Liquor Privatization Survey District Results

Representative Scott Petri
178th Legislative District
Summary

• Majority of respondents would like to be able to purchase alcohol in a:
  – Grocery store (66%)
  – Retail Operation (52%)
• Overwhelmingly do not want to be able to purchase alcohol at gas stations (78%) or Pharmacies (73%).
• Majority (58%) would like to be able to purchase beer, wine, and liquor at all locations.
Summary

• Majority (72%) are not interested in privatizing beer and wine while keeping the sale of liquor as a state operation.
• Respondents are evenly split (50%/49%) on whether or not the state should retain wholesale operations.
• A narrow majority (52%) consider it improper for the state to own an interest in the retail operation of the sale of alcohol.
Summary

- A small majority (53%) consider it improper for the state to be involved in the wholesale operation of the sale of alcohol.
- Majority of respondents are unsatisfied with the current distribution of beer (59%).
- Regarding the distribution of beer, a majority (57%) think it is improper to change the rules in a way that impacts existing licensees, but do not think that licensees should be compensated for losses caused by the change (45%).
Summary

- 53% do not favor grocery stores selling beer, wine, and liquor for on-premises consumption and beer to go under a restaurant license.
- 70% do not think it would be convenient or desirable for a grocery store to be required to sell beer and wine in separate sections of the store.
- A majority (83%) of respondents are in favor of direct shipment of wine.
- Respondents are split 50%/49% in favor of privatization.
  - 40% of those in favor of privatization would change their vote if taxes had to be raised to fill a revenue gap.
Summary

• A majority (52%) of respondents are not concerned with the ability of minors to obtain alcohol if the number of outlets are increased.
• 60% of respondents are not concerned about the social aspects of alcohol consumption if the number of outlets are increased.
Demographics

- Total District Respondents: 441
  - 69% Male
  - 30% Female
- Age of Respondents
  - 21-25: 2%
  - 25-30: 3%
  - 30-35: 5%
  - 35-40: 5%
  - 40-45: 5%
  - 45-50: 8%
  - 50-55: 13%
  - 55-60: 17%
  - 60-65: 15%
  - 65+: 27%
- Average Length of Residency: 44.79 years
1 (a): Do you want to be able to purchase any type of alcohol in a gasoline station?

- Yes, 21%
- No, 78%
- Unanswered, 1%
1 (b): Do you want to be able to purchase any type of alcohol in a convenience store?

- Yes, 41%
- No, 59%
- Unanswered, 0%
1 (c): Do you want to be able to purchase any type of alcohol in a pharmacy?

- Yes, 26%
- No, 73%
- Unanswered, 1%
1 (d): Do you want to be able to purchase any type of alcohol in a retail operation (Walmart, Target, etc.)?

- Yes, 52%
- No, 47%
- Unanswered, 1%
1 (e): Do you want to be able to purchase any type of alcohol in a grocery store?

Yes, 66%

No, 34%

Unanswered, 0%
1 (f): Do you want to be able to purchase any type of alcohol in an existing beer distributor?

- Yes, 74%
- No, 25%
- Unanswered, 1%
1 (g): Do you want to be able to purchase any type of alcohol in an existing restaurant?

- Yes, 61%
- No, 38%
- Unanswered, 1%
1 (h): Do you want to be able to purchase any type of alcohol in an existing tavern?

- Yes, 66%
- No, 33%
- Unanswered, 1%
Comments on Question 1

• I can’t see any reason to restrict any of these outlets from being able to sell alcohol. Other than the age restrictions involved, I don’t think it should be treated differently from any other product you would purchase. The more places alcohol is sold, the more convenient it would be and greater competition would lead to lower prices.

• I think the system works, and it’s fine the way it is.

• The state should not be in the retail business of liquor.

• Put more state stores in and next to supermarkets and beer distributors.

• I moved here from another state and fully expect to be able to purchase alcohol at any of the above. It is a perfectly normal consumer activity.

• I purchase my wine and liquor from state stores now, and never had a problem. The prices are reasonable and the service is good.
Comments on Question 1

• The outlets can change, but should remain appropriate. It needs to be in a secure, controlled space with appropriate oversight.
• Develop reasonable standards for licensing, but end the state monopoly.
• There should be no restrictions on where you can buy a legal product.
• I think we should modernize the PA Wine and Spirits stores not privatize them.
• The state does not keep the stores up to shape. Dirt and dust all over the bottles, not the latest things available to buy.
• Why change what’s working perfectly?
• I would like to see wine available in grocery stores because wine selection is part of meal planning/preparation.
• Allow the free enterprise system to work.
2 (a). If the answer to Question 1 is yes, would you like to be able to purchase beer at any of the chosen locations?

- Yes, 70%
- No, 13%
- Unanswered, 17%
2 (b). If the answer to Question 1 is yes, would you like to be able to purchase beer and wine at any of the chosen locations?

- Yes, 67%
- No, 17%
- Unanswered, 16%
2 (c). If the answer to Question 1 is yes, would you like to be able to purchase beer, wine, and liquor at any of the chosen locations?

- Yes, 58%
- No, 29%
- Unanswered, 13%
Comments on Question 2

• The system should stay as it is.
• The current system works well and provides good paying jobs for Pennsylvanians.
• Definitely beer and wine. Once again there has to be strict policies. If there are, then liquor as well. We need convenience.
• I believe we should have more convenience. As long as the sales are safe with strict enforcement then I’m all for privatization.
• I am STRONGLY in favor of the current system having worked with teens for over 40 years. The state store system WORKS and provides excellent service, reasonable cost, and MOST IMPORTANTLY, extremely close scrutiny of who is allowed to purchase.
• There should be no restrictions.
• No liquor or wine in gas stations or convenience stores.
• I am not a big drinker, but it should be as available as any other purchase.
• There are rare times that I buy alcohol at all. Sometimes the only open outlet is a grocery store. It would be nice not to be limited to state store hours.
3. Do you think that state stores should continue to sell liquor and allow other outlets to sell beer and wine only?

- Yes, 28%
- No, 72%
- Unanswered, 0%
Comments on Question 3

- I think it should be fully privatized.
- I think that this solution is impractical and does nothing to help the convenience, selection, and buying experience of liquor.
- I don’t support any change that will cost people their jobs.
- The state needs to enforce liquor laws. Not sell liquor. It’s a conflict of interest.
- I don’t want the state stores selling liquor for the same reasons I don’t want them selling wine: selection, service, convenience, and price. They’re bad at all four; why would I want them for my liquor purchases if I don’t want them for my wine purchases.
- The government should NOT be selling alcohol; it should be a private enterprise.
- State stores should be phased out of existence.
- Keep everything the same.
Comments on Question 3

• Scott, I go to New Jersey as it is to purchase Ravenswood Zinfandel that is produced in small quantities and therefore not available in PA. I’m sure there are cult liquors that aren’t distributed in PA. Privatization will allow specialty retailers a way to fill the void.
• We are not children and don’t need government oversight.
• Private enterprise works best. Why should government be in business?
• Get rid of the high cost of state store employees and their benefits. The private sector does a better job of keeping pay and benefits within reason.
• This option is a good compromise to keep the sale of hard liquor under government control, but I’d prefer the status quo.
4. 18 states retain the wholesale operation. Do you think that PA should retain the wholesale operation in order to avoid raising taxes to fill the loss of approximately $80 million in revenue?

Yes, 49%

No, 50%

Unanswered, 1%
Comments on Question 4

- I believe tax revenues will increase under privatization, due to the decrease of ‘border bleed’ and expanded product selection.
- I don’t think we can afford to lose $80 million in profits transferred directly to the state treasury every year.
- I believe that the Commonwealth should not be in the liquor business at any level.
- Absolutely not. PA alcohol taxes are already quite high relative to other states. PA’s control of wholesale results in a limited selection that cheats consumers out of a fuller range of options.
- Extended labor costs for state stores are too high in the long run and future.
- PA should control wholesale distribution through a wholesale tax. No PA stat employees should be directly involved in wholesale alcohol sales.
Comments on Question 4

- And good paying jobs. Do we need more unemployment or part-time jobs instead of full-time?
- We have a profit-making situation going on here. Why would you give it up?
- I am fine with that. It is not about the price for me – it is about the convenience.
- The state should not be involved in the wholesale business.
- Do people realize how much taxes will go up with privatization? They should.
- I think that if PA keeps the wholesale operation, it restricts availability of certain products. I do not trust the state to be able to make decisions for me on what I can and cannot buy.
5. Do you think that it is improper for the state to own an interest in the retail operation of the sale of alcohol?

- Yes, 52%
- No, 48%
- Unanswered, 0%
Comments on Question 5

• Not necessarily ‘improper’, but not their mission.
• The state’s core function is not to market and sell wine and spirits – the state core function is to regulate and administer the laws (regulations) related to beer, wine, and spirits!
• Why? It’s still going to have its hand in it, why not just control it?
• I think that alcohol is a dangerous drug, and that public consumption of alcohol should be controlled by state employees who are well-trained to spot fake IDs, deter theft, and turn away visibly intoxicated patrons (because they have incentive to turn these people away). I think that consumption of alcohol is a matter of public health and public safety, and therefore, it is appropriate that the state retain an interest in the retail operation of the sale of alcohol.
• We provide good middle class jobs and revenue for the state – what’s not to like?
A state monopoly is anti-competitive, offers little choice, and usually overpriced.

Why should the state be in the liquor business?

Absolutely. No government should be involved in free enterprise, particularly if the government is going to refuse the right to citizens of that same free enterprise.

I don’t think that it is improper, I just don’t like the concept of the state store and state employees making disproportionately high salaries (as compared to independent store clerks) and then getting a pension after 20 years of service. That is not the world we live in today.

Retail is not the state’s business.

I think any operation the state can own and raise money without taxing residents is what is in the best interest of all.
6. Do you think that it is improper for the state to own the wholesale operation of the sale of alcohol?

Yes, 47%

No, 53%

Unanswered, 0%
Comments on Question 6

- I think this is one of the most important aspects of privatization, which must be done right. I am a bourbon whiskey enthusiast, and it is important to me to be able to purchase rare, limited edition, and regionally distributed bottlings. If the state still controls the wholesale operation, the state still controls the product offerings of the state and I am still stuck searching out-of-state for the products I need. This must be privatized to improve product selection.

- Keep state operation but allow private competition.

- It is not for the state to monopolize any commercial industry.

- Yes, probably. I would rather see these stores and licenses privately owned by independent small business owners.
Comments on Question 6

• But need external audits to maintain efficiency and integrity.
• Why would we give up guaranteed income?
• Don’t turn it over to independent wholesalers.
• ‘Improper’ implies the wrong idea. It is better for the consumer to not have state involvement.
• Free enterprise will provide better competition.
• Not in principle, but because along with it comes other limitations imposed by the state.
7. Are you satisfied with the current distribution of beer?

- Yes, 40%
- No, 59%
- Unanswered, 1%
8 (a). If you are unsatisfied with the current distribution of beer, would you like beer to be available in grocery stores?

- Yes, 65%
- No, 21%
- Unanswered, 14%
8 (b). If you are unsatisfied with the current distribution of beer, would you like beer to be available in restaurants?

- Yes, 55%
- No, 28%
- Unanswered, 17%
8 (c). If you are unsatisfied with the current distribution of beer, would you like beer to be available in gas stations?

- Yes, 23%
- No, 60%
- Unanswered, 17%
8 (d). If you are unsatisfied with the current distribution of beer, would you like beer to be available in convenience stores?

- Yes, 45%
- No, 40%
- Unanswered, 15%
Comments on Question 8

- To a resident such as myself, who is not a native-born Pennsylvanian, the current rules make no sense at all. It is an extreme inconvenience to not be able to purchase beer in any package at these locations.
- I believe that this is one item that if not held tight, will become a wild west free for all.
- I don’t think grocery store cashiers should have to monitor the age requirement of purchasers.
- Beer distributors with oversight by the state is a working policy...don’t break what works.
- Obviously, regulation is needed, but not state ownership.
- We should be able to purchase less than a case at a time.
- The state should not control the sale of any food-like product.
9 (a). The distribution of beer is not owned by the Commonwealth of Pennsylvania, do you think it is proper for the state to change the rules, which may impact the business of existing licensees?

- Yes, 43%
- No, 57%
- Unanswered, 0%
9 (b). If so, should the Commonwealth compensate a business owner for losses caused by change?

- Yes, 21%
- No, 45%
- Unanswered, 34%
Comments on Question 9

• Changing rules ok – if level playing field.
• Any business knows the only constant in business is change – they must adapt.
• How would one determine the losses? When the business climate changes, the business must adjust.
• But give them plenty of notice. Or give them priority in getting a license to sell alcohol the new way.
• Phase in the changes and let them compete.
• The state should only be allowed to regulate beer sales in as much as they regulate any food or beverage item.
Comments on Question 9

- Beer distributors have invested in a system that is flawed; if normal free enterprise is allowed they may lose a significant portion of revenue and be uncompetitive due to their malinvestment based on monopoly. How to compensate fairly...no idea.
- It should not be changed.
- Allow current beer distributors to purchase wine and liquor licenses at a discount.
- Beer distributors should be turned into liquor stores where beer, wine, and liquor can be sold.
- Licensing is an accepted government function. Guaranteeing profit to any sector is not.
- Don’t know the full impact. But the current distributors have essentially been a monopoly for all these years, so let’s assume they already have been compensated by higher prices.
10. A grocery store can purchase a restaurant license, and therefore be able to sell wine, liquor, and beer for on premises consumption, and beer to go. Do you favor a grocery store being able to operate in this manner?

- Yes, 47%
- No, 53%
- Unanswered, 0%
Comments on Question 10

• This is stupid. Just let the grocery store sell beer and wine like everywhere else. Why do we have to make things so complicated?
• I’m glad this gives them a way to sell beer, but it is not ideal, and it is needlessly complicated. Is there a problem with them being able to sell beer with the other groceries?
• On a limited basis – beer and wines, no liquors.
• 16 year olds work there. 16 year olds are easily persuaded by peers.
• Alcohol should not be sold in grocery stores.
• It’s unduly burdensome.
Comments on Question 10

• Forcing the grocery store to have an on-premise restaurant is a ridiculous sham. They should simply be able to sell alcoholic beverages from the shelves; how does having a restaurant make sales any ‘safer’ or more under ‘control’?

• It seems to be working ok at Wegman’s. Still, I don’t know whether bringing in a bunch of similar operations is in the public’s best interest or not.

• No hard liquor should be sold for consumption in the grocery store even if expanded to include a restaurant. However, wine and beer would be acceptable.

• They should not have to run restaurants just to sell beer.

• Grocery stores are for groceries not purchasing alcohol.

• Why should they be burdened with the cost and bother of a restaurant operation?
11. If a grocery store was given the opportunity to sell wine pursuant to a new grocery store license, where the grocery store would have to sell the beer in one section under its restaurant license and wine in another section of the store, would you find this to be convenient and desirable?

- Yes, 29%
- No, 70%
- Unanswered, 1%
Comments on Question 11

• This is not convenient at all.
• Too complicated, one license should cover the sale of both without differentiation.
• It is more convenient, yes.
• It is better than the system we have now.
• It would be more convenient but the better solution would be to allow beer sales without the restaurant license requirement.
• These restrictions are unnecessary.
• Silly concept. What is the point other than to inconvenience the consumer?
Comments on Question 11

• I don’t think wine should be sold in grocery stores.
• Why do proposed changes have to be so arcane? Other states manage to do it without creating a mess for the proposed sellers.
• Alcohol is alcohol. Yes, split them into obvious aisles but why should you have to walk to an entirely new area to purchase wine or beer.
• I find it obscene to buy alcohol at grocery stores.
• I could live with this if it meant I could purchase wine and beer at the grocery store.
• Why do you want to make this so difficult?
12. Do you favor the ability to purchase wine from any manufacturer who obtains the direct shippers permit in Pennsylvania, agrees to pay the appropriate tax, as long as the individual to whom wine is delivered is at least 21 years of age, and signs for the shipment?

Yes, 83%
No, 17%
Unanswered, 0%
Comments on Question 12

• You mean I can buy wine that I want from anywhere? What a novel idea! I really would like to not be told what wine I am legally allowed to buy!
• Too dangerous and impossible to enforce.
• Prone to abuse and underage drinking.
• This is a major frustration today. I go to the California wine country often and can’t have them ship wine to me. It’s ridiculous and anti-consumer.
• A reform long overdue.
• So many products are available at the state stores or by special order that I don’t think its necessary.
• Yes, current process is a joke.
13. Would you favor the sale of the liquor stores if the state would receive $500 million in one-time revenue and lose $110 million a year in revenue?

- Yes, 50%
- No, 49%
- Unanswered, 1%
Comments on Question 13

• Put all receipts in revenue producing fund.
• This question is terribly slanted. I think that a private system will run better than the state run system and we would not lose $110 a year in revenue and potentially increase revenue.
• Loss of jobs and revenue will outpace this one time and/or recurring gain.
• Don’t sell them – phase them out.
• We will still make revenue on taxes and fees yearly.
• I would favor the government getting out of the liquor business no matter what the revenue is.
• Are you factoring in the increase in taxes from the retail sites? Doesn’t sound like it.
Comments on Question 13

• The loss in revenue would be made up by people not going to Delaware. Also I think the Johnstown tax should be abolished, that loss of tax would be made up by increases in state purchases since the price would be cheaper. It could be phased out.

• There’s a lot to consider here. What likely happens to the state employees?

• How much of that annual revenue is offset by costs to manage?

• Let the current state stores compete – they may still turn a profit – but no monopoly with higher prices and restricted choice.

• Revenue would increase because we would not have to drive to New Jersey or Delaware. I think the only issue here is union jobs.

• The state would ultimately lose money and I doubt they would get $500 million. I believe that is an over-inflated amount.
14. If your answer to the above question is yes, would you still favor that provision if taxes had to be raised in order to fill the revenue gap?

- Yes, 33%
- No, 40%
- Unanswered, 27%
Comments on Question 14

- No new taxes please.
- Revenue should be neutral. A good part of the tax revenue supports the state store themselves.
- If you eliminate the payroll, overhead, union demands for pension, etc. PA stands to reduce its costs forever.
- People (illegally, I know) cross state lines to buy from a better selection and at a better price. I suspect you’d make revenue up on volume.
- But I believe the revenues generated from sales at multiple other outlets will more than make up for the lost revenue from the state-owned stores.
- I do not believe competition would not generate enough revenue. In fact I believe it would increase. The issue here, again, is keeping union jobs.
- The projected loss would be compensated for by the people who have been going to NJ and DE to buy wine and liquor.
15. Are you concerned with the ability of minors to obtain alcohol if the number of outlets are increased?

- Yes, 48%
- No, 52%
- Unanswered, 0%
Comments on Question 15

• There are currently many more beer distributors than state stores. If we trust beer distributors to follow the age laws, why would we not expect a liquor store owner to follow the same?
• The outlets must be assured that their license would be in jeopardy if those underage were sold beer, wine, and liquor.
• Hasn’t shown to be the case in other states.
• Under the current operation, the state stores are not audited for sales to minors, so how do we know they are complying? I would be in favor of 100% ID checks in privatized outlets.
• No, not if the laws are enforced!
Comments on Question 15

• It happens now.
• This is a big and valid concern.
• People’s licenses are too valuable to risk losing it by selling to minors.
• Not at all. Most minors don’t get their drinks from retail outlets anyway, they get them from friends and family.
• Kids have always found a way to beat the system. In fact this may reduce the ability since the owners would face loss of license.
• Other states seem to survive.
• Let’s be real. It took years to cut tobacco sales to kids in stores. Alcohol will be the same game.
16. Are you concerned about the social aspects of consumption or abuse of alcohol if the number of outlets are expanded?

- Yes, 40%
- No, 60%
- Unanswered, 0%
Comments on Question 16

• We will have no problem greater than currently and that of other states.
• The CDC recommends that states that haven’t privatized not do so. Good enough for me.
• Most states have far more retail outlets for alcohol and their rates of alcoholism are not higher because of it.
• The abuse of alcohol will always exist as it does today. The enforcement of existing laws will have to continue.
• Again…a specious argument. The religious right and the state store employees union are touting this bogus argument.
• But I am equally, if not more, concerned with the state employee unions which wield inordinate power in Harrisburg with the legislature, executive, etc.
• We aren’t concerned about the impact of state lottery outlets on gambling – why only this?
Comments on Question 16

• I’ve heard the claim from those opposed to the elimination of state run liquor stores that PA residents would be ‘lying in the street drunk’ due to the increased ease to purchase beer, wine, and liquor. This sounds like the ravings of those who supported prohibition.
• Drinking is a major social problem...don’t make it worse!
• It would be like limiting food stores to control people’s weight.
• There will be more drunk drivers on our roads with more outlets.
• Hasn’t shown to be the case in other states.
• If people want alcohol, they can always get it.
Additional Comments

• You didn’t include a question about all of the unionized workers who would lose their jobs – or at least might lose them. Workers at state stores are able to earn decent part-time and full-time incomes. Now they wouldn’t have that chance at a Wawa or the like.

• We cannot be shortsighted about this issue and only think of the money issues. The long-term effect on all citizens could be very damaging. Once we pass over that ‘threshold’ we can never reverse the effects.