

The Truth About WIGS

Have We Forgotten Our Past?

BY KEVEN DANOW

Almost everyone in the industry must be aware of the continuing battle being waged to change New York’s Alcoholic Beverage Control Law to allow wine in grocery stores (“WIGS”). In order to understand the consequences of WIGS, it is important to understand the history which created the current package store system.

Prior to Prohibition, the saloon was also the primary source for the take-home trade. A large part of the saloon’s income came from the sale of beer in “growlers,” small pails with lids which would growl from the escaping carbonation. It was common for a father to send his child down to the saloon to pick up a growler and bring it home.

Prohibition created more problems than it cured. A national dialogue sought to find solutions which would cure the problems associated with excess consumption while allowing adults the freedom to indulge responsibly. One of the primary conclusions arising from the “Nobel Experiment” is that the primary purpose for laws relating to the sale and consumption of beverage alcohol is social welfare, not revenue enhancement.

A Product Unlike Any Other

The federal government, the State of New York and all other states concluded that the sale of beverage alcohol is not like the sale of milk and soda. It has the potential to bring great joy as well as unspeakable tragedy. While some states elected to take complete control of the sale and distribution system, New York opted for a licensing system. The central purpose of this licensing system is to protect the public health and welfare.

One of the central pillars of New York’s Alcoholic Beverage Control Law

is to foster a strong relationship between the owners of off-premise stores and the community in which they work. Optimally, this relationship is fostered by “mom and pop” stores owned and operated by neighborhood residents. For this reason, New York only allows a licensee to own one package store. Chain stores, owned and operated by big corporations, tend to focus on profits, not community.

The same thinking resulted in New York’s election to limit the sale of wine and liquor for off-premise consumption to stores which could only sell products directed to adult consumers. No one thinks twice if a minor walks into a grocery store. But if that same minor walks into a liquor store, every employee is aware of a potential problem.

Similarly, the current law limits the persons who may sell or deliver beverage alcohol to those over the age of 18 years. If it takes maturity to consume beverage alcohol, it must take maturity to sell it. A 16-year-old is much more susceptible to peer pressure and consequently more likely to look the other way when one of his or her school friends attempts to purchase an adult beverage.

WIGS Doesn’t Work

Even a cursory examination of the WIGS bill, which has been proposed in the New York State legislature, demonstrates that it seeks to upend the entire history of the Alcoholic Beverage Control Law. The proposed statute is shameless. It would deny the New York State Liquor Authority (“SLA”) the discretion to apply the standard of public convenience and welfare to applications to convert current beer licenses to wine and beer licenses. The proposed bill requires the SLA to dem-

onstrate “good cause” to deny such a license. This means that were there already a package store next door to a grocery store, the SLA could not deny the grocery store the additional wine license on the grounds that the community is already well served by the existing store and the addition of another retail outlet would likely cause harm to the community.

In addition, the proposed bill seeks to allow grocery stores to sell wine within 200 feet of a school and to allow children under the age of 18 to sell and deliver that product. Is it hard to imagine a group of youngsters calling their friend at the grocery store and having a few bottles of wine delivered to them in the back of the schoolyard?

Moreover, the bill would allow these stores to hold multiple licenses, thereby further eroding the goal of fostering a close relationship between those who sell beverage alcohol and the community in which they work.

Studies of England’s binge drinking determined that the primary offender is the sale of low-price beverage alcohol in grocery stores. At a time when many are lobbying for taxes and legislative control of the sale of soda, some New York State legislators are introducing bills that would open the door for the sale of wine in supermarkets. Those who support WIGS often claim that it will result in additional revenues for the state. Once again, New Yorkers must decide whether the primary purpose of our laws is to promote the public welfare or simply to raise funds for more government.

Keven Danow is an attorney representing members of all three tiers of the beverage alcohol industry and member of the firm of Danow, McMullan & Panoff, P.C. 275 Madison Ave, NY, NY 10022. t/ 212-370-3744, e/ kdanow@dmppc.com.