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NEWSLETTER

Major Alcohol System Deregulation Proposed for Washington State

A proposed ballot measure would dramatically change marketplace regulation in Washington. It would allow for a “United Kingdom Style” of deregulation where big box stores sell all forms of alcohol at very low prices. Measure #1100 is billed as privatization of the state’s monopoly on hard liquor, but it is much more than that. First, it requires the state to close its retail and wholesale hard liquor business and sell the assets. Second, it automatically makes all grocery and convenience stores that have a beer and wine license eligible to sell hard liquor. This would amount to an enormous increase in liquor outlets since Washington has over 5,000 off-premise licensees that may sell beer wine. Currently, there are only about 300 outlets for hard liquor.

But the measure also destroys the three-tiered market system by removing prohibitions against retailers or manufacturers owning, influencing or providing favors to manufacturers or vice versa. Most price control measures and regulations are also eliminated. Advertising regulations are changed to only allow prohibitions on ads that would have a “demonstrable effect” on underage drinking or abusive consumption. By destroying the three-tiered system, big box stores can deal directly with manufacturers to buy alcohol in large quantities at low prices. The stores can then offer quantity discounts and other promotions designed to increase consumption. A second privatization ballot measure, #1105, is less extreme, but still represents major deregulation. Both measures have until July 2 to gather over 240,000 signatures.

Costco Finances and Promotes Signature Gathering for Measure #1100

Costco has provided over \$300,000 to finance the signature gathering effort and is using all stores in Washington as sites for obtaining signatures. For many years, Costco has tried to destroy Washington’s regulated market through lawsuits and legislative action. They say they want to offer alcohol at low prices. While low prices may be good for many commodities, low prices for alcohol have well-documented social consequences. They invariably increase consumption, especially for youth. In addition, the increase in alcohol availability will add to the law enforcement burden at a time when budgets are extremely tight.

Anheuser-Busch Sues Illinois to Purchase a Distributor; Pamela Erickson files Affidavit

“Allowing manufacturers to distribute alcohol will decrease competition and increase the monopolistic practices of a marketplace already dominated by two very large companies. Such domination will likely increase public health and safety problems and costs to the taxpayer.” (Affidavit of Pamela Erickson filed in the case of *Anheuser-Busch, Inc. v. Stephen B. Schnorf*. Erickson manages the Campaign for a Healthy Alcohol Marketplace.) In this case, AB purchased a distributor, but the liquor commission ruled that it was illegal for a manufacturer to completely own a distributor. AB then filed suit. **To read the affidavit visit:** www.healthyalcoholmarket.com