

## MEMORANDUM

FROM: THE CONTRACT LIQUOR STORE MANAGERS ADVISORY COMMITTEE (CMAC) MEMBERS – Susan Danby, President, Ken Vaughan, Theresa Hancock, Debbie Tucker, Barb Smith, Mary Bruders, Karen Ferguson, Betty Jo Large, and Kelly Ostenberger

SUBJECT: OPPOSITION TO I-1183

DATE: AUGUST 31, 2011

CMAC has taken a formal position to oppose Initiative 1183 (I-1183) by a unanimous vote.

It does not make adequate provision for contract liquor stores (CLSs) and many if not all of in peril of closing their business.

Because of the Initiative's strong favor for large big-box stores, 162 small businesses (their families and employees) may be put out of business. It will be big-box store business such as Costco, Wal-Mart and Safeway that will derive the benefit from this Initiative. It will be nearly impossible for the vast majority of CLSs to compete with their volume purchases, quantity discounts, central warehousing powers coupled with their ability to do retail-to-retail sales.

We have been selling liquor responsibly since prohibition in Washington State. Our compliance rates for sales to minors are 92-95%. Private industry compliance rates are approximately 76%. Underage drinkers do not get their liquor from State Liquor Stores or State Contract Stores – they are currently able to buy 1 in 4 times at retail licensees.

Our communities will be negatively impacted, especially those that are already struggling with social, medical, and public safety problems with decreasing revenues to cover those costs. Our state and local governments would have to pick up the costs of enforcement of more outlets and the social costs of greater availability of alcohol with less compliance.

The initiative is flawed and contains false hopes in its riches for all approach. Prices are almost sure to increase (OFM Report), costs to state and local governments will escalate, big-box stores like Costco and Wal-Mart will reap large financial benefits, small businesses will close and their employees will lose their jobs, and there will be terrible adverse impacts to public safety and our social service safety net as a result increased spirit outlets – especially for minors. All the while the consumer pays more for their spirits!

Currently, 162 outlets, about half of the outlets in Washington State that sell spirits, are contract liquor stores. We employ local people, contribute to our communities and return revenue to the state that does not negatively impact the state the way the total dismantlement of the current system will. Instead of voting for or supporting initiatives that are supported by big dollar big box stores and liquor conglomerates and completely upend our current system, there is a more logical way for the state to proceed. There is a better way for Washington State. A model that preserves the State and local governments' well-being and begins a thoughtful process of privatization is what we need. I-1183 neither cures nor substantially decreases the State's budget woes; it just moves the money around between the big players and takes the money from state and local essential services as well as small business.

For these and other reasons, CMAC is opposed to Initiative 1183.