

## Alcohol Beverage Control Fact Sheet

- The profits generated by ABC go to General fund. If you privatize, what does the state do to make up for the lost profits of the state stores? If taxes and fees on alcohol aren't to be increased, there are only two other options: 1) Increase other taxes; or 2) cut government spending. Somehow, privatization advocates never seem to advocate increasing general taxes to make up for lost state revenue nor do they advocate cutting government spending.
- The reason Washington State customers are encountering higher prices is that the new law imposes two additional taxes, referred to as license fees, that businesses pay to the state for the privilege of selling liquor – 10% paid by the wholesaler and 17% paid by the retailer. This was added to insure that the state would not see a reduction in revenue. The law also requires distributors to make up the difference if these fees do not total 150 million.
- Proponents don't talk much about prices, relying instead on buzz phrases such as free enterprise and competition in hopes everyone would assume that would mean lower prices. Privatization is a system that will transfer profits from the state to private sellers, not to lower prices for consumers.
- Privatization will result in greater outlet density in more populated areas and later opening hours for spirit purchases. Both of these aspects of spirit availability are known to increase alcohol related problems including violent acts such as assaults, homicides and child abuse. (Branas et al. 2009; Popova et al., 2009)
- Report by Wang, Price and Herzberg (May 2012) Keystone Research Center shows that control states have lower rates of alcohol-related traffic death.
- Alcohol is different from other consumer products and requires different laws. The three-tier system and alcohol regulations in the U. S. have worked very well. America does not experience large problems with bootlegging, counterfeit products or black market due to the existing regulatory system for alcohol. Alcohol should be sold, marketed and handled with a great deal of care because there is a very high cost of getting it wrong.
- In Control States there is 14% less consumption of spirits and 7% less total alcohol consumption; 16.7% less binge drinking and 14.5% fewer high school students drinking.
- Private retailers will not be as diligent about controlling access as the state run stores.
- First and foremost it takes away a profit-making venture from the State of Alabama. This is a continuous stream of revenue that does not cost the state a penny.
- If voters say yes to liquor privatization measures, the state would have shuttered a public owned business with 387 million in sales and revenue in excess of 200 million and hand it to big-box retailers and grocery stores and get close to zero in return.

- The current system we have works well, far better than what would be envisioned in the privatization legislation. The state creates more than 200 million dollars of revenue for the General fund, along with 612 family-sustaining jobs. Those 612 employees work in the state stores, which costs ABC \$45 million per year, but yields a net return to the State of over \$200 million. ABC stores serve all Alabamians, including residents in rural areas. Lawmakers should see from privatization efforts in Washington, taxes and prices increased on most of the popular brands sold today. Convenience and selection would suffer and 916 Alabamians who work at ABC in some capacity would lose their jobs. If you look at the issue and the real numbers, it's really pretty straight forward and easy to make the right call.
- If you wish to know who will actually benefit from the outcome of privatization simply look to whoever is attempting to purchase that outcome. It is certainly not the consumer.
- Average retail prices of a liter of spirits have spiked 11.6% since June 1<sup>st</sup> when the State of Washington privatized the liquor business.