
INDEPENDENT STATE STORE UNION TESTIMONY
SENATE LAW AND JUSTICE COMMITTEE HEARING
OCTOBER 29, 2019

Good morning Chairman Stefano, Chairman Brewster, and members of the Senate Law and Justice Committee.

My name is Neil Cashman, and I serve as the Government Affairs Coordinator for the Independent State Store Union (ISSU).

On behalf of the men and women of the ISSU -- the union that represents approximately 700 state store managers throughout the Commonwealth -- thank you for convening this meeting today and for allowing us to add our voice to the ongoing discussions concerning the proposed expansion of alcohol sales in the Commonwealth.

Responsible and Reasonable Alcohol Policy

ISSU has always defended the state store system based on a responsible and reasonable alcohol policy argument.

It is imperative to remember that alcohol is the most widely used and abused drug in the nation – for both “of age” and “underage” individuals. Irresponsible use and abuse of alcohol comes with attendant societal ills and health related harms. Alcohol is not an ordinary commodity and it should not be treated as one.

We strongly believe that our system is far superior in reducing the harms associated with the irresponsible use and abuse of alcohol that occur in states that incorporate private retail outlets – especially for hard liquor.

The current system provides a “best of both worlds” scenario – it represents a reasonable and responsible alcohol policy while generating millions in revenue to the Treasury to fund public programs. The current system serves all Pennsylvanians -- drinkers and non-drinkers alike.

Alcohol Policy and Research Studies

Countless public health and alcohol policy research studies have consistently concluded that state-controlled alcohol distribution systems reduce the harms associated with alcohol abuse because they foster the responsible distribution and consumption of alcohol.

Among those who do alcohol policy research, there is a strong agreement that as alcohol availability increases, there is a corresponding increase in alcohol related problems.

Numerous research studies have clearly identified that increased density of retail alcohol outlets results in negative consequences. Researchers agree that making alcohol easier to purchase will lead to increased consumption and an increase in a host of social and health problems.

Simply put, easier access to alcohol has a downside. And, since most of the proposals being discussed today seek to expand access to alcohol in one way or another, we have serious concerns with most of the proposals - especially those that seek to dramatically increase the number of retail liquor outlets.

Restaurant Consumer Convenience Permits

Some private retailers view the requirements and restrictions placed on "R" licensees by Act 39 as too burdensome and have been advocating for a "Customer Convenience Permit" to eliminate certain restrictions and expand their operating privileges.

Those expanded privileges would include: Removal of the 30 seat requirement for a restaurant license; Ability to purchase beer and wine at additional registers; Ability to sell wine and beer for off-premise consumption only; Individual sales of beer containing more than 192 oz; Individual sales of wine containing more than 3,000 mL; Permission to place wine and beer products anywhere within the store.

ISSU would strongly oppose any legislation that would implement any or all of the above recommended changes to the "R" license requirements.

The proposed change to the seating requirement provisions and permitting sales of alcohol for off-premise consumption only for an "R" license defies logic as to what a "restaurant" is meant to be.

Elimination of the seating requirement would allow any restaurant licensee to turn their business into nothing more than a bottle shop, six pack shop or a "Stop and Go" as they are commonly referred to as in Philadelphia.

One of the main complaints in Philadelphia was that licensees ignored the seating requirement by stacking the chairs in the corner or locating them in a separate locked room. The problematic licensees were only interested in selling beer, liquor and wine - not running a restaurant or eating place. Often the liquor was sold as "shots to go."

Act 44 of 2017 permitted the PLCB to implement a Licensee Compliance Program to immediately address issue of non-compliance with licensing requirements. The "Stop and Go" operations were such a serious concern that the legislature took the extraordinary action of giving the PLCB enforcement authority to address the situation. Prior to Act 44, only the State Police BLCE had enforcement powers.

A "Consumer Convenience Permit" would effectively bring back - and actually facilitate - "stop and go" operations throughout the state by making those operations legal. Such a permit would negate the years long efforts of the Philly delegation and others to remedy a public nuisance in their neighborhoods.

Act 44 recognized a problem and provided a remedy. The “Consumer Convenience Permit” ignores that problem and facilitates the expansion of questionable operations. I’m not sure that can be sold in the name of “convenience” - it won’t sell well in Philly or any other city or larger municipality concerned with public safety.

Additionally, the “Consumer Convenience Permit” concept would remove reasonable requirements contained in Act 39 to ensure minors did not have unrestricted access to alcohol products. Placing alcohol products anywhere in the retail establishment and allowing the purchase at any checkout invites occurrences of shoplifting – especially by minors.

Licensing Proposals

Act 39 created more problems than it solved with respect to Restaurant Liquor Licenses through the creation of the Wine Expanded Permit and auctioning of dead licenses. HB 1617 and SB 896 seek to provide some relief with those issue and we support those efforts.

However, since Act 39 created financial hardships for small businesses desiring to purchase a restaurant license to open a food and beverage establishment, we believe any such change should provide expanded opportunities for those small businesses while sheltering them for the predatory practices currently being experienced in the alcohol license market.

For example, Hotel Liquor Licenses (“H” license) are limited in value because they are tied to the current location of the business. HB 1617 would allow for the conversion of a “H” license to an “R” license and provide the opportunity to relocate the business to a new location or sell the license to another interested party for use at a different location.

We support the concept but believe restrictions need to be added. We would suggest licenses transferred under the bill be limited to “on premise” sale of beer and malt beverages and would be ineligible for a Wine Expanded Permit. Since “H” licensees are currently allowed off premise sale of beer and are eligible for a WEP, the restrictions would only apply to the license if it is sold after it is converted. This is not a new concept. Similar provisions were included in HB 1524 which easily passed both chambers and became Act 57 of 2019.

The proposed restrictions would maximize the opportunity for expansion of the traditional restaurant industry and entrepreneurs that desire to serve beer, wine or liquor to their dining guests while ensuring that such converted licenses are not simply a transactional process for expansion of beer and wine sales by grocery and convenience stores. Similar provision should be considered for SB 896.

Expansion of Wine and Liquor Outlets

Senate Bills 548, 880 and 916 all propose to greatly expand access to wine and hard liquor throughout our communities. ISSU is adamantly opposed to each bill from a reasonable and responsible alcohol perspective.

- Senate Bill 548 would create 2000 new outlets for hard liquor through a franchise system with WEP holders automatically becoming eligible for a franchise license.
- Senate Bill 880 would create 11,220 new outlets for hard liquor by creating a Spirits Expanded Permit to be available to all Restaurant and Hotel licensees.
- Senate Bill 916 would create 1243 new outlets for hard liquor by creating a Spirits Expanded Permit to be available to all beer distributors.

As previously stated, increased alcohol outlets result in increased consumption and contributes to increased instance of social and health harms.

Perhaps the best argument against SB 548 and SB 880 can be found in the co-sponsorship memo for SB 916. That memo reads in part as follows:

“Distributor licensees already sell alcohol in stores staffed by RAMP trained employees that are not accessible to unsupervised minors. This makes them an ideal extension of our efforts to responsibly sell spirit products in Pennsylvania.”

The memo rightly points out that access to hard liquor by minors is a serious matter to be considered in any proposed liquor expansion plan. Since grocery stores that sell wine and beer currently possess an “R” liquor license, SB 548 and SB 880 would grant those establishments a Spirits Expanded Permit. This presents a serious problem with respect to access to hard liquor by minors – one that can’t be properly addressed by a Transaction Scan Device.

While all three liquor expansion bills are presented as increasing “Consumer Convenience”, we would suggest that “Corporate Profits” are also driving these proposals.

It is hard to imagine a scenario where hard liquor outlets are increased by 11,220; 2,000, or even 1,243 locations without a substantial and corresponding increase in sales. The only way the expansion of outlets proposed under the bills could survive financially is to have current drinkers drink more or turn non-drinkers into drinkers. Neither scenario represents a sound public policy.

Over the last few months, the spirits industry has been citing Pennsylvania’s per capita rate for spirits outlets as a reason to expand outlets. We understand that the spirits industry feels they are at a disadvantage to wine and beer with respect to the number of sales outlets, but creating parity under the banner of consumer convenience is not the solution – it is a problem.

Scientific studies have time and time again proven that an increase in the density of alcohol outlets results in an increase of alcohol consumption and leads to an increase of alcohol related problems including health and societal harm.

In the past - and you may hear it again here today - proponents of alcohol sales expansion have tried to discredit those studies and have attempted to downplay the significance of the published research by providing their own analysis and comparison of data. However, respected researchers point out that such broad comparisons are meaningless from a researcher's perspective because they fail to consider a host of variables necessary to reach conclusive results.

Opioid Crisis vs Alcohol Crisis

As you are all aware, Pennsylvania, and the nation, are in the midst of an opioid crisis that is claiming numerous lives every day and dramatically impacting many more as well. It is generally accepted that a main contributing factor – if not the root cause – was the overprescribing of a drug that was portrayed as and believed to be safe. Unfortunately, time has proven those promises to be wrong. We now find ourselves scrambling to stop the harms and try to reverse the damage done by the highly addictive and deadly drug.

Elected government leaders – including this body - public health officials, physicians, other medical professionals and law enforcement have done a tremendous job in responding to the crisis and formulating strategies to address the current need and prevent future occurrences.

One of those strategies included reducing access to the overprescribed drug through prescription monitoring and limiting the doses prescribed. Easy access to this dangerous drug had disastrous results.

The nation is also facing a crisis with alcohol addiction but unfortunately, we don't see the same concern, focus or response to that crisis.

- According to the Center for Disease Control (CDC), over 77,000 people died of a drug overdose in 2017. 44,800 of those deaths involved opioids.
- According to the National Institute on Alcohol Abuse and Alcoholism (NIAAA), an estimated 88,000 people die each year from an alcohol-related cause.

It's almost hard to believe that in the United States more people die from an alcohol-related death each year than from opioid-related deaths. But the numbers don't lie.

The problem is that society, and policy makers, fail to realize the similarities between the two substances – both are highly addictive and dangerous drugs. While policy makers have acknowledged that increased access to opioids, via overprescribing, has been a major contributing factor to the current epidemic, they fail to acknowledge that increased access to alcohol plays a role in the alcohol related epidemic.

In fact, at a time when policy makers are rushing to restrict access to opioids, we see almost the same level of enthusiasm to increase access to a drug that is just as dangerous and addictive – that drug is alcohol.

Perhaps it is time to hit the “pause” button and look at alcohol and the ever-increasing calls for expansion of outlets for its sale from an “Alcohol Policy” perspective instead of an “Alcohol Profit” perspective.

Public health and safety issues are serious concerns the legislature should consider when contemplating expansion of retail outlets for hard liquor. We would encourage you to seriously consider the impact of such initiatives on your communities while considering such a major policy shift.

And, when considering those impacts, we would hope you find the research of respected public health and alcohol policy experts more persuasive than the specious arguments of expansion proponents who obviously have a vested financial in such proposals.

Thank you for allowing me to appear before you today and speak on behalf of the more than 700 hard working men and women that I represent. I truly appreciate the opportunity and I know they do as well.