Myths AND Facts

LIQUOR PRIVATIZATION

Myth #1 **It's pretty clear there's no real support for privatization.**

Consumers choose convenience! More than 60 percent of Pennsylvania residents support getting government out of the booze business. This is broad-based, bipartisan support that finds even the majority of union households want Liquor Liberation! The more often one uses the current state store system, the more they support privatization. Poll results show that 77 percent of weekly PLCB customers want government out of the booze business.

Myth #2 **At least the PLCB makes money for the state. It's reliable revenue for critical state and local needs.**

The PLCB wants you to believe that without them, revenue dries up. Truth is: more than 80 percent of the PLCB's $500 million in "profits" is generated from taxes and the rest is taken out of the pockets of Pennsylvania consumers and taxpayers through "markup" charges. Privately–owned liquor stores would produce the same revenue or more, as private companies pay additional taxes and licensing fees to the state.

Myth #3 **Shoppers aren't crossing the borders to buy their booze in other states.**

Pennsylvania loses tens of millions of dollars annually in liquor sales and tax revenue because residents willingly break the law and cross the border to buy alcohol in other states. Ending the government monopoly will generate more revenue in Pennsylvania by ending the need for residents to bootleg wine and spirits across state lines to get the price and selection they want.

A survey conducted for the PLCB showed that 45 percent of residents in Philadelphia and its surrounding counties purchase some or all of their alcohol outside of Pennsylvania. The PLCB's own numbers showed that consumers purchased approximately a quarter of their wine and spirits in other states. This border bleed equals more than $180 million in lost sales, and more than $40 million in lost state tax revenue annually from just a handful of counties.

Myth #4 **The PLCB pays for itself. It has no debt.**

No matter how you skin it, the PLCB is not a cash cow for the state. The agency ended the fiscal year with negative $9.8 million in net assets. That's right, it finished the year owing more in liabilities than the agency had in assets. These losses are due in no small part to years of mismanagement, including wine kiosk failures, government-branded wine labels, and inventory systems that couldn't count correctly.

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Myth #5

Privatization failed in other states. Washington consumers pay significantly higher prices with less selection.

Prices in Washington only increased because of significant increases in state taxes that accompanied privatization. Yet despite this increase in taxes and prices, sales of liquor in Washington have increased following privatization, reducing border bleed and bringing more revenue to the state.

Myth #6

A state-run system keeps Pennsylvania safer.

State government's liquor monopoly does not make citizens more sober or safer. Despite the highest level of government control in the nation, Pennsylvania ranks higher than the national average in rates of underage drinking, underage binge drinking and overall binge drinking. The commonwealth also ranks higher than most bordering states in alcohol-related traffic fatalities and total alcohol-related deaths per capita.

Myth #7

There will be a liquor store on every street corner.

The proposed plan would not allow for such a fear-based scenario to exist, but would issue a limited number of stand-alone wine and spirits licenses (for both big and small stores) through an auction, with a set number for each county. More important, full privatization would allow Pennsylvanians the convenience of buying bread, beer and Bordeaux all in one stop in grocery stores and other private establishments that are regulated and licensed by the state government.

Myth #8

Privatizing the state stores will eliminate thousands of family-sustaining jobs.

Ending the state-run monopoly will create thousands of additional jobs across the state and unleash millions of dollars in new business investment. The plan allows beer distributors to expand their already safe and reliable businesses, creates hundreds of new wine and liquor outlets, and enables grocery stores to expand to sell wine and beer to meet the needs of consumers. The current proposal to get government out of the booze business also provides benefits for current PLCB employees such as training and education grants, tax credits for businesses to hire displaced workers, and a civil service hiring preference.

For more on Liquor Privatization, visit **BoozeFacts.com**

The Commonwealth Foundation crafts free-market policies, convinces Pennsylvanians of their benefits, and counters attacks on liberty.

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