

Cascario's patrons: below is a letter we wrote to our representative regarding HB 466. Please read below to understand the truth in "Liquor Privatization." Help support us and reach out to your local representatives to voice your opinion.

Thank you,

Cascario's Inc.

There is a lot of misinformation and many unanswered questions regarding HB466, aka "liquor privatization". First of all, we are already private! More importantly there was no advance notice given to beer distributors so that we might be granted an opportunity to suggest ways in which this legislation could work and be beneficial to the people and communities of Pennsylvania. After all, we've been doing this for 70+ years; our input should be valued, not ignored, or worse yet- avoided. Cascario's is a 4th generation family business, and we don't want it to be the last generation.

HB 466 clearly favors big business and will force the closure of most beer distributors if passed in its current form, which Rep. Turzai lists as identical to HB790 from last session. While the two bills are similar in some aspects, they are only identical in the spirit of destroying small business and feeding million dollar corporations. The vast majority of beer distributors in PA are small family owned businesses, who have played by the rules for over 80 years. Based on laws passed by the same state legislature that now threatens our survival, we are heavily regulated: we cannot expand, move, or open additional locations. Because of these restrictions, nobody has ever gotten rich owning a distributorship. We do not have operating capital to expand, buy these new licenses, and compete with destination locations like supermarkets. This is well known to Rep. Turzai. He thinks that offering this to distributors, knowing full well we can't afford the licenses or expansion costs, is good enough. The licenses will be snatched up by big

business. Money spent at a big business leaves the community; money spent at a local business stays in the community. How is this "good for the people of Pennsylvania"?

HB466 will have dire consequences to local communities that don't need more shuttered businesses. We support local youth organizations as well as the police & fire departments, local borough & VFW functions. Please note, we are a bagged ice producer as well (the only one in the region), and we use separate "Cascario's Ice" logos and letterhead when sponsoring any youth activities. Our employees live and spend their wages locally. While we treat everyone we hire like family, we employ 3 family members full time so we have no safety net to fall back on. This legislation could force us all into bankruptcy.

One of the main reasons this legislation comes up is because politicians claim this will be good for the people of the state. They claim there will be better selection and prices. This is simply not the case. In other states that have recently "privatized" liquor sales the following has occurred (this happened recently in Washington state where similar legislation has been passed):

- Increased prices- The state of PA is actually one of the single largest purchasers of wine and liquor in the world. That carries great purchasing power which reduces prices to the consumer. Breaking up that purchasing power into 1200 different entities will significantly increase prices.
- Decreased selection and service- grocery and convenience stores will not add space for new products, they will re-purpose the limited amount of space they already have.
- Increased alcohol offenses- DUI, underage drinking etc. More availability and easier access equals more consumption per capita, any claims to the contrary are simply naive.
- Jobs will be lost....not just the state store employees, but from all the independent beer distributors that will be forced to close. In addition to not adding more floor space, there will be no reason for grocery and convenience stores to add any additional employees. Since alcohol products cannot be handled by anyone under the age of 18, typical low wage jobs like store clerks and shelf stockers will not be available to teenagers anymore. Or more likely they will still be offered since these rules are rarely enforced, more on that later.

The playing field is already stacked against us in the way the current rules are enforced, or to put it bluntly- not enforced. According to the letter of the law, supermarkets with an "R" license are required to:

- Have the alcohol in a separate walled off section of the store, and not be able to go from the main store to the alcohol section without walking through a door/entry way.
- Alcohol must be delivered to the designated alcohol area; it cannot be received or stored in the back with other groceries.
- Offer seating for at least 20 people.
- Insure that no one under the age of 18 handles alcohol.

Cascario's used to deliver A-Treat sodas (another local fixture that closed recently) to grocery stores and know for a fact that not only are many of these rules not adhered to, there seems to be no repercussions. Alcohol is delivered though receiving in the back of the store; it's a common occurrence for me to personally see this. You can walk freely between the store and the "restaurant" section in all of the grocery stores in my area including: Wegmans in Easton, Allentown, and Bethlehem; and Weis and Kinsley's in Brodheadsville. In many places there are only one or two token tables to "qualify" for a restaurant license. At Weis Pen Argyl, half a mile down the road from my store, they recently put up a LCB placard notifying of acquiring an "R" license; they put one table with four seats by their deli counter. Judging by the facts, this makes them a restaurant now. We have picnic tables; does that make our patio a restaurant too? Also, stores don't have to allow on premise consumption, which goes completely against the intent of a restaurant license. Even if a store was punished for any of these infractions, what is the endgame? They might lose a tertiary revenue stream for 60 days. If we were to get an infraction that revoked our license for that amount of time, Cascario's goes out of business.

Another issue with grocery stores is the ease at which teenagers can get beer. Right after Wegmans got their license, we went there out of curiosity. We went in, scoffed at the prices, and followed out a guy carrying two six packs of Bud Light Lime. He walked halfway up the parking lot, handed the beer to two girls waiting in a car, and they drove off. Do you think they were 21, or that this was a rare occurrence? We know for a fact it's not. People try it at our store all the time, but our smaller location lets us have much more control and oversight. Ask

my local police department how many times we've called them for people merely attempting to buy for minors. Occasionally our neighbors will call saying they saw something fishy, like kids handing money to adults out on the street; that goes back to the whole "Community" aspect that we are a proud part of. We diligently follow up on everything because our livelihood is at stake. Do you think a business in the same plaza as a Wegmans would notice, or even care, if they saw something like that in the parking lot? Getting caught selling to a minor doesn't warrant a footnote from Wegmans, while it could very well be the end of the book for us.

Those are all things that need to be considered even BEFORE we get to the actual legislation. After reading through the bill as we saw it, some points of contention currently are:

- The 1,200 Wine and Spirits Retail Licenses need to be offered exclusively to existing beer distributors (licenses 'D' or 'ID') for at least 24 months to allow us to develop a new clientele, and to have the time and financing for necessary renovations. Our warehouse is set up to sell packaged cases not individual bottles.
- Existing State Stores located within 5 miles of a distributor who acquires a Wine and Spirits Retail License should close within 6 months of the acquisition of that license.
- Enforcement is not mentioned at all. As stated before the current laws regarding grocery store beer sales aren't enforced as it is. What will the penalties be? Will you close the entire business like you can for distributors? HB466 doesn't seem to deal with any of these issues or the fact the system will get much more complicated and there will be many more licenses that need policing. It is lazy and irresponsible to say that "it will be up to existing law enforcement" as my local Rep Marcia Hahn stated to me. We diligently follow the laws and train our employees to do so. It is our livelihood and theirs.

- What is the actual cost vs revenue of this bill? Rep Turzai is fond of saying how much money the state will gain by selling new licenses. He ignores the fact that this is a onetime influx of money, and that the state will lose the ongoing revenue from the state stores. When those numbers catch up, (about 5 years down the road according to research done during the HB790 fiasco) what will the state do to cover the lost income then? Also there is no mention of the costs associated with implementing the sale of State Stores and the additional licenses, or training costs for implementation? Again, it is lazy and irresponsible to not address this now as opposed to when the deficit comes up.

- In HB 466 what does "528 'E' licenses can be converted to add to the 10,822 'R' licenses" mean? Also how and why can "G" licensee acquire an "R"?

- Distributors will be allowed to own 5 total stores, but no more than 1 per county. To be fair this should apply to **ALL** companies with any type of liquor license.

- What will the license cost for our business in Pen Argyl be? Fees should be payable over 10 years with no interest. Remember we will also have remodeling costs to accommodate the bottles, and the state legislature prohibited previous expansion. Also, our current license only costs about \$750 to renew annually.

- 600 additional licenses are too many and specific stipulations regarding distances should be included in this bill.

- Allowing alcohol sales anywhere gas is sold is simply ridiculous. This should be prohibited without any of the loopholes or non-enforcement the grocery stores enjoy at the moment.

- The bill calls for new licensees to buy "half" of their products from an existing distributor. Any stores with an "R" or "G" within 5 miles of a distributor (D or ID license) should be required to purchase all their beer from the "distributor, providing the distributor has a delivery option. There is no realistic way to enforce the proposed buying "half of their products" from a current distributor. Also what does "half" mean? Is that volume sold or total UPCs carried, because those are two vastly different numbers.

- All of our competitors will be a destination for other products. We need to be afforded the lowest purchasing price offered to any location in the state since they mass purchase. Those stores also need to be prevented from using beer as a loss leader similar to the name brand soda sales seen in every grocery circular.

- Are all State Stores closing? If not, why and how will it be determined?

- How will this affect the LCB? Will they reduce or increase staff and expenses?

We understand that everything changes eventually, and that will include the way alcohol is bought and sold in this state. When change happens, it can get better or worse. We know for a fact, that as it sits, this legislation will change things for worse. However, it doesn't have to be that way. Given the proper input, and setting aside political vendettas/agendas/loopholes, we could enhance this market in a safe and productive way. We can make it more convenient for the people of Pennsylvania to buy alcohol, while managing the risk associated with it, and continuing to support our local communities. However it has to be a "we" that does this, not an "us" and "them".