



February 15, 2011

Dear Legislator:

By now, you have likely received information from Big Box stores and their lobbyists touting a so-called economic study that, amazingly, concluded that Wine in Grocery Stores can solve all the problems facing New York State. It's unlikely you have received the study itself, which remains a closely guarded secret, but more likely a "fact sheet" or press release with so many false claims it's hard to know where to start.

Let's start with this: This is just the latest version of this study from the Big Box stores who apparently were not pleased that the study they touted last year, on closer inspection, failed to back up the many claims they made. So they went out and paid big bucks for yet another study for their lobbyists to tout. It's amazing what you can do when you have money to burn.

Let's compare the two studies:

This year, the Big Box stores claim that wine stores will only lose 15 percent of their business if wine in grocery stores is approved. They claim that a 15 percent pay cut won't hurt anyone, even though this proposal is designed solely to increase corporate profits for Big Box stores.

But **last year's** study for the American Association of Wine Economists found that stores would lose 32 percent of their business – a massive cut when you consider that sales are way down from a few years ago when the economy was strong.

We know the cuts would be deeper – in excess of 50 percent of store revenue – but even this conservative number supports our estimate that nearly 1,000 stores would go out of business, putting 4,500 people out of work in these difficult times. That's why small business advocates like the National Federation of Independent Businesses oppose to this job-killing idea.

This year, the Big Box store's study says the proposal would yield \$71 million in recurring revenues for the state.

Last year, the AAWE study found recurring revenues would be just \$22 million. Again, this number, which we believe is inflated, wasn't good enough so, like a magician with a magic wand, the number more than triples. Their numbers, including inflated claims that it will create jobs, simply aren't credible. That's why Teamster Joint Council 16 and even the union representing grocery store workers, UFCW Local 1 and Local 1500, and unions like RWDSU, remain firmly opposed.



This year's study says the state will get more than \$346 million in one-time license fees – a number based on inflated fees that major grocers have said publicly they would never pay.

Last year based on a fee that these grocers all but set themselves, the one-time revenue was pegged at about \$140 million, but when that failed to win converts, it was changed again and again in a failed attempt to sway the Legislature. Either way, this is simply one-shot revenue that even proponents in the Legislature concede can not to be used to restore budget cuts.

This year, the Big Box store's key findings were completely silent on how much this dubious plan would increase the sale of New York wine, as opposed to all wine. Since the study has not been released, you have to wonder why they are silent on this issue.

Maybe it's because **last year's** study found that New York wine sales would increase just 5 percent, though in some scenarios studied by the author New York wines actually would see a decrease in sales if wine in grocery stores was approved. That's why more than 100 New York wineries oppose wine in grocery stores.

Of course, both studies were completely silent on the increased social costs stemming from increased underage drinking – a problem that already costs New York State more than \$3.2 billion annually. Law Enforcement Against Drunk Driving (LEADD) and anti-underage drinking advocates remain staunch opponents of this dangerous idea for that reason.

After two years of listening to the same manufactured arguments by the Big Box stores, I am sure you are tired of this phony issue. You made the right decision to reject it in the last two legislative sessions, and we were pleased that Governor Cuomo rejected this bad idea himself and did not include it in his budget plan.

We are sure you will hear more phony numbers as the desperation of these Big Box stores increases, but we know you won't be swayed by their false claims. Rest assured that we will do our part to set the record straight.

Thank you for your continued opposition to this reckless bad idea and for protecting New York's small businesses.

Sincerely,

Jeff Saunders
President
Retailers Alliance
and coalition founder

Michael Correra
Executive Director
Metropolitan Package
Store Association

Stefan Kalogridis
President
New York State Liquor
Store Association