# Industry Critiques Pa. Governor’s Liquor Plan

PETER JACKSON,Associated Press

HARRISBURG, Pa. (AP) — Republican Gov. Tom Corbett's liquor privatization plan could result in many more retailers selling beer and wine than he anticipates, a Senate Democrat said Thursday, as industry players critiqued legislation that has yet to be introduced.

Sen. Jim Ferlo, the ranking Democrat on the Senate Law and Justice Committee, said at least 10,000 retailers would qualify for the new licenses, twice as many as Corbett estimates, and warned that it would compound social problems and crime.

"I just see it all on the down side," said the Allegheny County lawmaker, whose committee oversees liquor legislation and who favors keeping the state store system.

Corbett spokesman Eric Shirk said the administration's consultant based its estimate of 5,000 stores on the experience of other states.

"Our number is based off a scientific, educated study," he said.

Shirk noted that Corbett's proposal calls for increased funding for state police enforcement activities, stiffer penalties for sellers who serve alcohol to minors and expanded treatment and prevention programs.

Corbett has billed his plan as a revenue-neutral strategy for enhancing consumer convenience and modernizing Pennsylvania laws governing the sale of alcoholic beverages. The plan is expected generate a four-year windfall of $1 billion from the initial sale of licenses, which the governor proposes using to create a block grant program for public schools.

Unlike licenses involving the sale of liquor, Corbett's plan sets no limit on the number of wine and beer licenses that could be sold to retailers including big-box stores, grocery stores and pharmacies.

Licensees would face annual renewal fees ranging from $10,000 to $35,000 and limits on how much they may sell per transaction. For example, convenience stores could sell only one six-pack of beer at a time.

Most beer in Pennsylvania is sold by the case through about 1,200 retail distributors, while wine is sold at the more than 600 state stores that Corbett wants to close and replace with twice as many private liquor and wine stores.

Efforts to get the state out of the liquor and wine businesses have perennially failed.

Corbett's initiative would dramatically open the sale of alcoholic beverages to

private entrepreneurs, ending 80 years of state control, but critics were taking shots at the plan even before it was drafted into legislation.

Law and Justice Committee Chairman Charles McIlhinney, Ferlo's Republican counterpart on the panel, said last month he is sponsoring a bill that would keep the state stores open while allowing beer retailers to buy special licenses to sell wine and liquor.

Mark Tanczos, president of the Pennsylvania Malt Beverage Distributors Association, which represents many of the 1,200 beer distributors, objected to a proposed $150,000 fee that distributors would have to pay for enhanced licenses that allow them to sell wine and to sell beer in six-packs as well as by the case.

"We've been asking to let them sell six-packs for 30 years," said Tanczos, who owns a Bethlehem distributorship. "I don't know why we're singled out to pay that much."

Jay Wiederhold, president of the Pennsylvania Beer Alliance, which represents about 45 wholesale distributors that deliver beer to retailers, said the proposal would increase overhead because trucks would be making more trips and more stops without an offsetting increase in revenue.

"You're really not going to sell much more beer," Wiederhold said. "If you bought a case of beer a week, you're still going to buy a case a week."

Louis Sheetz, executive vice president of marketing for the Altoona-based Sheetz convenience store chain, which was granted a license to sell beer at its Altoona store in 2010 after a court battle with distributors, said the one six-pack limit is unrealistic because customers typically want at least two six-packs, or 12 cans or bottles.

"A case equivalent (24 containers) would be a great customer convenience," he said.

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