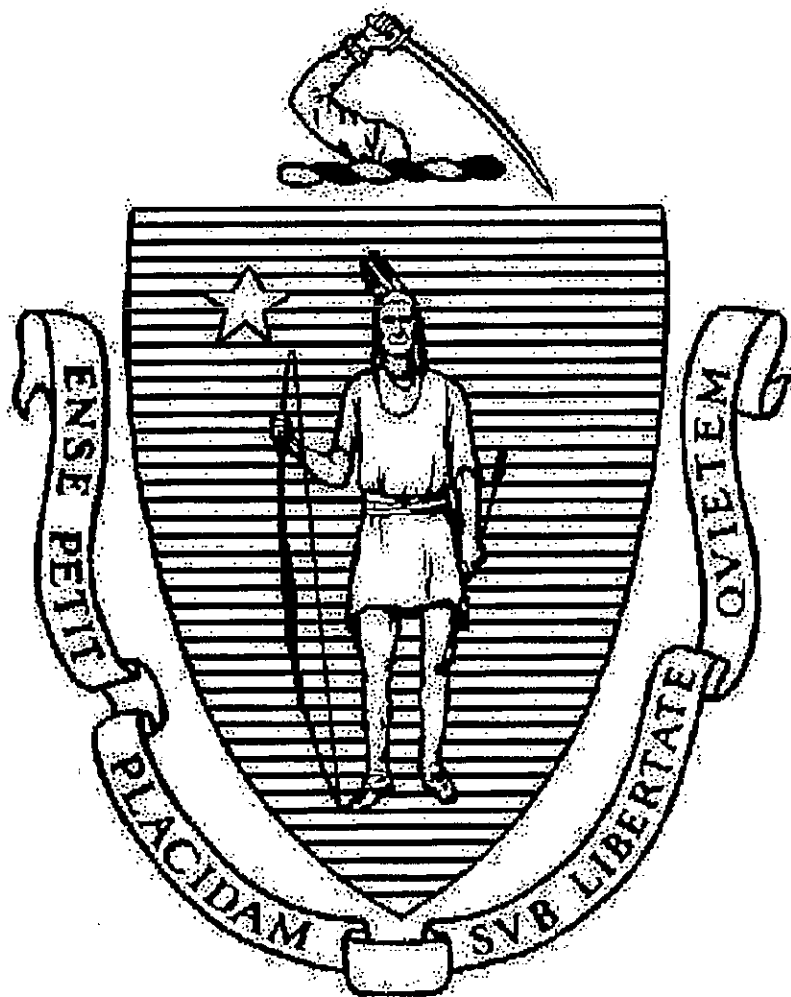
Michael Heffernan
Commissioner

FISCAL 2016
GROSS COLLECTIONS
MONTH OF JUNE 2016

RUN DATE: 09/08/16

TAX OR OTHER REVENUE	LAST YEAR SAME PERIOD	YEAR TO DATE
ALCOHOLIC BEVERAGES	79,954,745	82,707,413
BANKS: FINANCIAL INSTITUTIONS	-9,025,392	39,299,895
CIGARETTE	648,963,764	642,005,024
CORPORATIONS	3,159,154,097	3,086,388,285
DEEDS	164,381,587	191,613,091
ESTATE & INHERITANCE	360,555,766	419,897,265
INCOME:		
ESTIMATED PAYMENTS, GROSS	3,165,399,641	3,202,972,265
TAX WITHHELD, NET	11,113,893,837	11,481,664,666
RETURNS & BILLS, GROSS	2,330,961,903	2,042,736,083
SUB-TOTAL INCOME	16,610,255,381	16,727,373,014
INSURANCE	359,154,030	419,049,033
MOTOR FUELS:		
GASOLINE	660,719,492	669,588,429
SP FUEL, MOT CARR & IFTA	99,486,582	99,443,315
SUB-TOTAL MOTOR FUELS	760,206,074	769,031,744
PUBLIC UTILITIES	3,922,624	-1,213,247
ROOM OCCUPANCY	230,766,171	247,026,426
SALES & USE:		
REGULAR	3,762,796,392	3,967,713,343 *
SERVICES	262,990,979	236,219,225 *
MEALS	1,026,545,624	1,095,827,007
MOTOR VEHICLE	789,991,393	836,279,530 *
SUB-TOTAL SALES & USE	5,842,324,389	6,136,039,105 *
MISCELLANEOUS:		
CLUB ALCOHOLIC BEVERAGE	1,003,382	804,815
MOTOR VEHICLE EXCISE	82,892	103,965
CONTROLLED SUBSTANCES	112	70
SATELLITE	11,251,575	11,781,478
SURCHARGES:		
CONVENTION CENTER	15,659,248	16,496,104
COMMUNITY PRESERVATION TRUST	23,608,360	25,509,150
SUB-TOTAL TAXES	28,262,218,804	28,813,912,631 *
OTHER REVENUE:		
LOCAL OPTION AIR. (JET) FUEL	37,470,973	24,055,805
LOCAL OPTION ROOMS	185,408,197	199,201,901
LOCAL OPTION MEALS	110,091,768	119,945,489
PUBLIC UTIL. & INS. ASSESS.	0	0
URBAN REDEVELOPMENT	37,302,016	36,593,412
DEPT. NON-TAX REVENUE	9,884,482	10,765,997
DEEDS COUNTY CORRECTION FUND	0	0
COUNTY RECORDING FEES	25,929,871	27,860,189
ABANDONED DEPOSITS (BOTTLE)	39,911,430	44,333,315
LOCAL RENTAL VEH (CONV CTR)	1,460,167	1,534,466
VEHICLE RENTAL SURCHARGE	131,820	176,670
EMBARKATION FEES	1,283,690	1,413,915
UST DELIVERY FEES	73,651,572	75,169,248
TOTAL REVENUE	28,784,744,791	29,354,963,039 *

*INCLUDES MBTA FUNDING, SMART FUND AND CONVENTION CENTER FUNDING.



Commonwealth of Massachusetts
Department of Revenue
Monthly Report of Collections and Refunds
June 2017

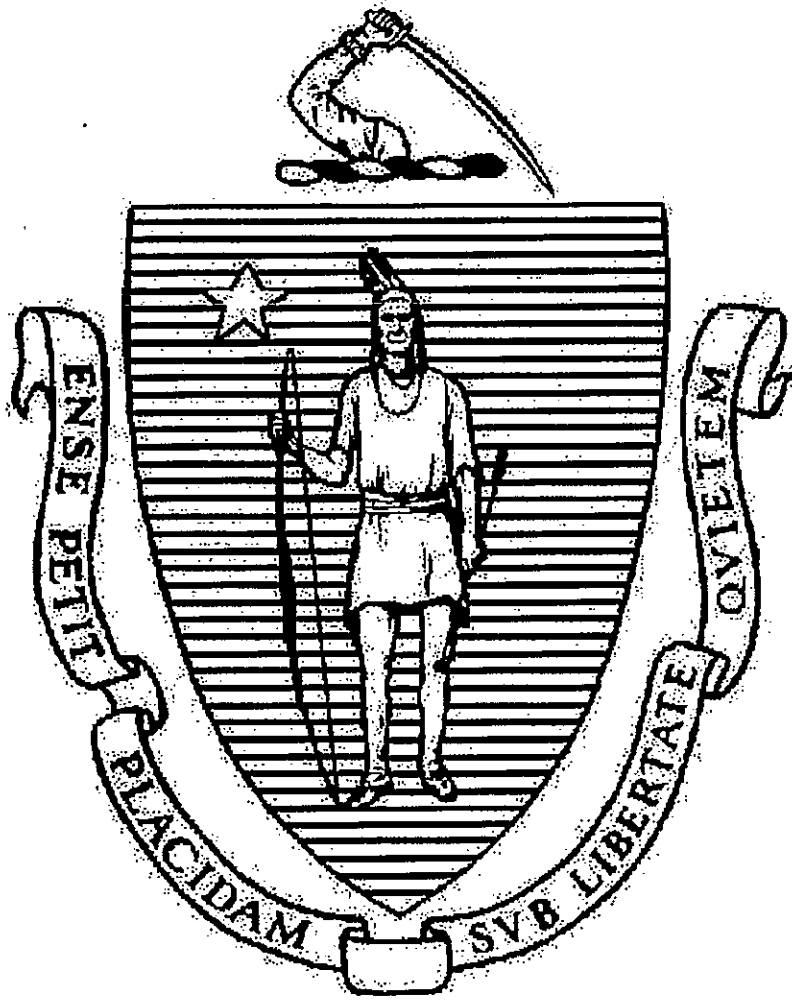
Christopher C. Harding
Commissioner

FISCAL 2017
GROSS COLLECTIONS
MONTH OF JUNE 2017

RUN DATE: 08/24/17

TAX OR OTHER REVENUE	LAST YEAR SAME PERIOD	YEAR TO DATE
ALCOHOLIC BEVERAGES	82,707,413	84,590,643
BANKS: FINANCIAL INSTITUTIONS	39,299,895	6,988,936
CIGARETTE	642,005,024	619,574,481
CORPORATIONS	3,086,388,285	2,452,978,916
DEEDS	191,613,091	205,900,218
ESTATE & INHERITANCE	419,897,265	361,260,028
INCOME:		
ESTIMATED PAYMENTS, GROSS	3,202,972,265	1,258,371,633
TAX WITHHELD, NET	11,481,664,666	11,990,235,384
RETURNS & BILLS, GROSS	2,042,736,083	3,673,606,115
SUB-TOTAL INCOME	16,727,373,014	16,922,213,132
INSURANCE	419,049,033	368,661,904
MOTOR FUELS:		
GASOLINE	669,588,429	674,372,926
SP FUEL, MOT CARR & IFTA	99,443,315	99,067,911
SUB-TOTAL MOTOR FUELS	769,031,744	773,440,837
PUBLIC UTILITIES	-1,213,247	-70,000
ROOM OCCUPANCY	247,026,426	255,644,040
SALES & USE:		
REGULAR	3,967,713,343	4,077,940,261 *
SERVICES	236,219,225	209,047,929 *
MEALS	1,095,827,007	1,135,736,721
MOTOR VEHICLE	836,279,530	854,803,816 *
SUB-TOTAL SALES & USE	6,136,039,105	6,277,528,727 *
MISCELLANEOUS:		
CLUB ALCOHOLIC BEVERAGE	804,815	965,060
MOTOR VEHICLE EXCISE	103,965	101,664
CONTROLLED SUBSTANCES	70	221
SATELLITE	11,781,478	10,951,667
SURCHARGES:		
CONVENTION CENTER	16,496,104	16,867,588
COMMUNITY PRESERVATION TRUST	25,509,150	26,675,500
SUB-TOTAL TAXES	28,813,912,631	28,384,273,462 *
OTHER REVENUE:		
LOCAL OPTION AIR. (JET) FUEL	24,055,805	19,064,462
LOCAL OPTION ROOMS	199,201,901	206,129,052
LOCAL OPTION MEALS	119,945,489	125,999,140
PUBLIC UTIL. & INS. ASSESS.	0	0
URBAN REDEVELOPMENT	36,593,412	26,597,916
DEPT. NON-TAX REVENUE	10,765,997	10,749,089
DEEDS COUNTY CORRECTION FUND	0	0
COUNTY RECORDING FEES	27,860,189	29,293,247
ABANDONED DEPOSITS (BOTTLE)	44,333,315	45,428,080
LOCAL RENTAL VEH (CONV CTR)	1,534,466	1,577,774
VEHICLE RENTAL SURCHARGE	176,670	171,215
EMBARKATION FEES	1,413,915	1,420,470
UST DELIVERY FEES	75,169,248	76,084,747
TOTAL REVENUE	29,354,963,039	28,926,788,654 *

*INCLUDES MBTA FUNDING, SMART FUND AND CONVENTION CENTER FUNDING.



Commonwealth of Massachusetts
Department of Revenue
Monthly Report of Collections and Refunds
June 2018

Christopher C. Harding
Commissioner

FISCAL 2018
NET COLLECTIONS - TABLE B
MONTH OF JUNE 2018

RUN DATE: 08/21/18

TAX OR OTHER REVENUE	LAST YEAR SAME PERIOD	YEAR TO DATE
ALCOHOLIC BEVERAGES	84,468,004	84,977,506
BANKS: FINANCIAL INSTITUTIONS	-129,805	17,442,654
CIGARETTE	619,437,195	594,172,850
CORPORATIONS	2,196,705,023	2,392,154,110
DEEDS	205,757,638	193,540,509
ESTATE & INHERITANCE	336,633,142	472,955,859
INCOME:		
ESTIMATED PAYMENTS, GROSS	1,258,371,633	16,093,026
TAX WITHHELD, NET	11,969,761,584	12,731,630,802
RETURNS & BILLS, GROSS	3,673,606,115	5,286,922,755
LESS REFUNDS & ABATEMENTS	2,201,865,042	1,778,991,664
SUB-TOTAL INCOME	14,699,874,290	16,255,654,919
INSURANCE	358,169,888	363,569,153
MOTOR FUELS:		
GASOLINE	671,679,737	669,490,122
SP FUEL, MOT CARR & IFTA	97,762,411	99,653,963
SUB-TOTAL MOTOR FUELS	769,442,148	769,144,085
PUBLIC UTILITIES	-100,549	-650,000
ROOM OCCUPANCY	255,458,209	263,448,681
SALES & USE:		
REGULAR	4,047,267,506	4,242,385,287 *
SERVICES	208,479,308	196,786,351 *
MEALS	1,133,371,347	1,185,793,684
MOTOR VEHICLE	852,547,464	866,297,147 *
MARIJUANA	0	0 *
SUB-TOTAL SALES & USE	6,241,665,625	6,491,262,469 *
MISCELLANEOUS:		
CLUB ALCOHOLIC BEVERAGE	929,017	864,506
MOTOR VEHICLE EXCISE	97,406	116,186
CONTROLLED SUBSTANCES	221	7
SATELLITE	10,941,658	9,721,141
MARIJUANA EXCISE	0	0
SURCHARGES:		
CONVENTION CENTER	16,867,570	17,177,598
COMMUNITY PRESERVATION TRUST	26,675,500	23,793,880
SUB-TOTAL TAXES	25,822,892,180	27,949,346,113 *
OTHER REVENUE:		
LOCAL OPTION AIR. (JET) FUEL	19,009,899	25,700,365
LOCAL OPTION ROOMS	206,129,052	212,446,833
LOCAL OPTION MEALS	125,999,140	133,790,946
LOCAL OPTION MARIJUANA	0	0
PUBLIC UTIL. & INS. ASSESS.	0	0
URBAN REDEVELOPMENT	26,393,763	28,861,596
DEPT. NON-TAX REVENUE	8,733,275	8,828,129
DEEDS COUNTY CORRECTION FUND	0	0
COUNTY RECORDING FEES	29,293,247	24,316,584
ABANDONED DEPOSITS (BOTTLE)	45,428,080	44,758,239
LOCAL RENTAL VEH (CONV CTR)	1,577,774	1,541,709
VEHICLE RENTAL SURCHARGE	171,215	148,920
EMBARKATION FEES	1,420,470	1,420,616
UST DELIVERY FEES	76,084,747	79,951,074
TOTAL REVENUE	26,262,122,842	28,544,444,424 *

244

4

**Food Marketing Institute
Report
Impacts and
Implications in Off-
Premise License
Allocations**

**The Impact of Changes in Off-Premises License Allocations in Massachusetts and
The Implications for New Jersey**

Prepared for:

The New Jersey Food Council



And The Food Marketing Institute



THE VOICE OF FOOD RETAIL

Feeding Families • Enriching Lives

By:

Orzechowski and Walker
John Dunham and Associates

November 23, 2015

The Impact of Changes in Off-Premises License Allocations in Massachusetts and The Implications for New Jersey

Executive Summary

Research conducted in 2012, analyzed a measure that would modernize New Jersey's restrictive retail alcohol sales laws. The proposal would have increased the number of off-premise, alcoholic beverage licenses a single-entity is able to obtain. The number of licenses allowed would have been allowed to rise from 2 to 10 over a ten-year period in stages. One obstacle to that measure was the concern that smaller stores would be overrun by supermarkets and other large retailers entering the market.

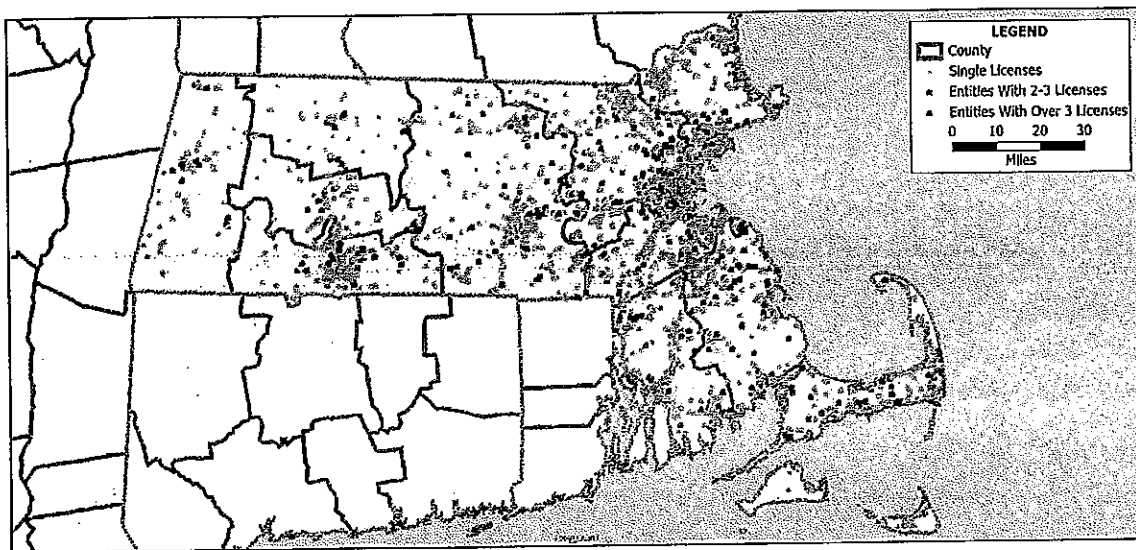
- **Massachusetts, a state with similarly restrictive retail alcohol sales laws, recently passed legislation similar to that proposed in New Jersey.** Starting in January of 2012, the number of off-premise licenses allowed per single-entity went from 3 to 5. In 2016, single-entities will be allowed to hold 7 licenses, and in 2020, a maximum of 9.
- **Organizations in Massachusetts holding more than 3 licenses are a small subset of the total market.** Only 7.6 percent of the approximately 2,800 off-premise licenses are held by firms with more than 3 licenses. Roughly half of those existed *prior* to the law change and represented family groupings or franchise retail establishments holding license in a coordinated fashion.
- **Smaller retailers are not being overrun by supermarkets and other large retailers.** In the entire Commonwealth of Massachusetts, an average of 13 licenses per year have either been transferred or granted to entities already holding at least 3 licenses. That represents less than 0.5 percent of licenses granted each year. The geographic spread of these licenses was wide - just 4 communities had more than 1 license-holder that also held more than 3 licenses statewide.
- **Of the 50 licenses (out of more than 2,800) granted to holders who already held 3 licenses, just 32 percent (16) were for supermarkets and wholesale clubs.** The rest were wholesale clubs, c-stores, package stores, or discount stores.
- **A closer look at individual communities also found a balance of stores.** An examination of the 4 localities with at least 2 license held by multi-licensed holders (i.e., more than 3) showed that a single supermarket held a license in 3 of the 4 localities. In Chicopee, the exception, a BJ's Warehouse bought a license from a large package store in a semi-abandoned shopping mall.
- **The modest changes in Massachusetts law likely had moderate economic effects.** If one attributes all the change in alcohol beverage volume since passage of the law to the shift in licenses, then the economic impact was \$16.9 million in increased economic activity and 150 new jobs.

The Impact of Changes in Off-Premises License Allocations in Massachusetts and The Implications for New Jersey

Background

In 2012, at the behest of the Food Marketing Institute, Orzechowski & Walker and John Dunham & Associates analyzed a legislative proposal that would gradually increase the number of off-premise liquor licenses that a single-entity could hold in New Jersey. New Jersey's current laws are among the most restrictive in the U.S. The 11th most populous state in the country allows a single company to hold just 2 retail-distribution licenses.¹ The proposal would have only modestly change those terms, gradually increasing over time the number of licenses that could be held by one company. That study found that those changes would add more New Jersey jobs, increase revenues for the state, and create demand for existing licenses that would yield higher prices for license-holders.² Since then, another highly-restrictive, similarly populous state in the Northeast actually passed legislation comparable to that proposed in New Jersey.

Figure 1
Liquor Licenses in the Commonwealth of Massachusetts



The Commonwealth of Massachusetts grants the authority to sell beer, wine and spirits for off-premise consumption to individuals and companies that obtain a license through the community (city, town, or other locality) where the facility is to be located. From the end of Prohibition, until the end of 2011, the state only allowed the localities to grant a total of three licenses per

¹ Throughout this paper the terms "retail distribution" and "off-premise" license to refer to the same concept – a license to sell alcoholic beverages at retail to consumers to imbibe off the premises. "Retail distribution" is the New Jersey term, and "off-premise" is the Massachusetts' term.

² *The Economic Impact of New Jersey A-1325: An Act to Increase Retail Liquor Distribution License Limits for Certain*

Retailers, prepared for The Food Marketing Institute by Orzechowski and Walker, and John Dunham & Associates, May 2012.

person or entity statewide. This prevented larger chain liquor stores and corporate supermarkets to freely sell alcohol in Massachusetts, but it did encourage family groups and franchises to operate chains of stores in the state. The result was a liquor-store industry largely dominated by sole proprietors, family-run operations and franchise-store owners. Supermarkets and larger wine/spirits specialty shops did operate throughout Massachusetts; however, they were also limited to three licenses. In 2011, the Massachusetts legislature passed and Governor Duval Patrick signed a bill (S. 2033) that slowly increased the number of alcoholic beverage licenses that a single company could hold in the state.

The slow, steady, and modest way that Massachusetts is increasing the number of off-premise licenses available to a single firm is similar to the licensing approach supported by the New Jersey Food Council that we previously studied. The Massachusetts alcoholic beverage regulatory scheme shared a number of characteristics with the current regime in New Jersey prior to the 2011 changes. Because the proposed changes are also similar, an examination of the impact of the law could provide insight into the possible effects in New Jersey.

The New Jersey Proposal and the Massachusetts Law: A Comparison

Before January 1, 2012, New Jersey and Massachusetts laws concerning off-premise alcohol sales were remarkably similar.

- Both states limited the number of off-premise licenses a single company can hold to the low single digits. A single company could hold just three off-premise licenses in Massachusetts before the change. In New Jersey, a single company can hold just two off-premise licenses.
- Both states limit the total number of licenses available in a locality, and neither allows the movement of a license from one locality to another.³ For a company already at the limit, opening a new store (that sells alcohol) would mean having to sell a license (from an existing licensed store) and hoping to purchase a license for the new location. This assumes that someone is willing to sell a license or that there is an open, or "pocket," license available for that location. In fact, this happened with Whole Foods in New Jersey. In order to obtain a license to sell alcoholic beverages at its Paramus store, Whole Foods was forced to sell its license at a store in Madison.
- Local governments have considerable control over liquor licensing, further restricting access to alcohol licenses.⁴
- While both states observe a strict limit for a single corporate entity, there are loopholes around the limit for businesses with a different organizational model. For example, franchisees of a large corporation will not bump into the limit except where a single franchisee owns more than 2 (New Jersey) or 3 (pre-change Massachusetts) stores.

³ Massachusetts is slightly different. While technically there is a quota system that limits the number of licenses available in a town or city based on population, a locality can add additional licenses via the legislative process. A business in Massachusetts can only hold one license in a town, and two in a city.

⁴ In fact, there are "dry" localities in both states.

Family-owned operations and co-operatives also have the ability to get around the limit by creating multiple companies.⁵

These restrictions and the loopholes used to get around them create an uneven playing field for alcoholic beverage sales in these states. These archaic laws thwart competition and limit consumer choice and convenience. These restrictions affect the type and character of the alcoholic beverage retailers that exist in the state. As was noted in the previous study, highly-restrictive New Jersey has more small liquor stores per capita (171 per million residents) than the average state. It also has smaller supermarkets than average; states that allow for multiple licenses have higher sales per supermarket and employ more people per store than supermarkets in New Jersey.

Massachusetts' Modest Reform and the New Jersey Proposal

In 2011, Massachusetts passed legislation that gradually loosens one restriction – the number of off-premise licenses a single corporate entity can hold. Beginning on January 1, 2012, the number of allowable licenses rose from 3 to 5. On January 1, 2016, the limit will rise from 5 to 7. And on January 1, 2020, the limit will rise from 7 to 9.

The proposed New Jersey changes examined in 2012 were similarly modest. They called for:

- 3 additional licenses for the first 5 years after passage (total of 5 licenses);
- 2 additional licenses in the next 5 year period (total of 7 licenses); and
- 3 additional licenses in subsequent years (total of 10 licenses).

The current proposal also includes a provision that would require licensees acquiring more than two licenses to pay a 10% license transfer fee to the town issuing the license. This would give New Jersey municipalities additional revenue at a time of generally decreasing resources.

The Impact of the Massachusetts Legislation

To understand the impact of the Massachusetts legislation on the market for alcohol sales, data from the Massachusetts Alcohol Beverage Control Commission (ABCC) were collected and analyzed. As of October 22, 2015, there were 2,863 off-premise liquor licenses issued in the State.⁶ Of these, 2,804 are annual liquor licenses, with the remainder being seasonal licenses generally granted in resort communities. Most of the licenses allow for the sale of all alcohol, but a sizable minority limit sales to beer and wine. Table 1 below shows the liquor licenses currently in effect in the Commonwealth.

⁵ In a great bit of irony, A&P, one of the largest retailers in the entire U.S. at the time, had its liquor stores grandfathered in so that the per-company limit did not apply. Prior to filing for Chapter 11 in 2015, A&P held 21 retail distribution licenses in New Jersey.

⁶ *Section 15 Retail License List 10-22-15*, Commonwealth of Massachusetts, Alcohol Beverage Control Commission, response to FOIA request dated October 9, 2015.

Table 1
Off-Premise Liquor Licenses in Massachusetts

License Type	Annual	Seasonal	Total
All Alcohol	1,662	30	1,692
Wine and Beer	1,142	29	1,171
Total	2,804	59	2,863

Data from the ABCC is limited in that they do not include the date that the license was granted (because all licenses are actually approved at the local level) and because there are tremendous inconsistencies in the names of particular license holders, be they corporations or the manager deemed responsible for the operations. Because of this, it is difficult to precisely determine how many licenses are owned by a single entity. In addition, due to both restrictions on the number of licenses that an individual or a corporation could hold, many families or groups held multiple licenses using different corporate entities. Hypothetically, a single person was legally able to control nine outlets by having three different companies each hold three licenses.

A thorough search was undertaken both comparing names on the data and store information from the internet or from the Dun & Bradstreet, Hoovers database,⁷ and it was determined that a minimum of 235 corporate "families" currently hold at least 2 licenses.⁸ Some of these groupings are through franchises – for example there are 28 stores named Tedeschi Food Shop, or some variant of this name. Three of the licenses are held by the corporation and the rest by other companies which are franchise operators of Tedeschi stores.⁹

These multiple license groupings (entities with at least two licenses) account for about 22.3 percent (638) of the total number of licenses granted by the state. They accounted for at least 20.5 percent of the licenses prior to the change in the law. In other words, prior to allowing corporations to hold 5 licenses, many family groupings or franchise retail establishments already held a large number of licenses in a coordinated fashion. While these licenses are technically issued to different corporations, the corporations are either owned by the same individual, or by members of the same family such as a husband, wife and brother. In some other cases, the

⁷ Dun & Bradstreet data is recognized nationally as a premier source of micro industry data. The D&B database contains information on over 15 million businesses in the United States. It is used extensively for credit reporting, and according to the vendor, encompasses about 98 percent of all business enterprises in the country. The D&B information database updates over 1 million times a day, over 350 million payment experiences are processed annually, and over 110 million phone calls are made to businesses. In addition, D&B uses a patented matching technology and over 2,000 information computer validations to ensure a high standard of data quality.

⁸ This is based on an analysis of corporate names, store (DBA) names, and the names of the individuals operating the stores. Note that approximately 448 of the 2,863 licenses (or 16 percent) are managed by someone with the family name *Patel*. Since the spelling of names is not consistent across licenses it is difficult to determine if someone named, for example, Sanjay Patel and someone named S. Patel is the same individual. Therefore the name Patel was not used as a means for determining if a group of licenses were owned by the same individual or family.

⁹ Tedeschi Food Shops is a chain of nearly 200 convenience stores primarily in Massachusetts which was acquired by 7-Eleven in August 2015. The licenses that are granted to this chain of stores are all in different corporate names as these shops were all brand franchises and were all operated by independent companies. The same is true of 7-Eleven itself.

licenses are owned by separate companies all of which operate under the same name (for example Kappy's).¹⁰

This is similar to what occurs in New Jersey, where entities can hold only two licenses. Earlier research conducted on licensees in that state found that about 10 percent of off-premise liquor licenses were held by franchises, with over 31 held by corporations operating under the Buy Rite name, and 13 under the Bottle King name.¹¹

Table 2
Off-Premise Liquor Licenses In Massachusetts Held by Firms With At Least Three Outlets

Number of Licenses	Number of Entities	Number of Outlets	Percent of Total Outlets
3	53	159	5.6%
4	20	80	2.8%
5	17	85	3.0%
6	2	12	0.4%
7	1	7	0.2%
8	1	8	0.3%
25	1	25	0.9%
Total Multiple	95	376	13.1%

As Table 2 shows, only 95 entities (including franchises) currently hold 3 or more licenses, and only 42 entities or family groups hold more than three. This represents just 217 outlets, or 7.6 percent of all licenses in the state.

In order to determine if the change in the law allowing entities to hold more than three licenses has had any significant impact, John Dunham & Associates contacted authorities in each of the towns and cities where licenses were held by any of the 42 entities with multiple licenses. This was necessary in order to determine if they were in fact held by a single corporation, and if so, when those licenses were first issued.¹² Data were available for 107 of the 110 multiple licenses that were held by corporations, or obvious family entities that held more than 3 licenses. Of these, just about half (57 licenses) were issued prior to the change in the law in 2012. Many of these were held by supermarket or warehouse club corporations, but most were held as part of family groups or franchises. Of the remaining 50 licenses, about 13 per year on average were being either issued or transferred to entities with at least three licenses. This is equal to less than one half of one percent per year of licenses being issued to large multiple license holders. Figure 1 outlines the number of licenses being issued to these groupings by year.

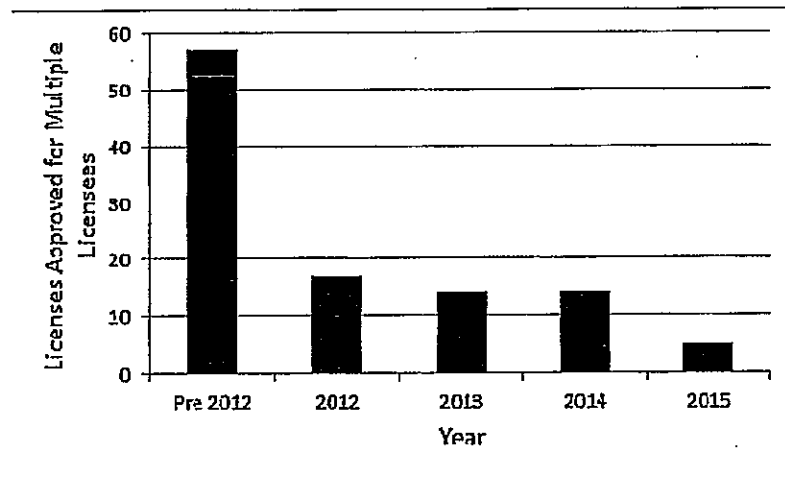
¹⁰ Take for example Busa Bros Liquors, Inc and Busa Wine & Spirits Of Westford Inc. These are two different companies each of which are owned by Andrew C. Busa, or 5 separate gasoline stations each with a license controlled by F.L. Roberts & Co., Inc., or some derivation of that, with each company controlled by a different person.

¹¹ *The Economic Impact of New Jersey A-1325: An Act to Increase Retail Liquor Distribution License Limits for Certain Retailers*, prepared for The Food Marketing Institute by Orzechowski and Walker, and John Dunham & Associates, May 2012.

¹² Data are based on telephone calls and email queries by JDA staff to each of the towns over a three week period from October 30, 2015 to November 16, 2013. A single staff person was responsible for initiating contact and the work was then reviewed by a supervisor. This allowed for consistency in how data were reported to JDA.

Figure 2

Licenses Being Issued to Firms with More than 3 Licenses by Year of Issue



Of those licensees receiving approval to hold either 4 or 5 licenses, the vast majority were granted to either local convenience stores or to major supermarket chains. In fact, over three-quarters of the licenses were issued to these retailers.

Table 3

Licenses Granted to Firms with More Than 3 Outlets by Store Type

Store Type	Number	Percent
Supermarkets	16	32%
C Stores	23	46%
Package Stores	4	8%
Discount Stores	2	4%
Warehouse Clubs	5	10%
Total	50	100%

Liquor licenses in Massachusetts are granted under the authority of individual communities, and the Commonwealth limits the number of licenses that can be granted based on a number of factors (the most important of which is population). This means that the change in the statutes allowing a single entity to hold up to 5 licenses should not lead to a significant increase in the overall number of licenses available. Rather, entities with multiple licenses need to generally transfer them from an existing license holder. Because of these factors, the transactions for larger blocks of licenses have been distributed pretty widely across the Commonwealth. In fact,

no community in Massachusetts has so far granted more than 2 new licenses to different companies or family of companies holding more than 3 liquor licenses.¹³

Table 4
Total Number of Licenses Granted to Firms With More than 3 Outlets by Community

City	Licenses	City	Licenses
ANDOVER	1	MARSHFIELD	1
ASHBURNHAM	1	MEDFORD	1
ATTLEBORO	1	MILLBURY	1
BERLIN	1	MONTAGUE	1
BOSTON	1	NEW BEDFORD	1
BRIDGEWATER	2	PEABODY	1
BURLINGTON	1	PEMBROKE	1
CHICOPEE	2	PLYMOUTH	1
CONCORD	1	RANDOLPH	1
DRACUT	1	SEEKONK	1
EAST LONGMEADOW	1	SHREWSBURY	1
FALMOUTH	1	SOUTHBOROUGH	1
FOXBOROUGH	1	SPENCER	1
FREETOWN	1	SPRINGFIELD	2
GARDNER	1	WAYLAND	1
HUBBARDSTON	1	WELLESLEY	1
IPSWICH	1	WEST SPRINGFIELD	1
LEOMINSTER	1	WESTFIELD	1
LINCOLN	1	WESTFORD	1
LITTLETON	1	WESTWOOD	1
LOWELL	1	WILBRAHAM	1
LUNENBURG	2	WORCESTER	1
LYNNFIELD	1	WRENTHAM	1

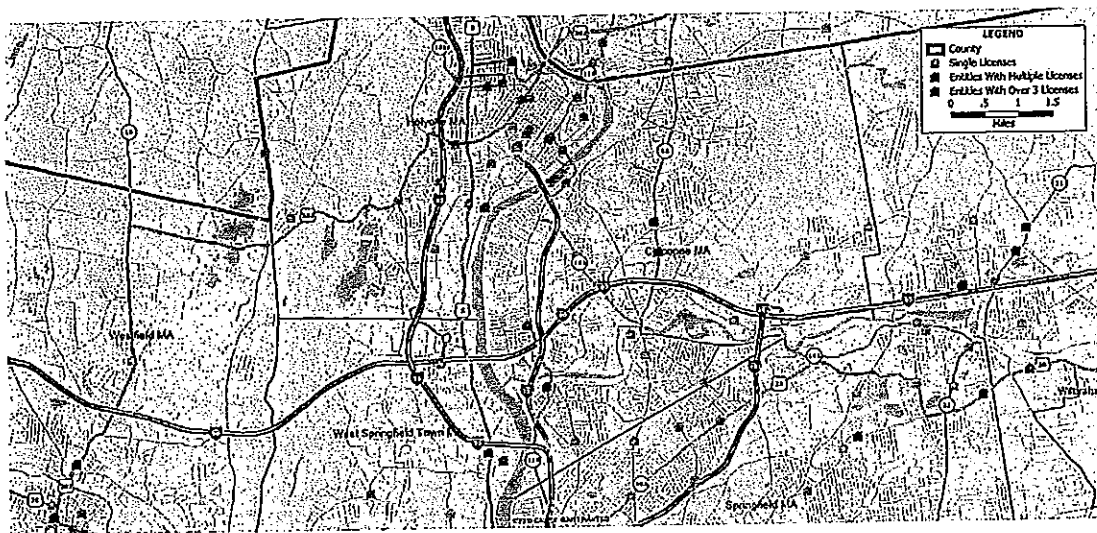
In conclusion, the change in Massachusetts law allowing a single company to hold up to 5 alcohol beverage licenses has led to a small shift in licenses toward large group entities, with an average of about 13 licenses per year being granted. This is equal to about 0.4 percent of licenses per year. Prior to the law changing, as many as 20.4 percent of all licenses held in the state were held by companies or groups of affiliated companies with at least 3 licenses.

Such a small change cannot have led to any significant shift in licenses toward larger entities. Since detailed data on the date when licenses were issued is difficult to obtain, we have examined what has happened in one community – Chicopee – where data were available from the local government.

¹³ Note that a town cannot grant more than one license to an individual entity. Therefore, if a supermarket chain wishes to have 5 licenses in Massachusetts, each must necessarily be in a different town.

There are currently 17 licenses in the community of Chicopee, of which 5 are held by corporations or associated entities with at least 3 licenses in the state. Of these, two are held by corporations with more than 3 licenses -- one by Mormax Corporation (doing business as BJ's Wholesale Club) and one by Pride Stores LLC., a convenience retailer. The license held by Mormax Corporation was purchased from Winn Liquors, Inc. in 2014. Winn Liquors was a fairly large package store that was located in a semi-abandoned shopping mall. The community has gained a total of two new licenses since the change in the law in 2012, one of which was the license for Pride Stores, LLC, and the other of which went to a small fruit and vegetable market.

Figure 3
Off-Premise Licenses in Chicopee Massachusetts



All told, of the 17 licenses in Chicopee, all but 3, or 18 percent, are held by package stores or convenience stores.

Table 5
Total Number of Licenses In Chicopee by Store Type

Store Type	Number	Percent
Supermarkets	0	0%
C Stores	3	18%
Package Stores	11	65%
Other	2	12%
Warehouse Clubs	1	6%
Total	17	100%

Three other communities have had at least 2 licenses approved for corporations or associated entities that had at least 3 licenses in the state prior to the change in law. These are the towns of Burlington and Lunenburg, and the city of Springfield. To date JDA has not been able to obtain

detailed data on the year in which each of the licenses in these communities were granted or transferred. However, in none of these communities do large stores or multiple-license retailers dominate the market. In Burlington, even though 2 of the 6 licensees are held by entities with more than three outlets statewide (including a large supermarket retailer) retailers, two thirds of the stores are either c-stores or individual package stores. (See Table 6)

Table 6
Total Number of Multiple Licenses Granted to Firms Under New Law by Community

Store Type	Burlington		Lunenburg		Springfield	
	Number	Percent	Number	Percent	Number	Percent
Supermarkets	1	17%	1	13%	1	2%
C Stores	1	17%	2	25%	16	33%
Package Stores	4	67%	1	13%	29	60%
Other Stores	0	0%	4	50%	2	4%
Warehouse Clubs	0	0%	0	0%	0	0%
Total	6	100%	8	100%	48	100%

In Lunenburg, while companies with at least three outlets hold three of the eight licenses, only one of those, a Hannaford Market, is a supermarket. Interestingly, the largest share of licenses in Lunenburg, are held by lawn and garden stores. Springfield, with 48 licenses in total has only 6 that are held by corporations or franchises with at least 3 outlets. Two of these are Kappy's franchised liquor stores, and the remainder, are gas-station convenience stores. In total, 93 percent of licenses in Springfield are held by package stores or convenience stores. Only one license in Springfield is held by a supermarket.

Examining the four towns where multi-outlet retailers have gained the largest number of new licenses following the change in the law shows that the number, type and location of those firms receiving these licenses has not led to any greater concentration than existed in the state prior to the change in the law. That said, companies like supermarkets and wholesale clubs are now able to hold at least 5 licenses, something that only franchise operators, or groups of affiliated corporations, were able to do in the past.

The fact is that the change in Massachusetts law was actually quite modest. Prior to 2012 it was easy for a group of affiliated or franchised firms to operate a chain of beverage alcohol retail stores in the state. Therefore, granting a single corporation the ability to legally acquire up to 5 off-premise liquor licenses in Massachusetts has not had much of an effect on the market. This means that there has not been a huge economic impact as a result of the change in the law. Data from the Commonwealth shows that overall volume sales of beer, wine and spirits have not changed dramatically.¹⁴ Beer sales are down slightly, and wine and spirits sales up by about 5 percent over the period. It is unlikely, however, that the change in the law was the major contributor to a change in sales in Massachusetts. Over the same period, national beer sales were down by 0.3 percent, wine sales were up by 10.9 percent and spirits sales were up by 11.4 percent.¹⁵

¹⁴ Chapter 138, Section 21-Alcoholic Beverage Excise Revenue & Gallons, Commonwealth of Massachusetts, Department Of Revenue, obtained by email from Mr. Edwin M. Young, Tax Supervisor, Installment Sales Unit, Audit Division, Massachusetts Department of Revenue, November 2015.

¹⁵ Based on Federal tax collections between 2011 and 2013. See: See US Department of Treasury, Internal Revenue Service, Table 20. Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and

Table 7
Beverage Alcohol Sales in Massachusetts by Year

CY	Beer	Wine	Spirits
2010	126,608,390	26,353,209	11,256,688
2011	125,198,187	27,751,802	11,874,222
2012	127,656,856	28,587,700	12,018,699
2013	126,267,691	28,693,315	12,174,457
2014	124,116,998	28,990,662	12,481,024
Chg. 2011-2014	(1,081,189)	1,238,860	606,802
Pct. Chg.	-0.9%	4.5%	5.1%

Assuming that the total change in volume was the result of the change in the law the economic impact in the Commonwealth would be as high as 150 jobs created, mainly in retailers - over the three year period. This would result in as much as \$16.9 million in increased economic activity in Massachusetts.¹⁶

Table 8
Economic Impact In Massachusetts Resulting from Higher Beverage Alcohol Sales

	Jobs	Wages	Output
Direct	87	\$2,600,766	\$6,464,032
Supplier	19	\$1,266,409	\$3,579,645
Induced	43	\$2,487,452	\$6,952,098
Total	149	\$6,354,626	\$16,995,776

Conclusion

The Commonwealth of Massachusetts adopted modest reforms, and the results are as one might expect, modest. While the state did open up the number of licenses single-entities could hold, local licensing authorities and the lack of ability to move licenses from one town to another still mean that the state's approach to off-premise beverage alcohol retailing is restricted.

When a similar market in New Jersey was examined in 2012, it was estimated that the risks to smaller alcoholic beverage retailers were minimal, and that the protections in the proposal and likelihood of greater transfer prices would benefit many small operators.

The analysis of Massachusetts licensing data shows that, out of nearly 3,000 off-premises licenses in Massachusetts, just 50 are held by those taking advantage of the law's allowance for more than three licenses (5 maximum). Of those 50 multiple-license companies, only 16 of those licenses (32 percent) are held by supermarkets. This brief examination suggests that there

Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1999-2013, on-line at <http://www.irs.gov/pub/irs-soi/histab20.xls>

¹⁶ Based on economic impact models developed by John Dunham and Associates, 2015. This assumes that 100 percent of the change in sales over the period was due to the change in law.

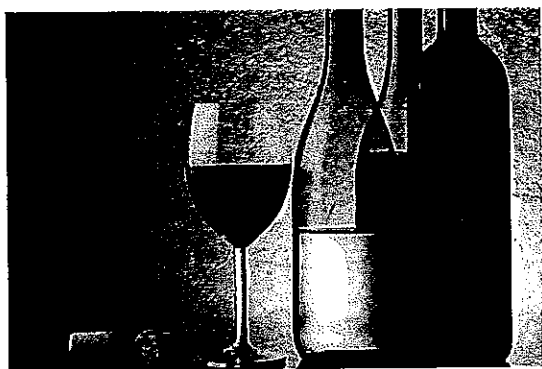
is a balance between types of stores selling beverage alcohol in Massachusetts. While the job and sales growth from these changes are modest, consumers in localities where firms have taken advantage of the law are benefiting from greater quality, choice and convenience.

5

University of Denver Study

**The Economic Impact
of Allowing Alcohol in
Retail Stores**

The Economic Impact of Allowing Alcohol in Retail Stores



An economic impact and statistical analysis demonstrates that relaxing alcohol restrictions will lead to 18% declines in beer and wine prices in Colorado. Due to limited competition, Colorado consumers overpay for beer and wine, and the average Colorado household will save \$750 on alcohol over the next three years if alcohol is allowed to be sold in retail stores. Colorado craft beers sales are expected to substantially increase, as grocery stores sales are projected to exceed \$125 million. The impact on liquor stores will be limited since liquor stores prosper close to grocery stores in other states as well as in Colorado where grocery stores are allowed to sell alcohol. Overall, relaxing restrictions will boost Colorado employment by more than 22,000.

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The Economic Impact of Allowing Alcohol in Retail Stores

Colorado's alcohol laws and regulations remain similar in many respects to the original laws passed more than eighty years ago after the repeal of Prohibition. The alcohol rules restrict retail licenses to only one store per retailer and hence hurt free enterprise by limiting competition. Government restrictions on free markets hurt the Colorado economy because these restraints lead to economic inefficiencies. Alcohol restrictions act like a tax on Colorado consumers, by contributing to significantly higher alcohol prices and limiting consumer choice. Colorado consumers substantially overpay for alcohol, and allowing full strength beer, wine and possibly liquor to be sold in retail stores will generate a substantial positive economic impact to Colorado consumers. Alcohol sales in retail stores will positively affect the three most important determinants to consumer's shopping choices: Price, Convenience and Selection. A detailed economic and statistical analysis demonstrates:

- **Lower Prices:** The more efficient grocery and superstore model due to improved buying power, superior inventory/management practices and improved technology will lead to substantially lower alcohol prices for Colorado consumers. Increased competition between supermarkets, big box retailers and liquor stores will contribute to additional declines in the price of alcohol. The average Colorado household that consumes alcohol over three years will save more than \$750 in lower beer and wine prices as these prices are forecasted to decline more than 18%. Overall, savings will exceed \$865 per household if liquor is also allowed to be sold in retail outlets. Across the state, relaxing alcohol restrictions will generate \$485 million in cost savings to Colorado consumers. Since this anticipated money is projected to be largely spent locally on food and services, the economic multiplier effect implies the windfall to consumers will contribute to hundreds of millions of additional dollars of economic income gains to Colorado consumers and generate more than 5,000 jobs.
- **Increased Convenience:** Consumers are interested in one-stop shopping due to the increased convenience of saving valuable time. Grocery, convenience and big box stores offer thousands of items in one place, and if alcohol is included at these locations, the time

savings will generate \$312-\$450 in economic benefit to the typical Colorado household over the next three years.

- ***Large Positive Economic Effect on Jobs:*** Alcohol sales in Grocery stores will lead to 11,000-12,000 more grocery store jobs, 200-225 more grocery stores in Colorado, and sales increases of 25%. The multiplier effect of the store expansions and employment will bring 16,000-17,000 jobs to Colorado.
- ***Boost in Craft Beer Sales:*** Colorado ranks 3rd in the number of craft breweries per capita. Relaxing alcohol sales restrictions will allow the sale of more than 100 brands of Colorado craft beer in local grocery stores. Among the top five craft brewery states, only Colorado does not allow craft beer to be sold in grocery stores. This substantially hurts Craft beer sales and profits; for instance, Safeway and Kroger's sales of local craft beer in Oregon and Washington State are well over hundred million dollars. In Oregon, 65% of Kroger's sales of craft beer are from Oregon. We estimate improved access of Colorado craft beer by allowing it to be sold in Colorado grocery stores will generate an additional \$125 million dollars in sales of Colorado craft beer, and significantly boost production of Colorado beer. The substantial boost in sales of Colorado craft beer in grocery stores will create approximately 900 jobs in Colorado through the multiplier effect.
- ***Limited Liquor Store Impact and Improved alcohol selection:*** Liquor stores successfully coexist in many states such as Oregon and Washington with liberalized alcohol sales. Statistical analysis of MSAs (Metropolitan Statistical Area) with similar demographics as Denver indicates that alcohol rules have no significant impact on liquor store sales. For example, MSAs such as Seattle that allow grocery store purchases of alcohol have 14% more liquor store sales per capita than Denver. Statistical evidence in other comparable MSAs that sell alcohol further reveals high alcohol sales in liquor stores. Additionally, local liquor stores in the Denver MSA thrive near the few grocery stores allowed to sell alcohol; e.g., there are 79 liquor licensed stores within a two miles radius of Target and King Soopers' point of sale in Glendale. Further, the failure rate of the liquor stores near the Denver MSA's grocery stores that sell alcohol is statistically lower than the overall liquor store failure rate for the region, and their alcohol sales are not lower than Denver's average. An

analysis of the failure rate of liquor in other states that sell alcohol also demonstrates lower closure rates than grocery stores. Thus, there is no statistical evidence that allowing alcohol to be sold in grocery stores and big box stores will severely hurt neighboring liquor stores.

Methodology

Research shows that the three most important determinants of shopping choice are price, convenience of locations and selection (Brissch, Chintagunta and Fox, 2009). Additional studies by Arnold, Ma and Tigert (1978), Arnold, Oum and Tigert (1983) and Levey and Weitz (2004) highlight the importance of both convenience and assortment. Work by Popkowski, Sinha and Timmermans (2000) further shows the importance of one-stop shopping and location. Popkowski, Sinha and Saghal (2004) highlight the increasing relevance of one-stop shopping "due to the increased need for shoppers to optimize their time spent shopping, since demands of every day professional and personal life have increased for most shoppers." They demonstrate that consumers economize on the time spent shopping by making multi-purpose shopping such as buying groceries, flowers and liquor at the grocery store or groceries and household items at big box stores, and conclude that it reduces "travel time by combining trips over time." In response, 'retailers have responded to this need for shoppers to economize on the time spent shopping by providing a wide assortment of products allowing consumers to combine purchases." In the following pages, this paper details the effect of price, convenience and selection of allowing alcohol to be sold in retail stores.

Price Effect

To evaluate the price effect, this study conducted a comprehensive alcohol price evaluation between the Denver MSA and St. Louis MSA. St. Louis is chosen because it has a comparable alcohol tax, standard of living and population, but allows liquor to be sold in retail stores. We examined eight top selling beers including both six, twelve and larger sizes, six of the top selling wine sold in the US in both the 750ml and 1.5l, and eight popular liquors sold in the U.S. More than 800 alcohol product prices were collected and prices comparisons were

estimated between the two MSAs. We also adjusted for the small differences in alcohol tax rates. A statistical analysis shows that beer and wine in St. Louis are 18.4% and 18.3% cheaper, and liquor is 12.6% cheaper; further, adjusting for standard of living of grocery prices leads to even greater price divergences. The estimated alcohol price declines are then multiplied by the average spending on alcohol by the Colorado household averaged over a three-year period. The price savings are \$440, \$310 and \$115 on beer, wine and liquor. The total impact on Colorado is obtained by the number of households that consume alcohol. The savings to all Colorado consumers in lower beer, wine and liquor are \$245, \$175 and \$65 million over a three-year period.

Estimates for the alcohol price declines additionally are supported by Numbeo, which is the largest database on price comparisons between cities. Numbeo reports that the prices of domestic and imported beer are 14.3% and 30.6% cheaper in St. Louis. The price of a medium-price bottle of wine is 8.3% cheaper than Denver; our estimates for wine however consisted of the more popular cheaper varieties of wine such as Yellowtail and Barefoot among others. Numbeo does not report liquor prices. Comparison with Seattle shows domestic and international beer prices are 25% and 26% less expensive than Denver beer prices. Hence, our estimates of a decline in beer prices of 18% are likely conservative. In addition, Pittsburgh and Baltimore, which also restrict alcohol sales, have beer and wine prices within 10% of Denver alcohol prices. Thus, MSAs and states that restrict alcohol have substantially higher prices for alcohol.

Convenience Impact

To calculate the economic impact of convenience (savings of time), we use the methodology of the U.S. Department of Transportation (DOT). The DOT reports that consumers are willing to pay to save time and estimate the value of time equals 50% of the hourly median household income. In Colorado, the 2015 median household income is approximately \$60,000, which yields a per hour wage of \$15 an hour. The average household visits the grocery store to buy food 2.1 times a week, and we assume this household on average purchases alcohol once a week. If the household saves 8 minutes by one-stop shopping, this translates into \$312 over

three years. However, in many cases, it may take more time; e.g., if a parent is shopping with their children, it may be inconvenient to stop a second time and bring them to the liquor store. In other cases, liquor stores are more than a five minute drive; this translates into a roundtrip drive of 10 minutes plus another 3-5 minutes to walk in and purchase the alcohol. This suggests 13-15 minutes; we use a conservative estimate of 12 minutes. In this case, the Colorado household will save \$468 over three years.

Economic Impact

To calculate the economic impact, we used Bizminer, which provides Industry Financial Reports for the average business establishment by North American Industry Classification System (NAICS) code by region over the past three years. We collected data on Grocery stores for 28 states that have less restrictive alcohol sales. The data are then adjusted for population size and standard of living. If Colorado had less restrictive alcohol policies, we estimate 12,000 more jobs in grocery stores and 25% higher sales; alcohol restrictions are a fundamental explanation for Colorado possessing 35% fewer grocery stores per capita than states with less alcohol rules. Comparison with a dozen Western and plain states near Colorado with less alcohol restrictions shows they have 19% more Grocery stores and 29% more sales than Colorado. In contrast, Utah, Kansas, Minnesota and Wyoming, which have similar alcohol restrictions as Colorado, have only 3% more stores, nearly identical sales and roughly similar employment. Hence, the statistical evidence is clear, restrictions on liquor sales in Colorado have hurt the bottom line of grocery stores, and limited their employment and expansion.

The effect of alcohol restrictions on Colorado's grocery stores is becoming more apparent in recent months. Safeway is closing nine stores in Denver due to poor sales, and this has a large impact on neighboring stores in their complex. Bizminer reports that in recent years 48 grocery stores have closed despite a relatively robust economy. Colorado has one of the highest failure rates among Grocery stores with a 17% cessation rate in recent years. Grocery store failure rates in the state are 32% higher than nearby Western and plain states that sell alcohol. The statistical evidence hence demonstrates that increased sales of liquor in grocery stores will contribute to dramatically lower grocery store closings.

The economic impact of alcohol restrictions on Grocery stores is then estimated using economic multipliers from the BEA (Bureau of Economic Analysis). We expect 16,000-17,000 more jobs over the next several years, and the overall impact to the state is likely to exceed \$2.2 billion dollars due to increased hiring (and its wage impact) and sales. For example, the average large grocery store in St. Louis has roughly two beer and/or wine specialists per store, and one to two additional employees to stock the shelves. Therefore, the positive economic impact of alcohol sales in Colorado grocery stores will be considerably greater than the possible downside impact on liquor stores in Colorado (which is detailed below).

Additionally, using the BEA multipliers, if a modest 15%-20% of the cost savings on alcohol purchases is due to the increased buying power of supermarkets and superstores, an additional 4,500-6,300 jobs will be created. This number is likely to be greater for two reasons. First, large supermarkets and superstores such as Walmart and Target have better buying power and lower distribution costs than small Colorado liquor stores; hence, less money will leave the state. This positive effect will be additionally compounded by the preference of supermarkets to buy local beer (discussed below). As a result, we expect employment gains of an additional approximate 5000 jobs; overall, more than 22,000 jobs to the state will be created if alcohol sales restrictions are loosened.

What do other studies find? Tennessee also has restrictive alcohol franchisee laws, and a 2011 Stonebridge study found that allowing wine to be sold in food stores would generate thousands of jobs. Our findings are consistent as this paper also examined beer sales, which are considerably greater than wine sales, and Tennessee's households spend less on alcohol as they have a large number of dry counties and little home beer brewing. A Connecticut study also found large job gains in the state after regulations on wine sales were relaxed.

Liquor Store Impact

The economic impact on liquor stores will be limited and overwhelmed by the positive impact on grocery stores sales. Liquor store sales are not likely to experience sharp sales declines and go out of business for a number of reasons. Statistical evidence shows that alcohol restrictions do not substantially affect liquor sales. Liquor store sales in cities such as Portland

and Seattle, which have less alcohol restrictions than Denver, have per capita 55% and 14% more liquor store sales respectively than Denver. Liquor store sales per capita in other cities that also allow grocery stores to sell alcohol are considerably greater than Denver; e.g., Cincinnati has 95% more alcohol sales, while Grand Rapids has 71% more liquor store sales than Denver. More examples of cities with thriving liquor store sales (that also allow alcohol to be sold in grocery stores) include Detroit and Indianapolis; they have liquor store sales 18% and 11% higher adjusting for per capita income. Des Moines has more than double the per capita liquor store sales as Denver. Liquor stores hence thrive in many cities and states that allow alcohol to be sold in grocery and superstores.

Locally, grocery stores that allow alcohol in the Denver region such as Safeway in Littleton, King Soopers in Glendale or Whole Foods in Boulder have no negative effect on neighboring liquor store sales, the number of liquor stores or their failure rates. These facts are demonstrated both statistically and visually. Using Bizminer, we examined the sales and cessation rates of liquor stores with the same zip codes as these three stores and compared them to the Denver MSA average and the state of Colorado. The failure rate of liquor stores near these stores is substantially below both the MSA and state average; further, their sales volumes are higher. As a result, statistical analysis significantly rejects a negative effect of grocery stores selling alcohol in the Denver region on liquor stores in the region. Over the past several years, no liquor store has gone out of business near these grocery stores that sell alcohol. Thus, there is no statistical evidence that grocery store sales of alcohol hurt the liquor store business in Colorado or other states.

Further, statistical investigation for the state highlights that Colorado liquor stores have very low failure rates. Cessation or failure rates in Colorado are only 4.2% and are one-fourth Colorado grocery stores. In western and plain states that sell alcohol, the liquor store failure rates are relatively similar. As a result, the liquor store business produces a stable income in states with less alcohol restrictions, and these states do not experience high liquor store failures. Further, comparison of liquor stores in nearby Western and plains MSAs that allow grocery store and superstore sales of alcohol have failure rates similar to Denver, and sharply below grocery store cessation rates. Thus, there is no evidence that allowing liquor to be sold in grocery stores

raises the failure of liquor stores. In fact, the evidence suggests the opposite, Colorado's grocery store cessation rates are high and need the revenue from liquor sales or more grocery stores may close.

A visual inspection of liquor stores near the grocery stores that sell alcohol in the region reveals no impact on the number of liquor stores. Map 1 presents a two-mile radius of the King Soopers Glendale location. As the map illustrates, there are approximately 75 liquor stores near both King Soopers and the Target stores that sell liquor. Map 2 shows the residential area of Littleton where Safeway sells alcohol and there are 35 liquor stores near it. Map 3 presents liquor stores near one of the Whole Foods in Boulder. All three maps illustrate large numbers of liquor stores near these grocery stores that sell alcohol; further, as reported above, sales of liquor and the failure of liquor stores in this area are better than both the MSA and state average. In comparison, we present maps of Seattle and Portland, and pick an arbitrary Safeway in these cities; in Seattle, there are no alcohol restrictions in Grocery stores, and in Portland, grocery stores are allowed to sell full strength beer and wine. Maps 4 and 5 show large numbers of liquor stores near Safeway stores in both these cities. Maps of other cities reveal similar patterns – large numbers of liquor stores near grocery sales that sell alcohol. People go to liquor stores for selection and service in other states, and hence they successfully coexist with grocery stores that sell alcohol.

Craft Beer Effect

Colorado ranks third in the number of craft breweries with 235 breweries and is also third per capita. Both Washington and Oregon allow full strength beer to be sold in Grocery stores, and they have 256 and 216 craft breweries, respectively, and are ranked per capita fourth and second, respectively. Vermont and Montana also have more craft breweries per person than Colorado and allow alcohol with less than 16% to be sold in grocery stores. Among the top five states that produce craft beers, Colorado is the only state that restricts alcohol sales. Allowing Colorado grocery stores to sell craft beer will substantially boost the craft beer industry in the state for two reasons: improved access and local preference. Consumers shopping at the grocery store will have more options than the 3.2% beer that is currently sold. The availability of

craft beer and the importance of convenience imply its availability will substantially boost sales of craft beer in grocery store; for example, the availability of craft beer in grocery stores Oregon and Washington have led to substantial sales of craft beer in grocery stores, and is documented below.

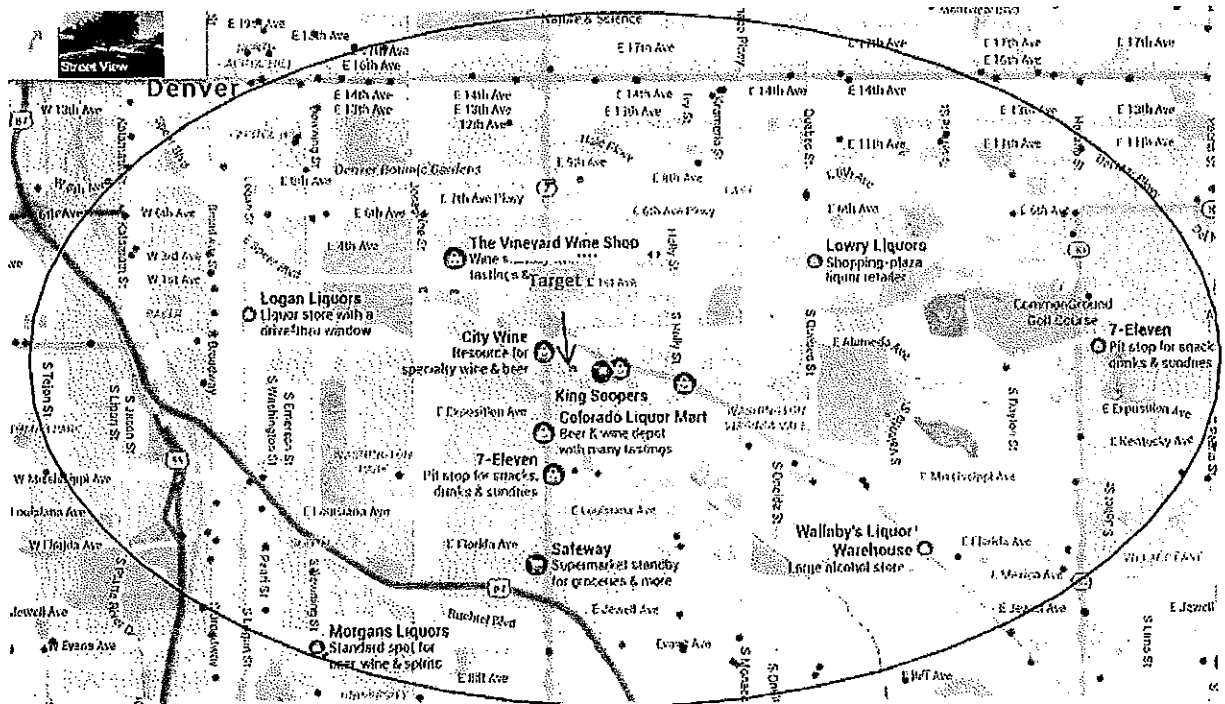
The policy of Safeway and King Soopers of buying local and the preference of Coloradans to purchase local craft beer indicate that grocery store sales of local craft beer will be a success and further enhance their availability and sales; e.g., 65% of craft beer sold in a leading grocery store in Oregon is from Oregon. For instance, grocery stores in Oregon even sell small run micro-brew pint bottles from local producers. Most craft beer sales in Washington state grocery stores are locally produced in Washington or Oregon. The competition for craft beer is intense in Oregon, Washington and Colorado, and hence expanding access to more consumers is critical for the product to survive. In Oregon and Washington State as well as Vermont and California, all large producers of craft beer, craft brewers have an advantage – they can sell in the local grocery stores.

Kroger and Safeway supplied data for total craft beer sales in Oregon and Washington State; they also supplied both the percentage and total sales of local craft beer in these states. Using these estimates along with the total beer sales of Kroger and Safeway in these states combined with the population of these states, we estimated that grocery stores in Colorado will sell more than \$125 million dollars. The multiplier effect implies an increase of 900 jobs to Colorado, which is projected to generate an additional \$200 million in income to the state.

References

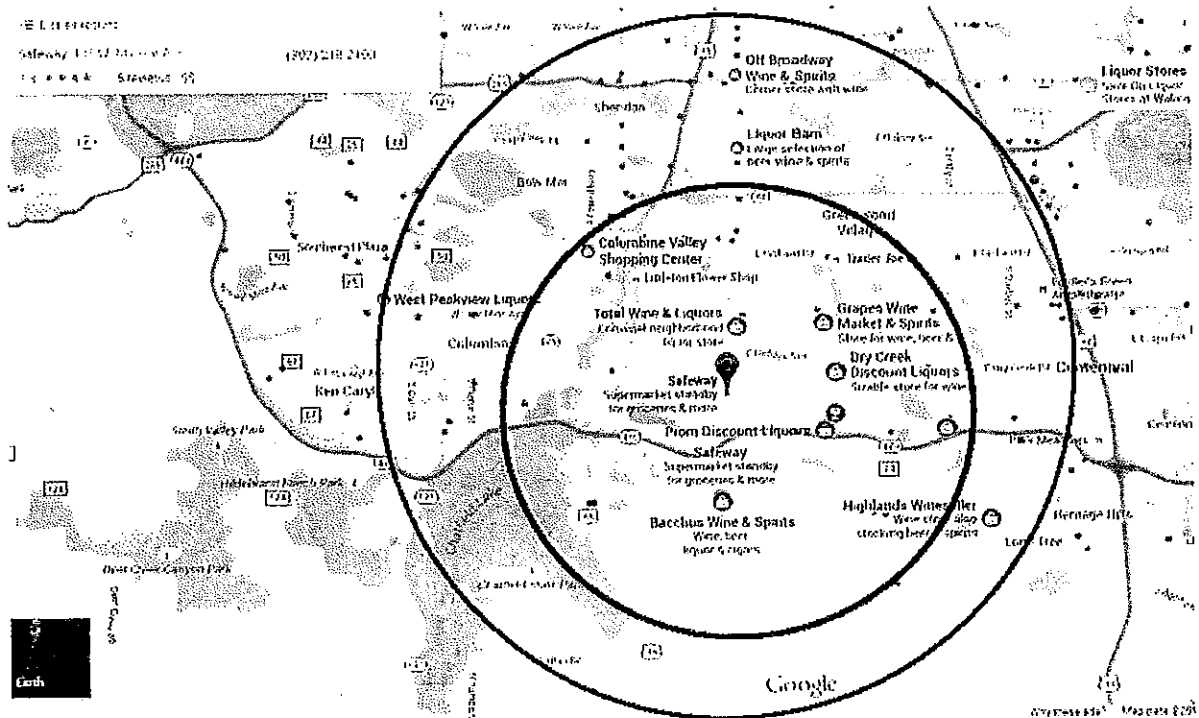
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Map 1 Liquor Stores within 2 miles of King Soopers & Target in Glendale, Denver

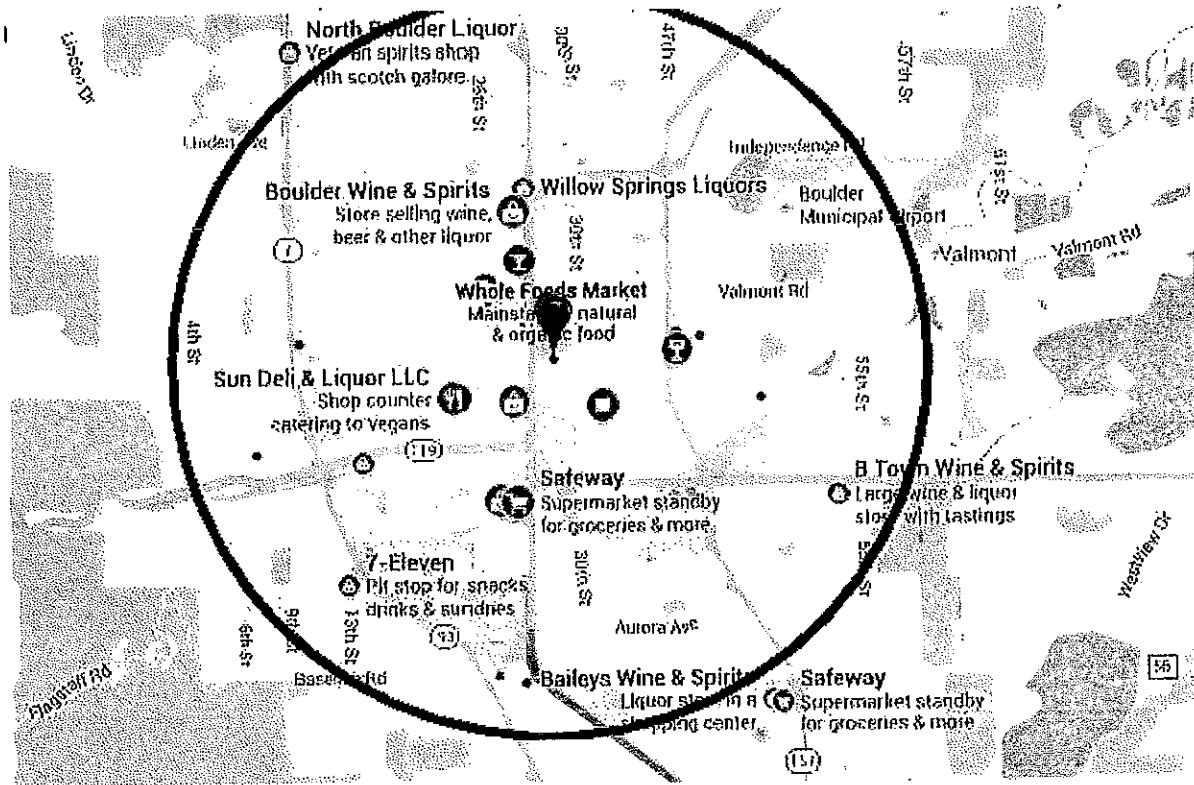


King Soopers

Map 2 Liquor Stores near Safeway in Littleton Denver 1 and 2 mile circles

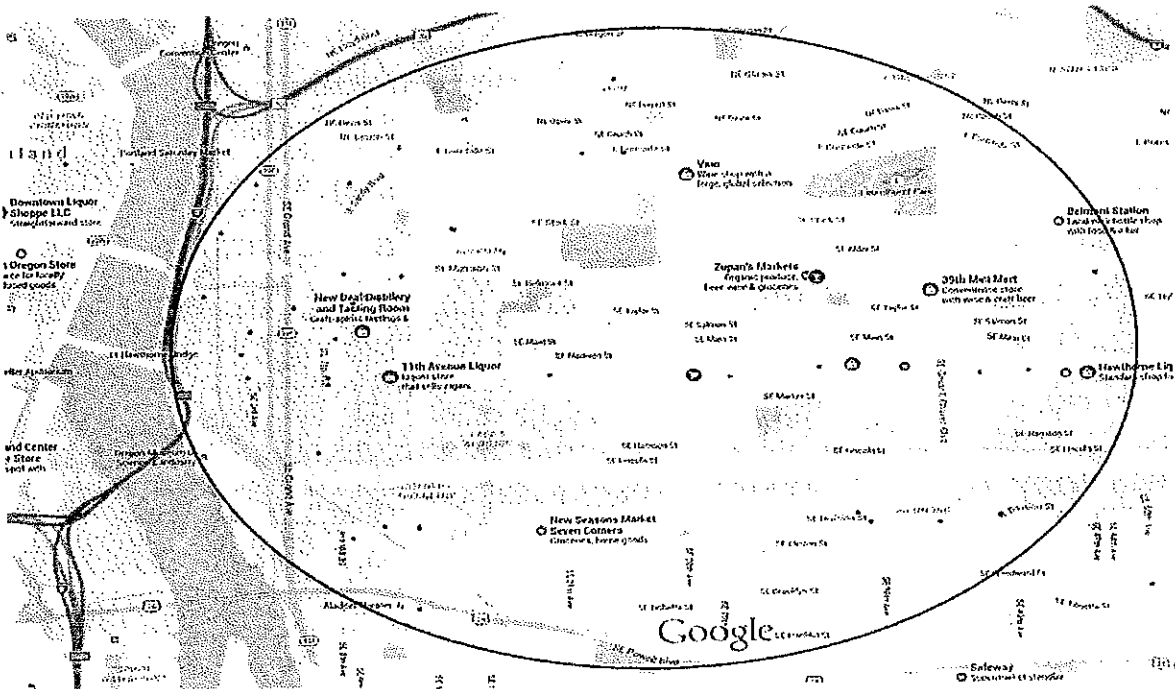


MAP 3 Liquor Stores near the Wholefoods in Boulder




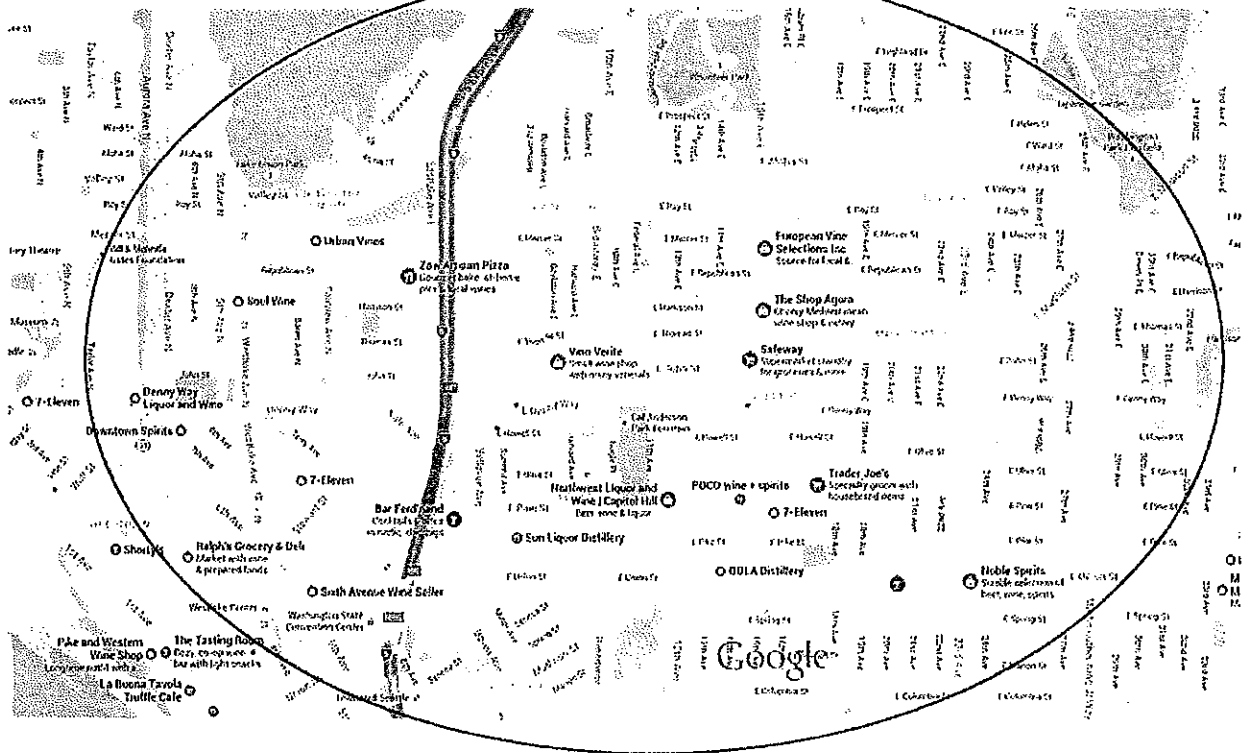
Map 4 Portland Liquor Stores within 1 Mile of Safeway

Google liquor stores near 2800 S.E. Hawthorne portland



Map 5 Liquor stores within 1 Mile of Safeway store in Seattle

 Google liquor store near 1410 E John St Seattle, WA 98112



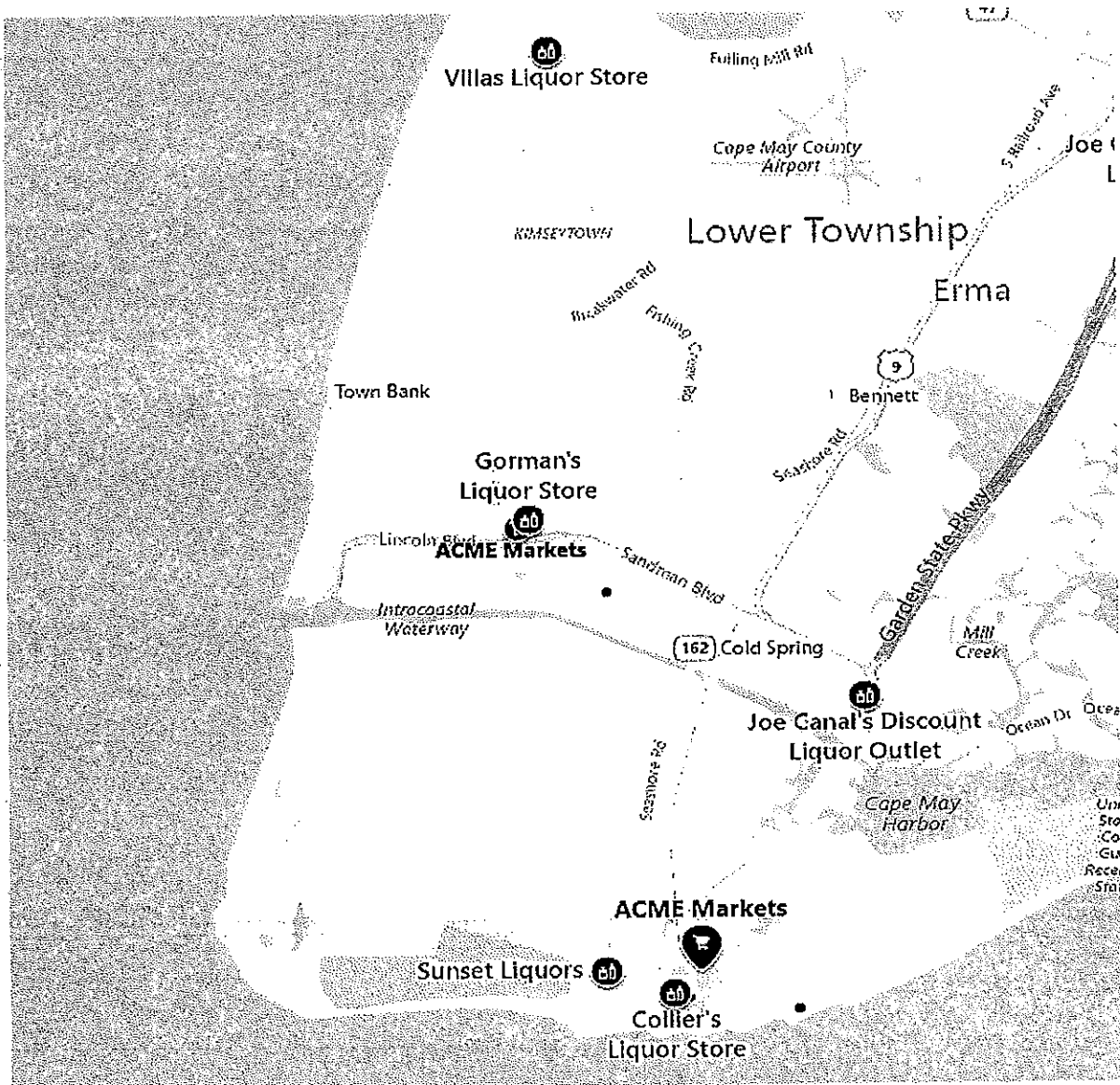
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**Maps of Areas with
Co-Existing
Liquor Stores and
Supermarket Liquor
Licenses**

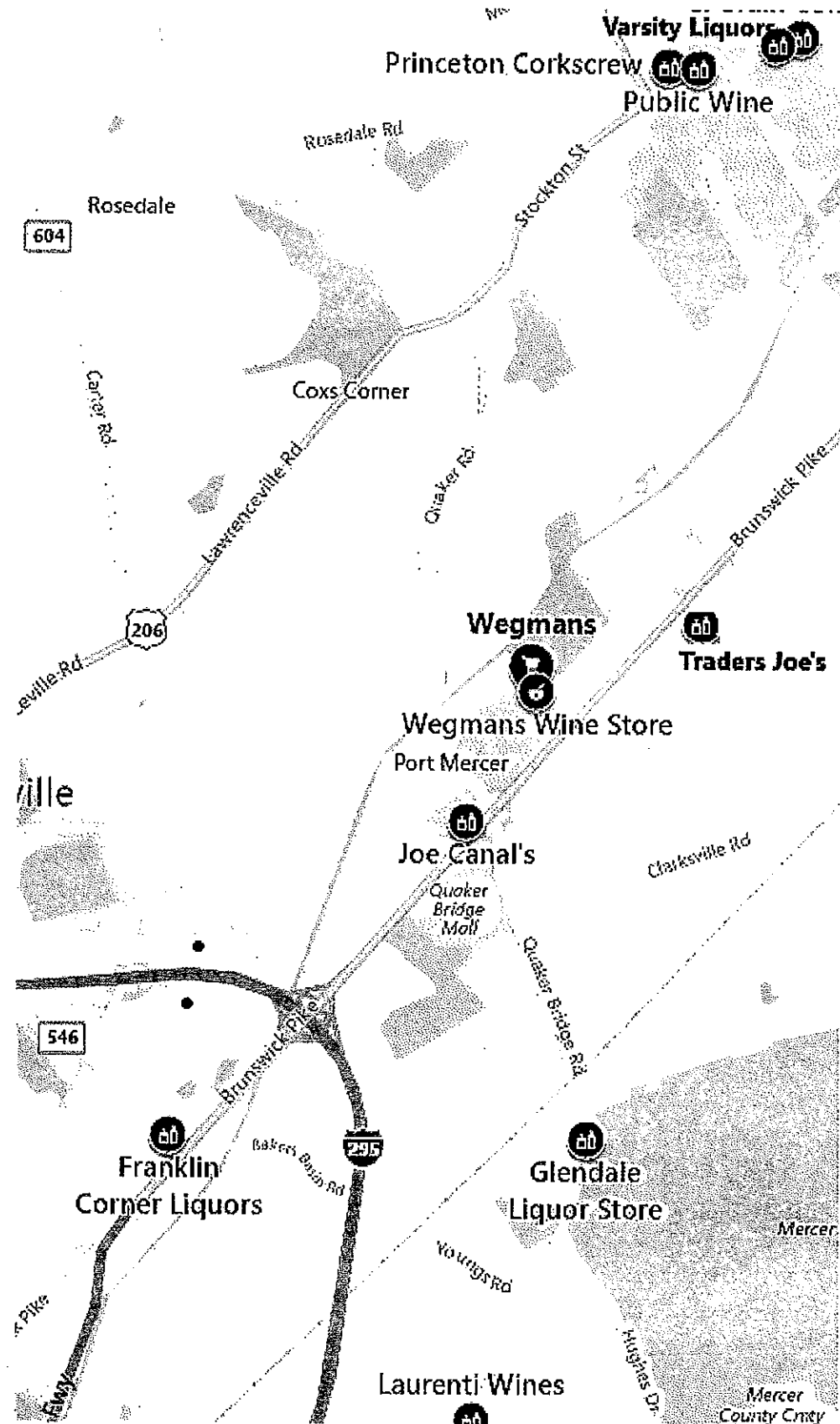
ACME Markets Cape May

Supermarket Store with Liquor License	Package Good Store within 5 mile radius	Distance from Supermarket to Package Good Store
ACME Markets 3845 Bayshore Rd North Cape May, NJ 08204		
	Villas Liquor Store, 1900 Bayshore Rd, Villas, NJ 08251	3.4 miles
	Gorman's Liquor Store 3845 Bayshore Rd, Cape May, NJ 08204	0.3 miles Located next to ACME
	Joe Canal's Discount Liquor Outlet, 918 NJ-109, Cape May, NJ 08204	2.5 miles
	Sunset Liquors, 106 Sunset Blvd, West Cape May, NJ 08204	3.8 miles
	Collier's Liquor Store, 202 Jackson St, Cape May, NJ 08204	4.2 miles
ACME Markets 315 Ocean St, Cape May, NJ 08204		4.4 miles



Wegmans Princeton

Supermarket Store with Liquor License	Package Good Store within 5 mile radius	Distance from Supermarket to Package Good Store
Wegmans, 240 Nassau Park Blvd, Princeton, NJ 08540		
	Joe Canal's, 3375 US, Highway 1, Lawrenceville, NJ 08648	1.0 miles
	Franklin Corner Liquors, 175 Franklin Corner Rd, Lawrenceville, NJ 08648	3.0 miles
	Glendale Liquor Store, 4040 Quakerbridge Rd Ste 5, Mercerville, NJ 08619	3.0 miles
	Trader Joe's, 3528 Us Highway 1, Princeton, NJ 08540	1.9 miles
	Laurenti Wines, 3161 Quakerbridge Rd, Mercerville, NJ 08619	4.1 miles
	Varsity Liquors, 234 Nassau St, Princeton, NJ 08542	5.0 miles
	Public Wine, 23 Witherspoon St, Princeton, NJ 08542	4.8 miles
	Princeton Corkscrew, 49 Hulfish St, Princeton, NJ 08542	4.7 miles

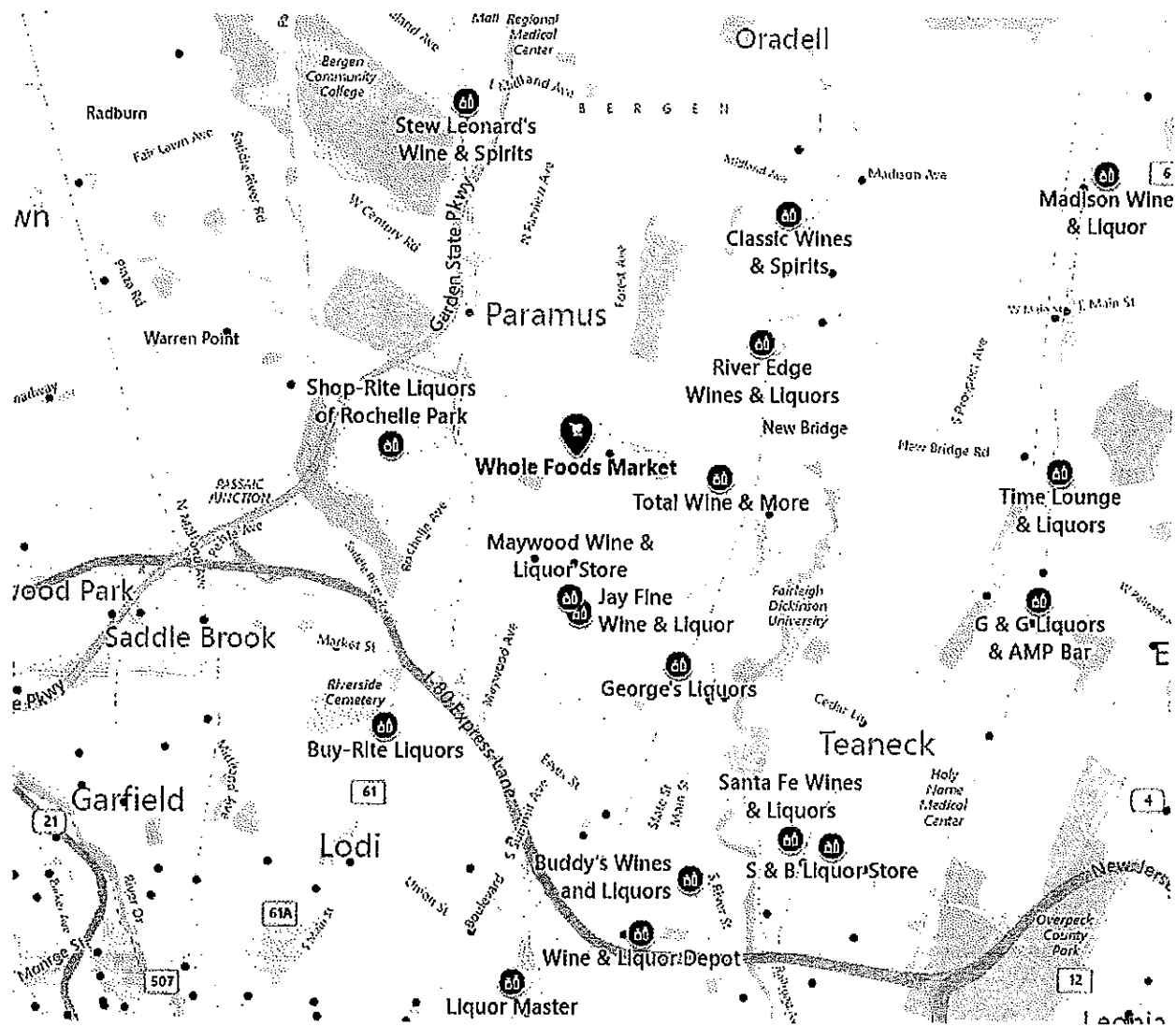


Whole Foods Market Paramus

Supermarket Store with Liquor License	Package Good Store within 5 mile radius	Distance from Supermarket to Package Good Store
Whole Foods 300 Bergen Town Ctr, Paramus, NJ 07652		
	Total Wine & More, 1001 Main Street, River Edge, NJ 07661	1.4 miles
Shoprite Liquors, 224 Route 4 E & Forest Ave, Paramus, NJ 07652		0.3 miles
	River Edge Wines & Liquors, 504 Kinderkamack Rd, River Edge, NJ 07661	2.2 miles
	Hollywood Liquors, 40 W Pleasant Ave, Maywood, NJ 07607	0.8 miles
	Maywood Wine & Liquor Store, 117 E Passaic St, Maywood, NJ 07607	1.1 miles
Shop-Rite Liquors of Rochelle Park, 220 W Passaic St, Rochelle Park, NJ 07662		2.0 miles
	Jay Fine Wine & Liquor, 463 Passaic St, Hackensack, NJ 07601	1.2 miles
	George's Liquors, 130 Anderson St, Hackensack, NJ 07601	1.8 miles
	Wine King, 387 State St # 17, Hackensack, NJ 07601	2.3 miles
	Buy-Rite Liquors, 410 River St, Hackensack, NJ 07601	2.1 miles
	Beer, Wine & Spirits, 710 River Rd, New Milford, NJ 07646	3.3 miles
Shop-Rite Liquors of Fair Lawn, 38 S Broadway, Fair Lawn, NJ 07410		2.9 miles
	J R Wine & Liquors, 332 Rochelle Ave, Rochelle Park, NJ 07662	1.7 miles
	Essex Street Liquors-Wine Inc, 214 Essex St, Hackensack, NJ 07601	2.8 miles

	Time Lounge & Liquors, 487 S Washington Ave, Bergenfield, NJ 07621	4.4 miles
	G & G Liquors 1435 Teaneck Rd, Teaneck, NJ 07666	4.4 miles
	Santa Fe Wines & Liquors, 74 W Main St, Bogota, NJ 07603	3.9 miles
	All Star Wine and Liquor, 21 Midland Ave, Elmwood Park, NJ 07407	4.1 miles
	Wine Country, 195 Market St, Saddle Brook, NJ 07663	2.9 miles
	Buy-Rite Liquors, 449 Main St, Lodi, NJ 07644	2.9 miles
	M & M Wine & Spirits, 429 Market St, Elmwood Park, NJ 07407	4.5 miles
	Birchwood Deli & Liquor, 545 Boulevard, Elmwood Park, NJ 07407	5.0 miles
	Discount Liquor & Bar, 403 Outwater Ln, Saddle Brook, NJ 07663	4.0 miles
	Stew Leonard's Wine & Spirits, 396 N State Rt 17, Paramus, NJ 07652	2.8 miles
	Wine Country Oradell, 50 Kinderkamack Rd, Oradell, NJ 07649	3.7 miles
	Classic Wines & Spirits, 842 Kinderkamack Rd, River Edge, NJ 07661	3.1 miles
	New Milford Liquors, 401 River Rd, New Milford, NJ 07646	4.1 miles
	Wine King Liquors, 387 State St, Hackensack, NJ 07601	3.1 miles
	Buy Rite Liquors, 185 Route 46 W, Lodi, NJ 07644	3.3 miles
	Buddy's Wines and Liquors, 139 Hudson St, Hackensack, NJ 07601	3.4 miles

	Wine & Liquor Depot, 310 Huyler St, South Hackensack, NJ 07606	3.8 miles
	Liquor Master, 459 State Rt 17, Hasbrouck Heights, NJ 07604	4.3 miles
	Heights Beer & Wine Emporium, 69 State Rt 17, Hasbrouck Heights, NJ 07604	4.9 miles
	Metro Liquors, 100 Broadway, Elmwood Park, NJ 07407	4.3 miles
	B & B Liquors Inc, 13-05 River Rd, Fair Lawn, NJ 07410	5.0 miles
	Radburn Liquors, 14-35 Plaza Rd, Fair Lawn, NJ 07410	4.3 miles
	Bottle King Liquors, 909 Prospect St, Glen Rock, NJ 07452	4.3 miles
	S & B Liquor Store, 358 Palisade Ave, Bogota, NJ 07603	3.7 miles
	UnWined Teaneck, 441B Cedar Lane, Teaneck, NJ 07666	2.9 miles
	H&S Discount Liquors, 1352 Teaneck Rd, Teaneck, NJ 07666	4.3 miles
	FillerUp Kosher Wines, 174 W Englewood Ave, Teaneck, NJ 07666	3.9 miles
	Teaneck Wine Cellar, 166 W Englewood Ave, Teaneck, NJ 07666	3.9 miles



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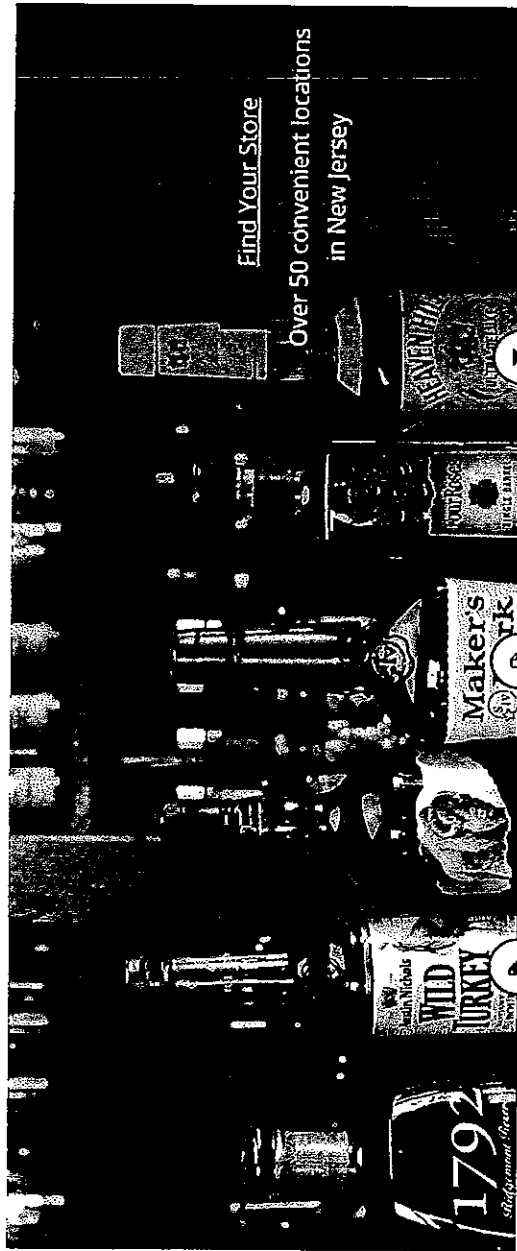


Bottle King Family of Stores

Chatham Bottle King 41 Watchdog Ave. Chatham, NJ 07828 (973) 635-2200 chatham@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Dumont Bottle King 95 Washington Ave Dumont, NJ 07528 (201) 364-9580 dumont@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Glen Ridge Bottle King 710 Bloomfield Ave Glen Ridge, NJ 07028 (973) 748-2033 glenridge@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Glen Rock Bottle King 909 Prospect St Glen Rock, NJ 07452 (201) 652-2690 glenrock@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Hillsdale Bottle King 381 Washington Ave Hillsdale, NJ 07642 (201) 722-3400 hillsdale@bottleking.com Mon-Sat: 9am-10pm Sunday: 10am-6pm	Ledgewood Bottle King 260 Rt. 10 West Ledgewood, NJ 07876 (973) 584-1118 ledgewood@bottleking.com Mon-Sat: 9am-10pm Sunday: 10am-6pm	Livingston Bottle King 343 W. Mt. Pleasant Ave. Livingston, NJ 07039 (973) 740-0711 livingston@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Mansfield Bottle King 2028 Rt. 57 Mansfield, NJ 07840 (908) 684-0822 mansfield@bottleking.com Mon-Sat: 9am-10pm Sunday: 10am-5pm	Middletown Bottle King 1050 Rt. 35 Middletown, NJ 07748 (732) 815-2400 middletown@bottleking.com Mon-Sat: 9am-10pm Sunday: 10am-6pm	Morris Plains Bottle King 245 Littleton Rd Morris Plains, NJ 07950 (973) 285-1226 morrisplains@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Ramsey Bottle King 478 Rt. 17 N Ramsey, NJ 07446 (201) 934-9080 ramsey@bottleking.com Mon-Sat: 9am-10pm Sunday: 11am-6pm	Wayne Bottle King 1350 Rt. 23 N Wayne, NJ 07470 (973) 872-2332 wayne@bottleking.com Mon-Sat: 9am-10pm Sunday: 10-5pm	East Windsor Bottle King 385 Route 130 East Windsor, NJ 08520 (609) 301-4270 eastwindsor@bottleking.com Mon-Sat: 9am-10pm Sunday: 10-5pm
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Wine & Spirits
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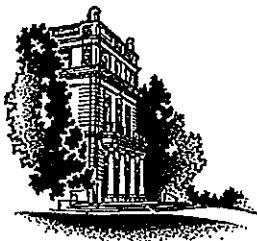


Cravings
New Arrivals

Business Name	Address	Phone	Website	Directions
Silverton Buy-Rite	1728 Cooper Ave. Trenton, NJ 08611	(609) 392-1234	Directions Website	Directions
Smithville Spirits	453 Main St. Smithville, NJ 08859	(609) 735-4400	Directions	Directions
Somerville Supersaver	655 Route 23 East Somerville, NJ 08876	(908) 723-0700	Directions Website	Directions
Spirit of 76 Buy-Rite	119 Taylor Ave. Trenton, NJ 08611	(609) 735-4400	Directions Website	Directions
Super Buy-Rite of North Plainfield	930 Route 23 West North Plainfield, NJ 07060	(908) 735-2315	Directions Website	Directions
Super Buy-Rite of Toms River	2100 Route 9 Toms River, NJ 08053	(732) 543-3333	Directions Website	Directions
Tinton Falls Liquors	4527 Albany Avenue Tinton Falls, NJ 07793	(732) 913-1155	Directions Website	Directions
Venator Spirits	205 North 1st Ave. Venetia, NJ 08082	(609) 392-1234	Directions Website	Directions
West Deptford Super Buy-Rite	1975 Memorial Pkwy. West Deptford, NJ 08066	(856) 424-1177	Directions Website	Directions
Buy-Rite of Fairview	201 Broad Avenue Fairview, NJ 07022	(201) 429-9500	Directions Website	Directions
Buy-Rite of Flanders	250 Route 306 Flanders, NJ 07036	(878) 535-5700	Directions Website	Directions
Buy-Rite of Hackensack	410 River Street Hackensack, NJ 07601	(201) 427-9329	Directions Website	Directions
Buy-Rite of Keyport	650 Route 35 Keyport, NJ 07733	(201) 555-0432	Directions Website	Directions
Buy-Rite of Lodi	103 Route 48 West Lodi, NJ 07641	(973) 555-0437	Directions Website	Directions
Buy-Rite of Main Street Lodi	420 Main Street Lodi, NJ 07641	(973) 555-0437	Directions Website	Directions
Buy-Rite of Neptune City	310 W. 5th Ave. Neptune City, NJ 07753	(732) 775-2466	Directions Website	Directions
Buy-Rite of North Brunswick	2700 Route 27 North Brunswick, NJ 08902	(732) 251-1202	Directions Website	Directions
Buy-Rite of Ocean Acres	100 Neptune Dr. Ocean Acres, NJ 08850	(609) 655-7200	Directions Website	Directions
Buy-Rite of Pompton Plains	500 Route 23 North Pompton Plains, NJ 07744	(973) 635-6225	Directions Website	Directions
Buy-Rite of South Orange	222 Route 21 South South Orange, NJ 07073	(908) 737-4300	Directions Website	Directions
Buy-Rite of Toms River	1311 Box 37 West Toms River, NJ 08053	(732) 543-3333	Directions Website	Directions
Buy-Rite of Union	1628 Main Ave. Union, NJ 07083	(908) 673-3101	Directions Website	Directions
Buy-Rite of Waretown	100 Route 9 Waretown, NJ 08092	(609) 735-4400	Directions Website	Directions
Crabtree Buy-Rite	2000 Route 130 N. Road Crabtree, NJ 08012	(609) 655-5000	Directions Website	Directions
Franklin-Somerset Liquors	500 Somerset Ave. Somerset, NJ 08873	(732) 543-3333	Directions Website	Directions
Hamilton Super Buy-Rite	651 Route 93 Hamilton, NJ 08061	(609) 392-1234	Directions Website	Directions
Holmdel Buy-Rite	2101 Route 25 South Holmdel, NJ 07733	(732) 735-4400	Directions Website	Directions
Bound Brook Liquors	260 West Union Avenue Bound Brook, NJ 08805	(732) 465-5020	Directions Website	Directions
Buy-Rite of Brick	989 Route 26 Brick, NJ 08724	(732) 785-5359	Directions Website	Directions
Buy-Rite Discount Liquors	60 Chambers Bridge Road Lakewood, NJ 08701	(732) 367-6644	Directions Website	Directions
Buy-Rite Liquor Ewing	1540 North Olden Avenue Ewing, NJ 08538	(609) 695-3100	Directions Website	Directions
Buy-Rite Liquors of Marlboro	443 N. 34 Marlboro, NJ 07747	(732) 970-4960	Directions Website	Directions
Buy-Rite Manahawkin	575 Route 72 East Manahawkin, NJ 08050	(609) 978-8800	Directions Website	Directions
Buy-Rite Milltown	312 Ryders Lane Milltown, NJ 08850	(732) 651-1222	Directions Website	Directions
Buy-Rite of Bloomfield	35 Lockwanna Place Bloomfield, NJ 07003	(973) 707-7774	Directions Website	Directions
Buy-Rite of Cliffwood	111 Highway 35 South Cliffwood, NJ 07721	(732) 696-6333	Directions Website	Directions

7

Monmouth University
Poll on
Supermarkets
Alcohol Sales



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DT: April 21, 2010

TO: Don Sico, Deana Lykins

FR: Patrick Murray
Thomas Lamatsch
Monmouth University Polling Institute

RE: New Jersey State Poll on Supermarket Alcohol Sales

The Monmouth University Polling Institute conducted a survey of New Jersey residents in April 2010 on behalf of the Retailers for Responsible Liquor Licensing to assess public opinion on allowing alcohol sales in supermarkets.

Summary results:

- The majority of New Jerseyans (56%) favor allowing supermarkets to sell alcoholic beverages, compared to 38% of Garden State residents who oppose it. Among those who purchase alcohol on a regular basis, 76% are in favor. Support stands at 51% among occasional shoppers and drops to 29% among those who never purchase alcohol.
- Among those in favor of allowing the sale of alcohol in supermarkets, convenience is the most important argument (50%). Among those against allowing such sales, the top concern is minors having easier access to alcohol (33%).
- More than 4-in-10 (44%) New Jerseyans who buy alcohol would continue purchasing alcohol at a liquor store as often as they do now if supermarkets sold alcohol. A similar number (47%) say they would go less often.
- In terms of minors illegally obtaining alcohol, more than half of New Jerseyans (51%) think there would be no difference in minors' ability to access alcohol in either liquor stores or supermarkets. About 1-in-3 New Jerseyans (35%) think it would be harder for minors to buy alcohol in a liquor store compared to 12% who believe it would be harder to obtain in a supermarket.

Detailed results:

The majority of New Jerseyans (56%) favor allowing supermarkets to sell alcoholic beverages. About 4-in-10 (38%) are against it. Those in favor include 25% who strongly favor the idea and 31% who favor it somewhat. In the opposition camp, 27% oppose the move strongly and 11% say they are moderately opposed.

Opinion of Supermarket Alcohol Sales by current purchasing behavior		
	Favor	Oppose
TOTAL	56%	38%
Purchase regularly	76%	22%
Purchase occasionally	51%	41%
Never purchase alcohol	29%	60%

Note: The poll found that 39% of New Jerseyans purchase alcohol on a regular basis (at least monthly), 39% purchase alcohol occasionally, and 21% never purchase alcohol.

Current purchasing behavior is a strong driver for how a person feels about changing liquor laws. Among regular purchasers, 76% would like to see supermarkets sell alcohol, compared to 51% of occasional shoppers and just 29% of those who never shop for alcohol.

Younger people are more likely to favor alcohol sales in supermarkets, with 65% of those between the ages of 21 and 34 favoring it, compared to 57% of 35 to 54 year olds and only 49% of those 55 and older. The poll suggests that younger people might simply see alcohol restrictions as outdated. The proportion of young people saying that there is "just no reason not to" is about twice as high as for other age groups.

In other poll findings, only 1-in-3 suburbanites oppose the change, but just over half of the urban population are against supermarkets selling alcohol, with most of them (42%) being strongly opposed. When asked for reasons for their strong opposition, many urban residents state that they are opposed to drinking in general and they fear an increase in underage drinking.

While protecting children is prominently mentioned by those who oppose supermarket alcohol sales, being the parent of a child has little correlation to opinion on the issue. Support levels of parents (56%) and people without children (56%) are identical.

The poll also asked participants why they either favor or oppose this change in alcohol licensing. Those in favor of allowing supermarket alcohol sales mention convenience (50%) as the most important argument. This is followed by the notion that "other states do it" (15%) and the feeling that there is just no good reason for limiting the sale of

alcohol to liquor stores (14%). Other reasons include free market economy arguments (9%) and the expectation that liquor would become less expensive (6%).

Those against allowing the sale of alcohol in supermarkets are mostly concerned with minors having easier access to alcohol (33%). Other reasons include alcohol being too accessible in New Jersey since there are too many liquor stores already (15%) or that there are already enough liquor stores (7%). Another 14% feel that they or their children should not be exposed to alcohol in a supermarket environment. Additionally, 7% think Mom & Pop stores would be hurt by such a move, 6% are opposed to drinking in general, and 4% of respondents state that they themselves do not drink at all.

More than 4 out of 10 (44%) New Jerseyans who purchase alcohol state that expanding sales to supermarkets would not change their alcohol purchasing behavior at all. A similar number (47%) state they would go to the liquor store less often. About 1-in-4 each would go a little less often (24%) or a lot less often (23%). Among regular shoppers 38% will purchase from local liquor stores as often as before while occasional shoppers are less likely to change their behavior (49%).

Change in Alcohol Purchasing Behavior if Supermarket Availability			
Would go to local liquor store...	As often	Little less often	Lot less often
ALL PURCHASERS	44%	24%	23%
Purchase regularly	38%	29%	23%
Purchase occasionally	49%	20%	22%

When it comes to minors obtaining alcohol illegally, more than half of New Jerseyans (51%) think there would be no difference in accessibility between liquor stores and supermarkets. However, 35% of New Jerseyans think it would be harder in liquor stores compared to 12% who think it would be harder in supermarkets.

Even among those who favor supermarket alcohol sales, more people believe that it would be harder for minors to obtain alcohol in a liquor store (24%) than in a supermarket (11%) although the large majority (64%) believes that the chances would be equal in either setting. Among those who oppose expanding liquor sales to supermarkets more than half (54%) think it would be harder for minors to buy alcohol in a liquor store. This compares to 13% who think it would be harder in a supermarket and 32% who think there would be no difference.

Aside from purchasing behavior, the attitudes of different demographic groups on the question of underage access do not vary significantly. Interestingly, parents' attitudes are no different from the attitudes of people without children. Just over 1-in-3 parents (37%) and non-parents (35%) alike think minors would have a harder time purchasing

alcohol in a liquor store. This compares to 14% of parents and 12% of non-parents saying minors would have a harder time purchasing alcohol in a supermarket. Likewise, about half of parents (48%) and non-parents (52%) think the opportunity for minors to purchase alcohol is equal in both settings.

In conclusion, the majority of Garden State residents would like alcohol to be available in supermarkets. The poll results, however, suggest that some of the opposition could be vocal about any changes to the status quo. The group of strong supporters (25%) and strong opponents (27%) is almost equal in number. Strong opponents, however, use highly emotional arguments such as:

- "...too easy for teens to get it..."
- "I want to limit the proliferation of alcohol"
- "People go shopping with kids and I don't want drunks to come in and buy beer"
- "It [alcohol] takes people's lives"

Supporters, on the other hand, mostly offer practical arguments, such as "convenience" or the fact that "other states do it". This suggests that some of those who oppose changes in licensing laws have an emotional and potentially strong reaction

QUESTIONNAIRE

1. Do you favor or oppose allowing New Jersey supermarkets to sell alcohol, such as beer, wine, and other alcoholic beverages?

Favor strongly	Favor somewhat	Oppose somewhat	Oppose strongly	(VOL) Don't Know
25%	31%	11%	27%	7%

2. Why do you feel that way? (Multiple responses were accepted)

If "FAVOR": [n=476, moe= + 4.5%]

Convenience	Other states do it	No good reason not to	Free country/ free market	Less expensive	Extra tax revenue	Other reason	(VOL) Don't Know
50%	15%	14%	9%	6%	2%	11%	4%

If "OPPOSE": [n=257, moe= + 6.1%]

Potential underage sales	Too many liquor stores already	Don't want to see alcohol	Hurt small stores	Enough liquor stores already	Opposed to drinking	Do not drink	Other reason	(VOL) Don't Know
33%	15%	14%	7%	7%	6%	4%	15%	3%

3. How often do you personally purchase alcoholic beverages at a liquor store or wine shop – at least once a week, once or twice a month, a few times a year, about once a year, less often, or never?

Weekly Or more	At least monthly	Few times A year	Once A year	Less often	Never	(VOL) Don't Know
10%	29%	24%	10%	5%	21%	1%

[THE FOLLOWING QUESTION WAS ASKED ONLY OF THOSE WHO PURCHASE ALCOHOL: n=645, moe= ± 3.9%].

4. If some supermarkets in New Jersey sold alcoholic beverages, do you think you would continue to go to your local liquor store or wine shop about as often as you do now or would you go less often? [IF "LESS OFTEN", ASK: Would that be a lot or just a little less often?]

As often	A little less	A lot less	(VOL) Don't Know
44%	24%	23%	9%

5. Where do you think it would be harder for people under the legal drinking age of 21 to obtain alcoholic beverages – at a supermarket or at a liquor store, or would there be no difference?

Supermarket	Liquor store	No difference	(VOL) Don't Know
12%	35%	51%	1%

This telephone survey was conducted by the Monmouth University Polling Institute on April 7-11, 2010 with a statewide random sample of 787 residents age 21 and older. For results based on this sample, one can say with 95% confidence that the error attributable to sampling has a maximum margin of plus or minus 3.5 percentage points. Sampling error increases as the sample size decreases, so statements based on various population subgroups, such as separate figures reported by gender or party identification, are subject to more error than are statements based on the total sample. In addition to sampling error, one should bear in mind that question wording and practical difficulties in conducting surveys can introduce error or bias into the findings of opinion polls.

POLL DEMOGRAPHICS (weighted sample)

40% Dem	47% Male	24% 21-34	67% White
38% Ind	53% Female	45% 35-54	13% Black
22% Rep		31% 55+	13% Hispanic
			8% Asian/Other



Press Clippings on Alcohol License Reform

Beer Wholesalers Association of New Jersey
Testimony before the New Jersey Assembly Oversight, Reform and Federal Relations
Committee
As prepared for delivery
March 21, 2019

Mr. Chairman, Members of the Committee,

I would like to begin by thanking you for the opportunity to be here today. I am the Executive Director of the Beer Wholesalers Association of New Jersey. In that capacity I represent the independent and family-owned beer distributors of New Jersey and the more than 3,000 unionized jobs they provide.

New Jersey's beer wholesalers are active participants in civic, religious, charitable and humanitarian events in the communities where they live and work. Our economic impact is substantial, resulting in the creation of over 3,000 well-paying, full time jobs and remitting over \$248 million in sales, excise, income and property taxes to the State and federal governments. We provide over \$548 million in wages and benefits to New Jersey employees. The latest available statistics indicate that New Jersey's beer wholesalers were responsible for over \$4,000,000 annually.

Beer wholesalers are much more than simply distributors of a product. Beer Wholesalers are the market makers for their products. They employ sales representatives who sell beer to retailers; they employ marketing professionals who create demand for their products through advertising; they employ warehouse workers; truck drivers; delivery laborers; promotions professionals who set up merchandise displays. When you walk into a bar or restaurant, or liquor store, point-of-sale items like the coaster or napkin that your drink is served or the advertising signs on the walls or table tops or the glass you drink out of and the wine menu you order from have either been provided or had design input from the sales and marketing professionals employed by a wholesaler. The wholesalers make the market.

In addition, beer wholesalers act as a tax collector on behalf of the State. The latest available statistics from the Division of Taxation indicate that based upon tax collections and payments, 98% of all beer by volume flows through beer wholesalers. Beer wholesalers play a vital role in the alcoholic beverage and hospitality industry, in our communities, and in your budget.

The premise of this hearing is to examine the licensing system from an economic, social and regulatory viewpoint. I would like to begin by briefly explaining how the system got to the place it is today. I will tell you that none of it was by accident.

Alcoholic beverages are not bread or toilet paper and should not be sold as if they were. In fact, alcohol and its regulation are inextricably intertwined with the history of the United States. George Washington was a distiller. Thomas Jefferson collected wine. The American Revolution was born in taverns across the colonies. Alcohol taxes were the primary source of funding for the federal government until Prohibition, when alcohol excise taxes were replaced with the income tax. Alcohol is the only subject important enough to have two Constitutional amendments dedicated to it.

The passing of the 21st Amendment to end Prohibition gave each state the primary role in regulating alcohol. The result was 51 different regulatory schemes, each with its own peculiar idiosyncrasies. It is easy to cherry-pick portions of a state's alcohol laws to ridicule, but ALL states have alcohol laws that are unique to that state. The point of the 21st Amendment was to let states decide the best way to regulate alcohol.

People would have you believe that NJ's two-license limit and the population cap on licenses are silly and archaic. Yet there are 18 other states that have one or both protections. These are not random provisions.

These provisions are intended to limit the concentration of ownership in a remote few out of state corporations and to limit the density of alcohol outlets for the purpose of public safety. Multiple studies over the years have shown the greater the density of outlets leads to more consumption, more crime and more public health issues. These provisions serve valid and legitimate public policy goals.

To see the consequences of deregulation one should look to Great Britain, where deregulation has resulted in an underage drinking rate twice ours, and the doubling of hospitalizations and disease due to alcohol in just 10 years. Four large chains control 75% of the market, resulting in price wars. The societal ills Great Britain is undergoing are eerily like what the United States saw prior to Prohibition.

Closer to home, in 2011 the State of Washington underwent deregulation. It has led to an increase in liquor stores from 328 to over 1,700. At the same time, prices increased by more than 15% and fewer brands were available. Small liquor stores began failing, small producers like wineries and distilleries lost money and shoplifting and underage drinking have increased.

Finally, I would like to point out that the New Jersey alcoholic beverage laws are not any more archaic or static than our Federal or state Constitutions. All of them have been amended when appropriate. New Jersey's ABC laws have not been unchanged since 1935. The population cap didn't exist until 1947 and was adjusted in 1960 and 1971. The two-license limit was enacted in 1962 and was amended in 1971. New Jersey's wine industry benefitted from changes to the law in 1981, 1985 and 1989 and 2012. New Jersey's craft brewers have taken advantage of a 2012 amendment that has seen their numbers increase more than five-fold in less than seven years. Recently, this legislature created mead licenses, cider licenses and craft

distillery licenses. The entire industry went through a massive form of deregulation in 1980. There are, literally, hundreds of examples of the evolution of alcohol regulation in our state.

New Jersey's alcoholic beverage law is anything but static and archaic. It is a living, breathing economic engine that needs to be carefully maintained with thoughtful and deliberate action.

The multibillion-dollar hospitality and alcoholic beverage industry deserves a thorough and thoughtful review. I urge this Committee to thoroughly examine the unintended consequences of any proposal put before the Legislature.

Thank you for your time.

Respectfully submitted,

Michael I. Halfacre, Esq.
Executive Director
Beer Wholesalers Association of New Jersey
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Suite 16
Trenton, NJ 08610
609-585-5900 x. 1003
732-673-8485 c

Good morning Chairman Danielsen and members of the Assembly Oversight, Reform and Federal Relations Committee. My name is Eric Orlando and I am Senior Vice President at the Kaufman Zita Group and the Executive Director of the Brewers Guild of New Jersey. The Brewers Guild of New Jersey is a trade association comprised of breweries which produce over 50% of the craft beer brewed in the state, employing hundreds of New Jersey residents in well-paying manufacturing, service and sales positions. Guild members sell a majority of their products outside of their brewery tasting room through various retail and distribution channels both in state and out of state. I believe this is the third time I've testified before this committee since the beginning of current legislative session, with you Chairman Danielsen and the rest of the committee giving the state's burgeoning craft beer industry a worthwhile platform to share both the positive news and continuing challenges experienced by the almost 100 breweries operating in our state today. I thank you all for hearing me out again, particularly on some issues you may have heard from me about previously which still remain unresolved.

Typically, you've heard me testify on behalf of the industry advocating for new rights for craft breweries in the state. I've come before this committee comparing what breweries in neighboring states like New York and Pennsylvania can do, and what breweries in New Jersey comparatively cannot. New Jersey craft breweries still want to host their own beer festivals, own satellite tasting rooms, and sell New Jersey-made craft spirits, wine, cider and mead like their nearby competition in the industry does in their respective home states. Breweries also want to be able to sell at farmers markets, have an interest in a market-rate retail consumption license off-premise, and revise brewery tour requirements to make them easier to comply with. While protecting and expanding the rights and privileges of breweries is still at the forefront of the Guild's agenda, particularly as we understand that a new revised Special Ruling for limited breweries is expected to be released shortly by NJABC, there are more routine, some would say mundane, administrative items which continue to hamstring breweries, particularly smaller ones which don't have the staff to contend with bureaucratic processes which never envisioned the concept of a craft brewery continually making and selling new beers on a daily basis.

First, I would like to touch on the issue of current price lists, or CPLs for short. A CPL is document which contains a list of prices and terms of sale which each business licensed to sell alcoholic beverages to retailers in New Jersey, including limited license breweries, is required to maintain and file on a monthly basis with NJABC. This monthly filing must be made by the 15th day of each month with the prices in effect for the entire calendar month that follows. A brewery may not sell to any retailer and a retailer may not accept delivery of anything listed on a CPL upon terms other than those set forth on the brewery's CPL. It should be noted that the NJABC only accepts CPLs by snail mail, which means late delivery of the CPL can hold up beer sales. The industry has advocated for the passage of A-2196, sponsored by Assemblyman Adam Taliaferro, this session to address this issue on behalf of smaller breweries or those breweries which make a very limited quantity of a particular beer, under 60 SKUs per month in the case of A-2196. Aside from requiring less redundant paperwork to be submitted, the bill mandates that CPLs be able to be filed electronically with NJABC, something which has yet to occur to my knowledge after previous leadership at the agency said would be online in 2017. Making this form at the very least electronic and a part of the NJABC's POSSE online permitting system would ease this paperwork burden for the majority of state's craft breweries.

Secondly, state excise tax reporting remains a challenge for smaller breweries due to changes allowed in federal collection timetables aimed to make tax reporting easier for breweries of all sizes. At the federal level, as of January 2017 breweries who are liable for not more than \$1,000 annually in federal excise tax only have to file an annual tax return. Those breweries who pay no more than \$50,000 a year in federal excise can elect pay those taxes quarterly. In 2015, and again in 2017, current Guild membership approached the NJ Division of Taxation to see how the state's collection of state excise tax could mimic federal changes so New Jersey breweries could file paperwork and pay taxes federally and to the state on the same timeframe using the same production calculations, using the same methods of measurement. Guild members even rewrote the state's filing forms to assist the Division in this process. Language contained in Title 54 of state tax law requires breweries and other manufacturers to file state excise tax reports every two months, using a form known as Schedule J which still references "wine gallons" and can only be sent into the state via snail mail. In the Guild's opinion, these forms and timeframes should mimic federal requirements and be able to be filed online. Statutory revisions to Title 54 are likely required to make these changes, and financial resources must

be allocated to the NJ Division of Taxation so that computer systems can be updated and programming completed to deal with potential new filing deadlines and online tax filing. These revisions will likely bring about greater levels of tax compliance and more accurate payments of excise taxes to the state due to simply making the process mimic federal filing which craft breweries have become accustomed to since 2017.

Lastly, I wanted to touch on the issue of brand registration of beers sold by craft breweries. I touched on this issue briefly in my testimony from last month when one of the ramifications of federal government shutdown prevented the sale of beer which hadn't gotten its Certificate of Label Approval or COLA from the federal TTB. By way of an update, the list of beers waiting for COLA approval continues to be diminished at the federal level and NJABC adopted a waiver procedure a few weeks back for those beers still in line, so at the very least, they could be sold in New Jersey. Some Guild members have taken advantage of this waiver process and are very appreciative to the NJABC for their work on this issue. Going forward on brand registrations, some smaller Guild members would like the state to explore a concept from Pennsylvania begun in 2011 whereby a brewer could pay a single fee annually to the state and register a set number of brands (i.e. 20) over the course year instead of paying a brand registration fee for each individual brand. Pennsylvania caps the barrelage amount of beer eligible for this program, but most smaller breweries fall under this output per brand. Currently, each brand registration for each beer in New Jersey costs \$23 and must be filed prior to a beer going onto a brewery's CPL each and every month. Simplifying the brand registration process in this way could help smaller breweries economically and help them plan ahead for beers which will eventually be put out into the market over the course of a calendar year.

Thank you again for allowing me to testify today and I am happy to answer questions about my testimony or anything else in regards to the state's brewery licensure process.



Breakdown Statistical License Report generated on 03/05/2019 by the STATE DIVISION OF ABC:

906 = LICENSE CODE 31 [SOCIAL CLUB LICENSE]

462 = LICENSE CODE 32 [RETAIL CONSUMPTION LICENSE WITH BROAD C PACKAGE PRIVILEGE;
NO LONGER ISSUED REPLACED BY LICENSE CODE 44 AFTER 1947; CAN BE BOTH ON-PREMISE & OFF-PREMISE]

5,427 = LICENSE CODE 33 [RETAIL ON-PREMISE CONSUMPTION LICENSE]

9 = LICENSE CODE 34 [SEASONAL RETAIL ON-PREMISE CONSUMPTION LICENSE; NO LONGER ISSUED]

270 = LICENSE CODE 36 [HOTEL LICENSE]

4 = LICENSE CODE 37 [THEATER LICENSE]

38 = LICENSE CODE 43 [LIMITED RETAIL OFF-PREMISE CONSUMPTION DISTRIBUTION LICENSE;
FOR SALE OF WARM BEER ONLY; NO LONGER ISSUED]

1,802 = LICENSE CODE 44 [LIMITED RETAIL OFF-PREMISE CONSUMPTION DISTRIBUTION LICENSE;
REPLACED LICENSE CODE 32 AFTER 1947]

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8,918 = TOTAL RETAIL LICENSES**

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**** ADDITIONAL STATISTICAL NOTATION:**

1,280 (14.3%) OF ABOVE LICENSES WERE INACTIVE AS OF 03/05/2019. THE FOLLOWING IS THE BREAKDOWN:

12 (.94% of 1,280) = LICENSE CODE 31
60 (4.70% of 1,280) = LICENSE CODE 32
1,066 (83.2% of 1,280) = LICENSE CODE 33
3 (.23% of 1,280) = LICENSE CODE 34
7 (.55% of 1,280) = LICENSE CODE 36
4 (.31% of 1,280) = LICENSE CODE 43
128 (10.0% of 1,280) = LICENSE CODE 44

**** EDUCATIONAL NOTATIONS:**

AT THE END OF 2018 NEW JERSEY'S POPULATION WAS 8,908,520 AND RANKED 11TH IN NATION.
NEW JERSEY WAS RANKED 1ST IN DENSITY WITH AN AVERAGE POPULATION OF 1,210 CITIZENS PER SQUARE MILE.
NEW JERSEY HAS ONE RETAIL LIQUOR LICENSE PER 999 OF POPULATION MAKING THAT THE MOST FOR LIQUOR
LICENSES PER CAPITA IN OUR NATION. BASED ON CURRENT LIQUOR LICENSE POPULATION CAPS NEW JERSEY
SHOULD ONLY HAVE 2,967 CODE 33 RETAIL ON-PREMISE CONSUMPTION LICENSES AND 1,188 CODE 44 RETAIL
OFF-PREMISE CONSUMPTION DISTRIBUTION LICENSES. CONSUMERS IN NEW JERSEY HAVE MORE ACCESSIBILITY
TO FULL SERVICE ALCOHOLIC BEVERAGE RETAIL OUTLETS THAN ANY OTHER STATE IN OUR NATION.

ECONOMIC IMPACT of Direct Retail Alcohol Beverage Sales In New Jersey



economic impact

**\$8.77
BILLION**



direct jobs

**173,100
EMPLOYED**



wages

**\$4.50
BILLION**



taxes

**\$1.16
BILLION**
(state and local taxes)

National Economic Impact of America's Beer, Wine & Spirits Retailers
\$363.34 BILLION 5.13 PERCENT 6.94 MILLION

ECONOMIC IMPACT

OF U.S. ECONOMY

JOBS



responsibility

As the last to handle and first to serve products, America's beer, wine and spirits retailers serve as the public face of the alcohol industry, ensuring the safe and *responsible* sale of alcohol to adult consumers.



local

Beverage retailers create millions of *local*, well-paying jobs and serve as linchpins of their communities by sponsoring youth sports, civic organizations, and supporting a range of local charities and causes.



independent

America's *independent* beer, wine and spirits retailers are some of the last remaining "Main Street" businesses. Most are family owned-and-operated, and many are third- and fourth-generation businesses.



relationships

Beverage retailers are no strangers to maintaining lasting and meaningful *relationships*. These relationships are built between their customers, producers, distributors, legislators, regulators and law enforcement.

AMERICAN BEVERAGE LICENSEES | 5101 RIVER ROAD | SUITE 108 | BETHESDA, MD 20816 | 888.656.3241



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[AmericanBeverageLicensees](https://www.instagram.com/AmericanBeverageLicensees)

John Dunham & Associates. 2018 Economic Impact Study of America's Beer, Wine and Spirits Retailers. New York, August 2018.
All jobs in on-premise full-service restaurants and drinking places are included as these businesses depend on the sale of alcohol for a substantial portion of their revenues and profits. In all other locations, this analysis examines on-premise retail alcohol beverage sales accounting for full time and equivalent jobs related solely to the sale of alcohol.

New Jersey Alcoholic Beverage Control Act

The following is an excerpt from TITLE 33 that represents the public policy of our State with respect to the New Jersey Alcoholic Beverage Control Act:

33:1-3 ALCOHOLIC BEVERAGE CONTROL

It shall be the duty of the Director of the Division of Alcoholic Beverage Control in the Department of Law & Public Safety to supervise the manufacture, distribution, and sale of alcoholic beverages in such a manner as to fulfill the public policy and legislative purpose of this act as expressed in Section 4 of P.L. 1985, c258.

The Legislature hereby finds and declares as the public policy of this State and the legislative purpose of Title 33 the following:

- (1) To strictly regulate alcoholic beverage to promote health, safety of the public of this State.
- (2) To Foster moderation and responsibility in the use and consumption of alcoholic beverages.
- (3) To protect the collection of State taxes imposed upon alcoholic beverages.
- (4) To protect against the interests of consumers against fraud and misleading practices in the sale of alcoholic beverages.
- (5) To protect against the infiltration of the alcoholic beverage industry by persons with known criminal records, habits or associations.
- (6) To provide a framework for the alcoholic beverage industry that recognizes and encourages the beneficial interest aspects of competition.
- (7) To maintain trade stability.
- (8) To maintain a three-tier (manufacturer, wholesaler, retailer) distribution system.
- (9) To maintain primary municipal control over the retailing of alcoholic beverages.
- (10) To prohibit discrimination in the sale of alcoholic beverages to retail license.

The NJLSA is dedicated to supporting the New Jersey Alcoholic Beverage Control Act and OPPOSES Assembly Bill A4700 and Senate Bill S3233 which compromise more than half of the guiding principles of this Act enacted by our State Legislature.

***DRINK RESPONSIBLY, DRIVE RESPONSIBLY,
And LEGISLATE RESPONSIBLY!!!***



MEMORANDUM

It is well settled that the intent of the New Jersey Alcoholic Beverage Control Act, from its inception, has been to maintain trade stability in the industry while providing for a reasonable and responsible regulatory framework that recognizes and encourages the beneficial aspects of competition. Over the years, the Legislature has demonstrated these intentions by progressively making the population limitations for the issuance of new liquor licenses more restrictive. The Legislature's actions in this regard support a conclusion that "class 32" liquor licenses should, at present and in the future, be "counted" as plenary retail distribution licenses for the purpose of population limitations imposed by N.J.S.A. 33:1-12.14. This is especially true in light of the undisputed historical evidence that many "class 32" liquor licenses have, for many years, been operating as "class 44" distribution licenses. A synopsis of the legislative history supporting the foregoing is provided below.

Legislative History/Intent of the New Jersey Alcoholic Beverage Control Act, N.J.S.A. 33:1-1 et seq.

In 1933, the New Jersey Legislature stated: "It shall be the duty of the commissioner to supervise the manufacture, distribution and sale of alcoholic beverages in such a manner as to promote temperance and eliminate the racketeer and boot-leggers." N.J.S.A. 33:1-3 (pre 1985 amendment).

In 1983, the Alcoholic Beverage Control Study Commission ("the Commission") recommended that the public policy and legislative purpose underlying Title 33 be reviewed and specifically articulated in Title 33. The Commission then reviewed the public policy underlying the control of alcoholic beverages in light of the social attitudes and economic conditions of the 1980's.

In 1985, the Senate Law, Public Safety and Defense Committee, Senate Bill No. 2399 incorporated into Title 33 a statement of public policy and legislative purpose upon which the control of alcoholic beverages in the State of New Jersey was based. This statement of public policy and legislative purpose is found in N.J.S.A. 33:1-3.1, and provides:

- a. Title 33 of the Revised Statutes (R.S. 33:1-1 et seq.) shall be known and may be cited as the "New Jersey Alcoholic Beverage Control Act."
- b. The Legislature hereby finds and declares as the public policy of this State and the legislative purpose of Title 33 the following:
 - (1) To strictly regulate alcoholic beverages to protect the health, safety and welfare of the people of this State.
 - (2) To foster moderation and responsibility in the use and consumption of alcoholic beverages.
 - (3) To protect the collection of State taxes imposed upon alcoholic beverages.
 - (4) To protect the interests of consumers against fraud and misleading practices in the sale of alcoholic beverages.

(5) To protect against the infiltration of the alcoholic beverage industry by persons with known criminal records, habits or associations. Participation in the industry as a licensee under this act shall be deemed a revocable privilege conditioned upon the proper and continued qualification of the licensee.

(6) To provide a framework for the alcoholic beverage industry that recognizes and encourages the beneficial aspects of competition.

(7) To maintain trade stability.

(8) To maintain a three-tier (manufacturer, wholesaler, retailer) distribution system.

(9) To maintain primary municipal control over the retailing of alcoholic beverages.

(10) To prohibit discrimination in the sale of alcoholic beverages to retail licensees.

The legislature's 1985 proffered declaration of public policy, which has its roots "as far back" as 1933 (the end of Prohibition) demonstrates that "class 32" liquor licenses should be included in the "counting" of plenary retail distribution licenses for the purpose of population limitations. Simply stated, counting "class 32" liquor licenses as plenary retail distribution licenses for the purpose of population limitations promotes the articulated public policies of maintaining trade stability and providing a framework for the alcoholic beverage industry that recognizes and not only encouraging the beneficial aspects of competition but, in the current environment, effectuating and promoting a "competitive edge"; thus, thwarting competition.

Legislative History/Intent of N.J.S.A. 33:1-12.14: Limitations on New Retail Licenses.

The original bill behind N.J.S.A. 33:1-12.14 was L. 1946, c. 147 S74. In the case, In re CHPTR. 147 OF THE LAWS OF 1946, 134 N.J.L. 529 (1946), the New Jersey Supreme Court nullified the statute, because the bill that was submitted to and approved by the governor was the Senate bill, rather than the later enacted Assembly bill. Id. As the two branches of the legislature never concurred in the same enactment, the statute was nullified. Id. In 1947, both the Senate and the Assembly ratified a bill that was virtually the same as L. 1946, c. 147 S74, however the 1947 bill clarified the effective date, and added more favorable language for hotels. L. 1947, c. 94, p. 502, § 2.

The original 1946 bill contained a legislative statement indicating the purpose behind limiting the number of new retail liquor licenses. The legislature noted that the 1933 Act was enacted to, "promote temperance and eliminate the racketeer and bootlegger." However, the legislature observed that far more liquor licenses were being issued and were outstanding than were necessary to meet public convenience. The legislature found that the overabundance of retail liquor licenses resulted in cutthroat competition and violations of law. The legislature determined that these legal violations were in part a result of economic pressures developed by competition between licensees for survival. These legal violations were found to "promote intemperance, aggravate the problem of the local authorities, and develop opposition to the entire licensing system." see Legislative statement to L. 1946, c. 147, p. 694-96, § 1.

The legislature also indicated that the limitation on retail liquor licenses needed to be statewide, as competition in one municipality can frequently jeopardize the welfare of citizens and licensees in surrounding municipalities. The legislature observed that there was a "regrettable trend" which increased the number of liquor licenses issued in New Jersey. In 1943, 8,860 retail consumption

licenses were issued. In 1944, 8,963 retail consumption licenses were issued (an increase of 103). Similarly, in 1943, 1,500 retail distribution licenses were issued. In 1944, 1,579 retail distribution licenses were issued (an increase of 79). The legislature enacted the statute in an attempt to end this trend, and limit the issuance of new retail liquor licenses. Id.

The 1947 statute provided:

Except as otherwise provided in this act, no new plenary retail consumption or seasonal retail consumption license shall be issued in a municipality unless and until the combined total number of such licenses existing in the municipality is fewer than one for each one thousand [1,000] of its population as shown by the last then preceding Federal census; and no new plenary retail distribution license shall be issued in a municipality unless and until the number of such licenses existing in the municipality is fewer than one for each three thousand [3,000] of its population as shown by the last then preceding Federal census. L. 1947, c. 94 p. 502, § 2.

The statute was subsequently amended several times to implement even more stringent and restrictive population limitations in regard to the issuance of new retail liquor licenses. In 1960, the statute was amended to require no new plenary retail consumption or seasonal consumption licenses be issued, "until the combined total number of such licenses existing in the municipality is fewer than *1 for each 2,000* of its population as shown by the last then preceding Federal census," and no new plenary retail distribution licenses be issued, "until the number of such licenses existing in the municipality is fewer than *1 for each 5,000* of its population as shown by the last then preceding Federal census." L. 1960, c. 72, p. 514, § 1, (emphasis added).

In 1969, the legislature amended the statute again to require no new plenary retail consumption or seasonal consumption licenses be issued, "until the combined total number of such licenses existing in the municipality is fewer than *one for each 3,000* of its population as shown by the last then preceding Federal census." L. 1969, c. 170, § 1, (emphasis added). In 1971, the legislature amended the statutes as it pertained to plenary retail distribution licenses, and required no new plenary retail distribution licenses be issued, "until the number of such licenses existing in the municipality is fewer than *one for each 7,500* of its population as shown by the last then preceding Federal census. L. 1971, c. 196, § 1, (emphasis added).

The current statute provides:

Except as otherwise provided in this act, no new plenary retail consumption or seasonal retail consumption license shall be issued in a municipality unless and until the combined total number of such licenses existing in the municipality is fewer than one for each 3,000 of its population according to the most recent estimates issued by the U.S. Bureau of the Census; provided, however, in the year that the official federal decennial counts are received by the Governor, those federal decennial counts shall be used. No new plenary retail distribution license shall be issued in a municipality unless and until the number of such licenses existing in the municipality is fewer than one for each 7,500 of its population according to the most recent estimates issued by the U.S. Bureau of the Census; provided, however, in the year that the official federal decennial counts are received by the Governor, those federal decennial counts shall be used. N.J.S.A. 33:1-12.14.

There can be no question that the actions of the legislature to progressively impose more stringent limits on issuances of new retail liquor licenses illustrates an intent to limit the overall number of liquor licenses in the state. The limitation of plenary retail distribution licenses in particular has increased from one for every 3,000 people, to one for every 7,500 people.

Although "class 32" licenses are currently counted as plenary consumption licenses for the purpose of population limitations, the legislative history supports the argument that "class 32" licenses should, as a matter of law and public policy, be counted as plenary distribution licenses for the purpose of population limitations. It cannot be legitimately disputed that many of the outstanding "class 32" liquor licenses are operating as "class 44" plenary retail distribution licenses, as they are being used to operate liquor stores that do not allow consumption on the premises. If the primary, if not sole, function of a "class 32" liquor license is retail distribution, the Legislature's progressive steps to impose further restrictions on the issuance of new plenary distribution licenses dictates that these "class 32" licenses should be included in the count of plenary distribution licenses for the purpose of population limitations.

In fact, the Division of Alcoholic Beverage Control's website provides: "[a]s to distribution licenses, which allow the sale of alcohol for off premise consumption, a municipality may issue one license for every 7,500 of its population." The fact is that many, if not all, of the "class 32" liquor licenses are being used in a way that conforms to the ABC's definition of a distribution license, and should therefore be "counted" as such for the purpose of population limitations regarding issuances of new plenary retail distribution licenses.



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MATT BACON TALKING POINTS
MARCH 21, 2019

GOOD AFTERNOON MR. CHAIRMAN AND MEMBERS OF THE REGULATORY OVERSIGHT COMMITTEE, MY NAME IS MATT BACON AND I SERVE AS VICE PRESIDENT OF THE NJLBA. I OWN AND MANAGE A FAMILY BUSINESS CALLED THE WHISTLER'S INN IN CINNAMINSON, NJ., SINCE 19XX.

INCLUDE FACTS ABOUT WHISTLER'S INN

IN MY CAPACITY AS A OPERATING LICENSEE AND MEMBER OF THE NJLBA BOARD, I HAVE ATTENDED COUNTLESS LEGISLATIVE HEARINGS ON ALCOHOLIC BEVERAGE MATTERS - PARTICULARLY IN THE LAST TWO YEARS.

DURING THESE HEARINGS I, AND MY FELLOW NJLBA MEMBERS, SIT IN DISBELIEF AS PROPONENTS OF RADICAL AND ILL-ADVISED CHANGES TO OUR SYSTEM OF REGULATION PAINT A PICTURE OF THE INDUSTRY THAT HAS NO BASIS IN FACT - NO BASIS IN OUR MARKET REALITY. I AM A RUTGERS TRAINED SCIENTIST AND I BELIEVE IN FACTS.

TIME AND TIME AGAIN OUR DEVELOPER FRIENDS STEP UP TO THIS TABLE AND REFER TO OUR PLENARY RETAIL CONSUMPTION LICENSES AS A "MONOPOLY." THAT STATEMENT AND THE BELIEF BEHIND IT HAVE NO BASIS WHATSOEVER IN FACT. CURRENTLY, NEW JERSEY HAS ABOUT 7300 ON-PREMISES RETAIL LICENSEES, OF WHICH APPROXIMATELY 1200 ARE CURRENTLY INACTIVE. IN

1985, THERE WERE 15,000 PLENARY RETAIL CONSUMPTION LICENSES. THIRTY FOUR (34) YEARS LATER, 50% OF THE LICENSEES ARE OUT OF BUSINESS - ALONG WITH THE LICENSES THEMSELVES. TRUST ME; OUR LICENSES ARE NOT MONOPOLIES; THEY ARE A LICENSE TO COMPETE AND HISTORY HAS SHOWN THAT 50% OF THEM FAIL. THAT'S NOT A MONOPOLY; IT'S A FULL CONTACT, ALL OUT WAR FOR FAMILY SURVIVAL.

WEBSTER'S DEFINES MONOPOLY AS:

"EXCLUSIVE OWNERSHIP THROUGH LEGAL PRIVILEGE, COMMAND OF SUPPLY OR CONCERTED ACTION; EXCLUSIVE POSSESSION OR CONTROL; A COMMODITY CONTROLLED BY ONE PARTY."

WITH 50% OF LICENSEES SINCE 1985 OUT OF BUSINESS, INCLUDING LOSS OF THE FUNCTIONING LIQUOR LICENSES, OUR LICENSES HARDLY CONFER A MONOPOLY INTEREST. IN FACT, ACCORDING TO THE CREDIT COMPLIANCE CORPORATION - WHICH MONITORS AND PROCESSES WHOLESALER CREDIT, NEARLY 33% OF EXISTING LICENSEES ARE ON CREDIT DEFAULT. UNTIL RESOLVED, THESE LICENSEES MUST PAY COD. THIS IS THE HIGHEST CREDIT DEFAULT RATE IN NEW JERSEY HISTORY AND IS A STRONG AND VALID ECONOMIC INDICATOR DEMONSTRATING A WEAK MARKET. WHEN YOU ADD TO THIS CALCULUS THE HISTORICALLY HIGH NUMBER OF POCKET LICENSES, WHICH SHOT UP FROM ITS NORMAL HISTORICAL LEVEL OF INACTIVE LICENSES (ABOUT 300-400) TO 1300,

YOU ARE BEGINNING TO SEE THE REAL PICTURE. OUR INDUSTRY HAS NOT FULLY RECOVERED FROM THE GREAT RECESSION IN 2008. TO ADD NEW, VIRTUALLY FREE LIQUOR LICENSES TO THIS ALREADY HIGHLY STRESSED SECTOR IS TO SET THE STAGE FOR ECONOMIC RUINATION OF OUR FAMILY BUSINESSES THROUGHOUT THE STATE OF NEW JERSEY.

DURING MY MANY LIQUOR INDUSTRY HEARINGS, ANOTHER CLEAR TRUTH IS REGULARLY PAPERED OVER WITH INACCURACIES AND OUTRIGHT IGNORANCE OF THE FACTS. FROM THE INCEPTION OF NEW JERSEY'S REGULATION OF THE SALE OF ALCOHOLIC BEVERAGES IN 1934, THE STATE HAS ISSUED QUARTERLY GALLONAGE REPORTS OF ALL ALCOHOLIC BEVERAGES BY TAXABLE CATEGORY. DUE TO THE READY AVAILABILITY OF THIS DATA, WE KNOW THE DETAILS OF ALL ALCOHOLIC BEVERAGE PRODUCTS SOLD, CURRENT AND HISTORICAL, AND THE REVENUES THEY GENERATE.

MOST IMPORTANTLY, THE NEW JERSEY OFFICIAL GALLONAGE TOTALS TRACKS THE TOTAL GALLONS SOLD ACROSS ALL CATEGORIES AND CAN BE USED TO COMPARE, INTERPOLATE AND EXTRAPOLATE YEAR-TO-YEAR AND QUARTER-TO-QUARTER GALLONAGE. OVER THE COURSE OF 85 YEARS SINCE PROHIBITION WAS REPEALED, AN IMPORTANT CLEAR FACT HAS EMERGED. WHETHER NJ HAS 15,000 RETAIL LIQUOR OUTLETS OR 7500, THE GALLONAGE PURCHASED REMAINS RELATIVELY THE SAME. NEW JERSEY WILL NOT SELL MORE ALCOHOL BUT WITH MORE OUTLETS EVERY LICENSEE'S SLICE OF THE GALLONAGE PIE

GETS SMALLER. MUCH SMALLER. WE ALREADY KNOW THAT NJ CANNOT SUSTAIN 15,000 LIQUOR LICENSES AND YET MANY BILLS ARE PENDING TO EXPAND THE NUMBER OF LICENSES TO 1985 LEVELS. THESE ILL-ADVISED SCHEMES CLEARLY THREATEN THE STABILITY OF AN ALREADY HIGHLY STRESSED SECTOR.

I HAVE ALSO SAT THROUGH MANY HEARINGS WHERE PROPONENTS FOR RADICAL CHANGE URGE THE STATE OF NEW JERSEY TO CHANGE THE CENSUS POPULATION TO LIQUOR LICENSE RATIO. FACTS ARE OF CRITICAL IMPORTANCE IN THIS ANALYSIS. NEW JERSEY LAW SPECIFIES THAT, SINCE 1946, TOWNS ARE ENTITLED TO ONE ON-PREMISES LICENSE FOR EVERY 3000 CENSUS PERSONS AND ONE DISTRIBUTION (PACKAGE STORE) LICENSE FOR EVERY 7500 CENSUS PERSONS.

HOWEVER, FROM 1933-1946, TOWNS COULD ISSUE AS MANY LICENSES AS THEY WANTED - AND MANY OF THEM DID. IF YOU DIVIDE NEW JERSEY'S CENSUS POPULATION BY THE NUMBER OF ON-PREMISES LICENSES IN EXISTENCE, THE ACTUAL TRUE RATIO IS 1:1200. NEW JERSEY HAS MORE LICENSES PER CAPITA THAN ANY STATE IN THE NATION. PERIOD. THAT'S THE FACT.

OUR PROBLEM IN NEW JERSEY IS NOT THAT WE DON'T HAVE ENOUGH LIQUOR LICENSES IN THE AGGREGATE; IT IS THAT WE DON'T HAVE ENOUGH LICENSES IN CERTAIN HOT TOWNS ACROSS THE STATE.

THE CHALLENGE FOR THIS LEGISLATURE IS TO ACCOMMODATE THE NEED FOR HOSPITALITY SECTOR GROWTH IN DOWNTOWNS ACROSS NEW JERSEY, WHILE NOT FLOODING THE LAND WITH NEW, CHEAP LICENSES. IT IS AN IMPORTANT BALANCE TO ESTABLISH AND IT CAN BE ACHIEVED WITH REAL FACT-FINDING.

THANK YOU FOR THIS OPPORTUNITY TO TESTIFY.

NJLBA PRESIDENT JIMMY FILLER
Testimony before Assembly Regulatory Oversight Committee
March 21, 2019

GOOD AFTERNOON MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS JIMMY FILLER AND IT IS MY HONOR TO SERVE AS THE PRESIDENT OF THE NJ LICENSED BEVERAGE ASSOCIATION. I HAVE BEEN INVOLVED AS A LICENSEE IN NEW JERSEY FOR OVER 40 YEARS. I CURRENTLY OWN AND MANAGE A FAMILY BUSINESS CALLED DADZ BAR AND GRILL. WE HAVE BEEN IN LUMBERTON, NJ SINCE 19XX.

MR. CHAIRMAN, OUR INDUSTRY AS A WHOLE, AND THE NJLBA IN PARTICULAR, ARGUED STRONGLY AGAINST NUMEROUS RADICAL AND ILL-ADVISED BILLS BEFORE THIS VERY COMMITTEE. THEY ALL PASSED. ONE PROVIDED 22 ON-PREMISES CONSUMPTION LICENSES FOR A RESIDENTIAL APARTMENT COMPLEX. 22! ANOTHER PIECE OF LEGISLATION THREATENS TO CAUSE FAMILY BANKRUPTCIES IN THE BAR AND TAVERN AND RESTAURANT SECTOR ALL ACROSS THIS GREAT STATE BY FLOODING THE LAND WITH CASH ADVANCE LIQUOR LICENSES. INDUSTRY EXPERTS TESTIFIED AND THEIR CAREFULLY RESEARCHED ARGUMENTS WERE SUMMARILY REJECTED. EACH AND EVERY TIME.

I APPLAUD YOU, MR. CHAIRMAN, FOR YOUR INTEREST IN OUR HIGHLY STRESSED INDUSTRY. HOWEVER, WE IMPLORE THE MEMBERS OF THIS COMMITTEE TO APPRECIATE THE ENORMITY AND COMPLEXITY ASSOCIATED WITH BEVERAGE

ALCOHOL. TODAY'S HEARING WILL ONLY BARELY SCRATCH THE SURFACE OF OUR CAREFULLY FEDERALLY AND STATE REGULATED INDUSTRY.

THE LAST TIME THE NJ LEGISLATURE TOOK A CLOSE-UP LOOK AT NEW JERSEY'S ALCOHOLIC BEVERAGE LAWS AND REGULATIONS WAS 1990-1992. A FULLY CONSTITUTED TASK FORCE, COMPOSED OF PUBLIC AND PRIVATE SECTOR STAKEHOLDERS MET DILIGENTLY FOR OVER A YEAR AND ISSUED A COMPREHENSIVE REPORT. OURS IS A VERY COMPLEX FEDERALLY AND STATE REGULATED INDUSTRY AND THINGS ARE OFTEN NOT AS THEY APPEAR. AS AN ADDITION, I STRONGLY AND RESPECTFULLY RECOMMEND THAT INTERESTED COMMITTEE MEMBERS REQUEST LEGAL TUTORIALS FROM THE NJABC AND/OR FROM THE NJABC LEGAL ALUMNI NETWORK.

ONE OF THE REFRAINS WE REGULARLY HEAR IS THAT "NEW JERSEY'S LIQUOR LAWS HAVE NOT CHANGED SINCE PROHIBITION." WHILE THAT MAY SOUND GOOD AND IT FITS ON A BUMPER STICKER, THE FACT IS THAT IN JUST OVER MY 40 YEARS IN THIS BUSINESS THE LAWS AND REGULATIONS REGARDING ALCOHOLIC BEVERAGES HAVE REPEATEDLY CHANGED - IN SIGNIFICANT WAYS.

MAJOR MILESTONES:

1933 - REPEAL OF PROHIBITION

1946 - RETAIL LICENSE ISSUANCE TIED TO THE FEDERAL CENSUS. MORE LICENSES ISSUED AS TOWNS GREW IN POPULATION.

1962 - TWO-LICENSE LIMITATION PASSED IN THE FACE OF CHAIN STORE DOMINATION OF SMALL BUSINESSES

1964 - NEW JERSEY SUPREME COURT UPHOLDS TWO LICENSE LIMITATION

1979 - FAIR TRADE (MINIMUM RETAIL MARKUP) ELIMINATED. HUGE CHANGE.

1998 - TWO LICENSE LIMITATION UPHELD IN FEDERAL DISTRICT COURT

2008 - DIRECT SHIPMENT OF WINES TO CONSUMERS PERMITTED

THROUGHOUT THE LAST TEN YEARS NUMEROUS LAWS REGARDING CRAFT PRODUCTS, OUTLETS, THIRD PARTY MARKETING, THE LAWS REGARDING TASTINGS AND SAMPLINGS, THE NEW STADIUM LICENSE, NJABC FESTIVAL PERMITS, HOME DELIVERY VIA THIRD PARTIES LIKE DRIZZLY AND COUNTLESS OTHER MAJOR CHANGES HAVE BECOME LAW - EITHER BY STATUTE OR BY REGULATION.

MY POINT IS THAT BETWEEN TITLE 33 AND OUR REGULATIONS FOUND AT CHAPTER 13, OUR INDUSTRY AND THE NJABC AS OUR REGULATORS HAVE KEPT PACE WITH THE WARP SPEED PACE OF CHANGE IN TODAY'S WORLD. ONE OF THE WAYS WE AS INDUSTRY KEEP PACE WITH MEASURED AND RESPONSIBLE CHANGE IS THROUGH THE NJABC ADVISORY COMMITTEE. TRADITIONALLY, THE NJABC APPOINTS MEMBERS TO THE NJABC ADVISORY COMMITTEE. THE ADVISORY COMMITTEE IS COMPOSED OF VIRTUALLY ALL OF THE INDUSTRY STAKEHOLDERS AND WE MEET ABOUT ONCE EVERY TWO MONTHS - AVOIDING THE HOLIDAY SEASONS WE DEPEND ON. I MYSELF HAVE HAD THE HONOR OF SERVING FOR OVER TWENTY YEARS ON THIS COMMITTEE. ALL PARTIES APPEAR

AND MAKE REGULAR RECOMMENDATIONS FOR CHANGES TO THE STATUTE AND TO THE REGS. IT IS A VITAL AND DYNAMIC PROCESS FAR REMOVED FROM POST-PROHIBITION REGULATORY SCHEMES.

WHILE WE PRIDE OURSELVES ON STEWARDING MEASURED AND RESPONSIBLE CHANGE IN THE LIGHTNING FAST WORLD WE LIVE IN, IT IS IMPORTANT FOR COMMITTEE MEMBERS TO HAVE KNOWLEDGE OF AND UNDERSTAND THE CORE OF NEW JERSEY'S ALCOHOLIC BEVERAGE LAWS: NEW JERSEY HAS THE STRONGEST ANTI-DISCRIMINATION LAWS IN THE ENTIRE UNITED STATES. ALL OF OUR LAWS ARE DESIGNED TO CREATE THE MAXIMUM CONDITIONS FOR SMALL FAMILY BUSINESSES TO SURVIVE AND THRIVE. UNLIKE MANY OTHER STATES, NEW JERSEY ALLOWS RETAILERS TO BUY GOODS ON CREDIT, ALLOWS VOLUME DISCOUNTS, ALLOWS SMALL LICENSEES TO FORM A BUYING CO-OP SO THAT NO LARGE RETAILER CAN GET ANY BETTER PRICE THAN A RETAILER IN A CO-OP, REQUIRES THE PUBLIC LISTING OF THE CURRENT PRICE LIST (CPL) TO ASSURE THAT ALL RETAILERS HAVE ACCESS TO THE BEST INFORMATION AND TO THE BEST PRICE. WHAT ARE THE RESULTS OF THESE LAWS AND THE SUPPORTING REGULATIONS? OF NJ'S APPROXIMATELY 9000 RETAIL LICENSES, OVER 90% ARE OWNED BY SMALL BUSINESSES AND THE MAJORITY OF THOSE ARE FAMILY-OWNED. NEW JERSEY'S RETAIL LICENSEES, IN INTENSE COMPETITION WITH EACHOTHER, HAS RESULTED IN OVER 50,000 BEER, WINE AND SPIRITS PRODUCTS AVAILABLE FOR SALE - AT THE LOWEST PRICES IN THE REGION. THIS SYSTEM, OVERALL, WORKS EXTRAORDINARILY WELL. IN FACT,

MANY OF NEW JERSEY'S ABC LAWS ARE DEEMED MODEL LAWS FOR OTHER STATES TO EMPLOY.

I'D NOW LIKE TO ASK YOU, MR. CHAIRMAN, TO ALSO RECOGNIZE AND FACTOR IN THE 900 POUND GORILLA IN THE ROOM. LEGISLATION TO LEGALIZE CANNABIS FOR RECREATIONAL USE IS DUE TO BE PASSED AND SIGNED INTO LAW WITHIN WEEKS. THE LEADING BILL CONTAINS LANGUAGE CREATING AN UNKNOWN NUMBER OF CANNABIS DISPENSARIES AND AN UNKNOWN NUMBER OF CANNABIS CONSUMPTION LOUNGES. RIGHT NOW, BAR AND TAVERN OWNERS HAVE SERIOUS PROBLEMS WITH PATRONS WHO ARRIVE UNDER THE INFLUENCE OF CANNABIS AND THEN CONSUME ALCOHOL - OFTEN WITH NEGATIVE RESULTS. HOW WILL NEW JERSEY BE ABLE TO RESPONSIBLY HANDLE A BRAND-NEW RECREATIONAL CANNABIS MARKETPLACE AT THE SAME TIME THE STATE OF NEW JERSEY ISSUES THOUSANDS OF NEW ALCOHOLIC BEVERAGE LICENSES OF ALL TYPES. PRUDENCE AND RESPONSIBILITY SHOULD RULE THE DAY, NOT A RUSH INTO THE ABYSS.

MAKE NO MISTAKE ABOUT IT, WE FULLY UNDERSTAND THAT CHANGE IS A CONSTANT. WE LIVE IT EVERY DAY. WHAT WE ASK, AS A CRITICAL SECTOR IN THIS INDUSTRY, IS BEFORE YOU CRITICIZE, BEFORE YOU LEGISLATE, PLEASE TAKE EVERY OPPORTUNITY TO UNDERSTAND OUR VERY COMPLEX INDUSTRY. WE WELCOME FUTHER CONVERSATION ON THIS VERY IMPORTANT ISSUE.

THANK YOU.



TESTIMONY OF JEFFREY A. WARSH, ESQ. ON BEHALF OF THE NJ WINE & SPIRITS
WHOLESALE ASSOCIATION AND THE NJ LICENSED BEVERAGE ASSOCIATION

NJ General Assembly Regulatory Oversight Committee

March 21, 2019

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS JEFF WARSH AND I AM A PARTNER AT MBI AS WELL AS A PARTNER AT THE POST POLAK LAW FIRM, WHERE I SIT IN THE HOSPITALITY, ALCOHOLIC BEVERAGES AND CANNABIS PRACTICE. I HAVE THE HONOR OF SERVING AS EXECUTIVE DIRECTOR AND GENERAL COUNSEL TO THE NEW JERSEY WINE & SPIRITS WHOLESALE ASSOCIATION AND AS LEGISLATIVE AGENT AND COUNSEL TO THE NEW JERSEY LICENSED BEVERAGE ASSOCIATION. I ALSO SERVE AS THE CHAIRMAN OF THE WINE & SPIRITS WHOLESALE OF AMERICA'S NATIONAL ADVISORY COUNCIL AND AS VICE CHAIRMAN OF THE NJ ABC ADVISORY COMMITTEE. I THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY.

SINCE 1934, THE NEW JERSEY WINE & SPIRITS WHOLESALE ASSOCIATION HAS BEEN THE LEADING VOICE REPRESENTING NEW JERSEY'S PREMIER WINE AND SPIRITS DISTRIBUTORS AS WELL AS THE ALCOHOLIC BEVERAGE INDUSTRY IN GENERAL. OUR HEAVILY UNIONIZED TIER IS RESPONSIBLE FOR OVER \$3 BILLION IN ANNUAL SALES, OVER 5,000 EMPLOYEES AND OVER \$500 MILLION IN EXCISE AND CORPORATE BUSINESS TAXES. OUR WHOLESALE ARE LEADERS IN NEW

JERSEY'S PHILANTHROPIC AND COMMUNITY ENDEAVORS. IT IS IMPORTANT TO NOTE THAT ALL OF OUR WHOLESALER MEMBERS ARE FAMILY-OWNED BUSINESSES, WITH MANY THIRD AND FOURTH GENERATION EMPLOYEES. I, MYSELF, AM A THIRD GENERATION PROFESSIONAL WORKING FOR THE WHOLESALERS AND FOR THE INDUSTRY IN GENERAL. MY GRANDFATHER WAS A WINE AND SPIRITS SALESMAN FOR 30 YEARS AND MY FATHER FOR OVER 40 YEARS. IN SHORT, THE WHOLESALE TIER IS A KEY COMPONENT OF NEW JERSEY'S ECONOMIC AND SOCIAL BEDROCK. WE ARE PROUD OF THIS AND WE TAKE OUR RESPONSIBILITIES SERIOUSLY.

AS TODAY'S HEARING IS NON-SPECIFIC, I THINK IT WOULD BE OF BENEFIT TO THE COMMITTEE MEMBERS TO ACHIEVE A HIGHER LEVEL OF UNDERSTANDING OF THE WHOLESALE TIER. ACCORDING TO TITLE 33, ONE OF THE STATE OF NEW JERSEY'S HIGHEST PRIORITY TASKS IS THE COLLECTION OF THE BEVERAGE ALCOHOL EXCISE TAXES. EACH OF OUR WHOLESALERS HAS A STATUTORY OBLIGATION TO COLLECT 100% OF THE EXCISE TAXES DUE AND TO REMIT 100% TO THE STATE TREASURY. IT IS A CRITICAL GOVERNMENTAL REVENUE FUNCTION AND LARGE WHOLESALER COMPLIANCE IS HISTORICALLY EXTRAORDINARY.

IN CONNECTION WITH THIS CRITICAL TAX COLLECTION FUNCTION, IT IS NEW JERSEY'S "AT REST" LAW THAT MAKES IT ALL WORK. EVERY ALCOHOLIC BEVERAGE SOLD THROUGH THE THREE-TIER SYSTEM MUST ARRIVE IN A

LICENSED WAREHOUSE, SIT "AT REST" FOR 24 HOURS SO THAT THE GOODS CAN BE ENTERED INTO THE IT SYSTEM AND A DATA TRAIL CAN BE ESTABLISHED THAT ALLOWS THE WHOLESALER, AND THE STATE VIA AUDIT POWERS, TO TRACK AND REMIT THE TAXES ON THE GOODS. THIS SAME AUDIT WORTHY DATA TRAIL EXTENDS TO THE RETAILER, UPON THEIR PURCHASES, AND ALLOWS THE NJ STATE DIVISION OF TAXATION TO KNOW THE EXACT SALES TAXES TO BE COLLECTED AND REMITTED TO THE STATE BY THE LICENSED RETAILER. EACH RETAILER REQUIRES AN ANNUAL SALES TAX CLEARANCE CERTIFICATE TO SECURE LICENSE RENEWAL. ONLY THOSE PRODUCTS IN THE THREE-TIER SYSTEM HAVE THIS AUDITABLE DATA TRAIL. FOR ANY SUPPLIER OR MANUFACTURER WHO HAS THE LICENSE PRIVILEGE TO SHIP DIRECT TO NEW JERSEY CONSUMERS, SUCH AS OUT OF STATE SMALL WINERIES AND IN-STATE PRODUCERS OF VARIOUS "CRAFT" ALCOHOLIC BEVERAGES, NO SUCH DATA TRAIL EXISTS BECAUSE THE "AT REST" LAWS DO NOT APPLY TO THEM. WITH RESPECT TO THE COLLECTION OF EXCISE AND SALES TAX FROM THESE DIRECT TO CONSUMER LICENSEES, IT IS BASICALLY AN HONOR SYSTEM. IT IS HIGHLY UNLIKELY THAT ANY NJABC PERSONNEL ARE TRAVELING TO CALIFORNIA FOR TAX AUDITS. COUNT ON THAT. IN SPITE OF THIS, BILLS HAVE BEEN INTRODUCED TO ALLOW ALL WINERIES - REGARDLESS OF SIZE - TO SHIP DIRECT TO CONSUMERS. WITHOUT THE GOODS BEING "AT REST" THERE IS NO WAY TO TRULY TRACK THE GOODS AND NO WAY, THEREFORE, TO GET THE TRUTH ABOUT TAXES OWED. WHILE IT WOULD CERTAINLY BE BETTER FOR NJ IF THESE DIRECT TO CONSUMER LICENSEES WOULD BE REALISTICALLY AUDITABLE, IT IS NOT

NECESSARY FOR THE 95% OF THE GOODS THAT DO REACH MARKET THROUGH THE THREE-TIER SYSTEM. WE FULLY COMPLY. THIS NEAR-PERFECT SYSTEM MUST BE PROTECTED, NOT TORN ASUNDER.

BOTH TITLE 33 AND OUR INDUSTRY REGULATIONS, FOUND AT NJAC CHAPTER 13, REQUIRE THAT WHOLESALERS PROVIDE CREDIT TO RETAILERS. THIS IS ONE OF CORE COMPONENTS OF THE NEW JERSEY LIQUOR INDUSTRY'S UNIQUE FAMILY DOMINATED CULTURE. NOT ALL STATES ALLOW ALCOHOLIC BEVERAGES TO BE PURCHASED BY RETAILERS ON CREDIT. SOME STATES OUTRIGHT PROHIBIT THE WHOLESALER PROVISION OF CREDIT AND REQUIRE THAT ALL RETAILER PURCHASES BE CASH ONLY. SOME STATES PROHIBIT RETAILER VOLUME PURCHASES. NEW JERSEY NOT ONLY ALLOWS VOLUME PURCHASING, BUT ALLOWS AND ENCOURAGES THE CREATION OF MULTIPLE LICENSE BUYING CO-OPS. IN NEW JERSEY, EVERY RETAIL LICENSEE, NO MATTER HOW SMALL, CAN GET THE BEST WHOLESALE PRICE AVAILABLE. PERIOD. DAVID COMPETES WITH GOLIATH IN NEW JERSEY LIQUOR INDUSTRY. THIS IS WHY NEW JERSEY HAS VERY LARGE AND VERY SMALL RETAILERS. THIS IS A MAJOR REASON WHY THERE ARE SO MANY FAMILY-OWNED RETAILERS IN A WORLD INCREASINGLY DOMINATED BY GLOBAL RETAILERS AND THE INTERNET.

NEW JERSEY NOT ONLY PERMITS CREDIT BUT PROVIDES FOR A BUSINESS FRIENDLY CREDIT SYSTEM WHERE RETAILERS HAVE ROBUST RIGHTS WITH RESPECT TO MANDATORY NOTICES OF OBLIGATION REQUIRING PAYMENT OF

OUTSTANDING CREDIT BALANCES AND NOTICES OF SATISFACTION INDICATING THAT PAYMENT HAS BEEN SATISFIED AND REINSTATING CREDIT TERMS. WHAT THIS MEANS IS THAT IN NEW JERSEY WE NURTURE OUR RETAILERS WITH STATUTES, REGULATIONS AND VARIOUS PROTECTIONS TO ALLOW THEM TO GET COMPLETELY NON-DISCRIMINATORY PRICES AND TERMS OF SALE, THE BEST PRICES ON GOODS, AND ZERO PERCENT INTEREST ON 30 DAYS CREDIT THUS ALLOWING THEM TO COMPETE IN THE INCREASINGLY DIFFICULT HOSPITALITY SPACE. THIS IS ANOTHER OF THE MAIN REASONS NEW JERSEY HAS LARGE NUMBERS OF SMALL FAMILY BUSINESSES IN THE LIQUOR INDUSTRY.

WHOLESALERS PERFORM OTHER IMPORTANT ROLES AS WELL. NJSWA MEMBER WHOLESALERS CRISSCROSS THE GLOBE SEARCHING FOR ALCOHOLIC BEVERAGE PRODUCTS TO BRING HOME TO NEW JERSEY. AS A RESULT OF THIS CONTINUOUS EFFORT, AND THE LARGE NUMBERS OF INDEPENDENT RETAILERS, NEW JERSEY IS AMONG THE TOP TIER OF STATES TO HAVE OVER 50,000 PRODUCTS AVAILABLE FOR SALE – AND AT THE LOWEST PRICES IN THE REGION. THIS EXTRAORDINARY COMBINATION OF SELECTION AND BEST PRICES CONTRIBUTES TO LARGE REVENUES IN SO-CALLED CROSS BORDER SALES – THE SALES OF ALCOHOLIC BEVERAGES TO CONSUMERS IN SURROUNDING STATES. THIS CRITICAL REVENUE FOR THE STATE OF NEW JERSEY MUST BE MAINTAINED.

NJWSWA MEMBER WHOLESALERS HAVE INVESTED HUNDREDS OF MILLIONS OF DOLLARS IN THE LAST YEAR ALONE IN NEW STATE OF THE ART WAREHOUSES,

MATERIAL HANDLING SYSTEMS, IT SYSTEMS AND TRUCKS. A RETAILER WHO PLACES AN ORDER WITH A MEMBER WHOLESALER AT 5PM, GETS THAT ORDER - LARGE OR SMALL - THE NEXT DAY. THE VERY NEXT DAY. THIS ENORMOUS AND ONGOING WHOLESALER INVESTMENT IN MATERIALS HANDLING AND GOODS MOVEMENT DIRECTLY BENEFITS NEW JERSEY RETAILERS IN THAT THEY DO NOT HAVE THE NECESSARY EXPENSE OF MAINTAINING LARGE INVENTORIES. THE WHOLESALER BEARS THIS EXPENSE AND IT IS AN INCENTIVE TO CONTINUE INVESTING IN MORE ADVANCED TECHNOLOGIES TO ACCOMPLISH PEAK SYSTEMIC EFFICIENCIES. THIS IS ANOTHER TANGIBLE RETAILER AND MARKET BENEFIT CREATED AND PROVIDED BY OUR MEMBER WHOLESALERS. THIS IS YET ANOTHER WAY WE CREATE AND INJECT VALUE INTO NEW JERSEY'S LARGE AND VIBRANT INDEPENDENT RETAILER MARKETPLACE. CHAINS DOMINATE OTHER STATES, BUT NOT NEW JERSEY. THIS IS A STATE WHERE YOU CAN STILL RUN A FAMILY BUSINESS AND PROUDLY SUPPORT YOUR FAMILY AS A LIQUOR STORE OWNER.

AS A RESULT OF THE SERIOUSNESS WITH WHICH THEY DISCHARGE THEIR CONSIDERABLE LEGAL, ECONOMIC AND LOGISTICAL OBLIGATIONS, OUR MEMBER WHOLESALERS HAVE CREATED SUBSTANTIAL ECONOMIC FOOTPRINTS. ONE MEMBER WHOLESALER, NOT THE LARGEST IN NEW JERSEY, HAS A TOTAL ESTIMATED ECONOMIC FOOTPRINT OF OVER \$130 MILLION A YEAR INCLUDING:

- TOTAL PAYROLL OF \$80 MILLION - ALL NJ RESIDENTS

- NJ PAYROLL & WITHHOLDING TAX OF \$4 MILLION ANNUALLY
- NEW JERSEY EXCISE TAX OF \$44 MILLION ANNUALLY

IT IS ALSO IMPORTANT TO NOTE THAT NEW JERSEY'S ALCOHOLIC BEVERAGE INDUSTRY IS HEAVILY UNIONIZED AND OVER THE COURSE OF THE LAST 85 YEARS THE LABOR/MANAGEMENT RELATIONSHIP HAS BEEN CLOSE AND HIGHLY EFFECTIVE. IF THE COMMITTEE DECIDES TO HAVE FUTURE HEARINGS, I STRONGLY ENCOURAGE THE YOU TO INVITE OUR INDUSTRY'S UNION LEADERS AND RANK AND FILE AND YOU WILL DISCOVER A MODEL WORKING RELATIONSHIP.

MEMBERS OF THIS COMMITTEE, THE GROUPS THAT PRESENT REQUESTS FOR SUBSTANTIAL CHANGES TO THE SYSTEM AND RAIL AGAINST THE HIGHLY EFFECTIVE SYSTEM I DESCRIBED AS ANTIQUATED, WILL ACHIEVE THEIR DECLARED GOALS ONLY BY DESTROYING THESE FAMILY BUSINESSES, BY LAYING WASTE TO DOWNTOWN NJ AND LEAVING NEW JERSEY AT THE WHIM OF GLOBAL FORCES.

IN OUR CURRENT WORLD, MR. AND MRS. SINGH JOINTLY OWN THEIR FAMILY LIQUOR STORE. IT IS THEIR FAMILY'S ONLY SOURCE OF EMPLOYMENT AND INCOME. THEY PLAN ON SENDING THEIR DAUGHTER AND SON TO COLLEGE WITH THE THEIR FAMILY BUSINESS REVENUE. THEY WORK HARD AS A FAMILY, BUT THE STORE IS THEIR OWN AND THEY SEE IT AS THEIR PIECE OF THE

AMERICAN DREAM. IT IS THEIR PIECE OF THE AMERICAN DREAM. IF, FOR EXAMPLE, THE TWO-LICENSE LIMITATION BILL BECOMES LAW, MR. AND MRS. SINGH ARE KNOCKED OUT OF BUSINESS. FAST. ONE DAY, THEY OWN THEIR LITTLE PIECE OF THE AMERICAN DREAM AND THE NEXT? LIQUOR MANAGER FOR A BIG BOX IF THEY ARE LUCKY. THOSE OF TWO VERY DIFFERENT WORLDS AND THESE COMPETING MODELS HANG IN THE BALANCE BEFORE THIS LEGISLATURE.

FINALLY, I WOULD LIKE TO FURTHER THE EFFORTS OF THIS COMMITTEE TO GAIN A MORE COMPLETE UNDERSTANDING OF OUR VERY COMPLEX INDUSTRY. THE NJWSWA WOULD LIKE TO INVITE COMMITTEE MEMBERS TO TOUR ONE OF THE MOST TECHNOLOGICALLY ADVANCED WAREHOUSES IN THE U.S.. FEDWAY ASSOCIATES' NEW CENTRAL WAREHOUSE, IT AND LOGISTICS HUB IN ELIZABETH WILL PROVIDE A WEALTH OF KNOWLEDGE TO COMMITTEE MEMBERS AND CLEARLY DEMONSTRATE THE ENORMOUS VALUE-ADDED OF OUR MEMBER WHOLESALERS. YOU WILL GET A CHANCE TO SEE A DIVERSE WORKFORCE AND MANAGEMENT TEAM WORK SEEMLESSLY TO PROVIDE VALUE TO THE NEW JERSEY MARKETPLACE.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THANK YOU FOR YOUR THIS OPPORTUNITY TO TESTIFY.

**ADDITIONAL APPENDIX MATERIALS
SUBMITTED TO THE**

**ASSEMBLY OVERSIGHT, REFORM AND
FEDERAL RELATIONS COMMITTEE**

for the

March 21, 2019 Meeting

Submitted by Michael D. DeLoreto, Esp., Associate, Government and Regulatory Affairs, Gibbons P.C. and Representing, Retailers for Responsible Liquor Licensing/New Jersey Food Council; *and Bill Crosby*, Vice President, Operations, ACME Markets and Representing, Retailers for Responsible Liquor Licensing/New Jersey Food Council:

Joe Canal's Discount Liquor Outlet, "15 Convenient South Jersey Locations," ©2019.

Kevin McManus, "Comptroller Supports Legislation Allowing Grocery Stores to Sell Beer & Wine," *930 WFMD Free Talk*, May 25, 2018, ©2019 WFMD-AM.

John McDermott, "High Court ruling South Carolina liquor laws as unconstitutional shakes local liquor sellers," *The Post and Courier*, April 2, 2017. ©2019 Post and Courier.

Adrian Sainz and Mark Sherman, "Family's fight for liquor license leads to Supreme Court," *Associated Press*, January 15, 2019, © 2019 The Associated Press.