

New Jersey Liquor Store Alliance

URGENT ACTION REQUIRED OPPOSE ASSEMBLY BILL A1702 DIRECT SHIPPING BILL “Winery to Consumer”

Senate Bill S-766 was passed on Thursday, March 11th and that means we will have to work harder on the Assembly to prevent the Assembly Bill A1702 from get moving forward. The NJLSA anticipated that Senate version of this bill would pass based on the fact that the Senate President Stephen Sweeney was the bill's Primary Sponsor. Like the Senate bill, A1702 would permit manufacturers licensed in other states to directly ship wine to New Jersey consumers.

This proposed legislation will undermine the stability of our State's alcohol industry and lead to a substantial deterioration in retail and wholesale jobs in our State, at a time when there is a need to protect and defend NJ based jobs and NJ based employers.

We are also concerned that the proposed legislation will jeopardize the more than one-hundred million dollars of State based revenue that is directly attributable to the Alcohol Beverage Tax collected monthly from NJ based wholesalers selling to NJ based retailers. Not a single dollar of this tax will be collected on a single bottle of wine shipped to NJ consumers from out-of-state.

NJLSA has little confidence that the 7% NJ sales tax currently collected by NJ retailers and remitted to the State on a monthly basis will be remitted on an annual basis, after the end of the year, from an out-of-state and out-of-jurisdiction honor system.

NJLSA feels that this legislation will not have the intended effect as the proponents of this legislation are claiming. We feel that this measure would in fact lead to a substantial contraction in the number of fine wines, currently and readily available in NJ, at NJ based retail licenses.

The long-term result of this Trojan horse would enable established wineries to pull products from NJ wholesalers and directly ship those same products to NJ consumers at a premium price plus shipping.

The biggest supporter of this bill is not a NJ retailer or wholesaler, or even a NJ winery, but rather a virtual wholesaler and marketing company based 3,000 miles away in Walla Walla Washington on the West Coast. This wholesaler has been in business for only four years and claims on its website www.AmericanWinery.com to represent 1,439 independent wineries. Clearly, this out-of-state virtual wholesaler does not care about any of the repercussions from the fall-out or legal precedent that would result in the total destabilization of our State's alcohol beverage industry.

NJ is one of the largest and most competitive alcohol markets in this country offering NJ consumers direct access to over 42,000 products on any given day --- far more than forty-five other states.

There is nothing broken with our current system, which is in fact an exemplary three tier manufacturer to wholesale to retail system that is balanced economically as well as socially responsible.

Until there is stability with accountability, in the vast interstate market place that is the internet, there has to be careful and full consideration given to every aspect of every law, every statute and every rule or regulation that governs the distribution and sale of every alcoholic beverage, available in NJ.

THREE KEY TALKING POINTS:

1. The proposed bill does not protect the interest of NJ businesses. This bill would give an out-of-state virtual wholesaler and marketing company access to New Jersey's market. This will result in the loss of jobs, a loss of business along with a loss of revenue to the State.
2. The proposed bill challenges the foundation of Title 33 as well as the integrity and stability of the three tier system that our State lawmakers are responsible to regulate pursuant to the 21st Amendment of our constitution. The State Division of ABC is responsible for maintaining stability in our marketplace. This stability is clearly in the best interest of the end consumer as support the welfare of the general public.
3. The proposed bill also compromises the tax revenue that is currently collected and allocated from the sales and excise taxes that state based licenses are currently generating to support our State budget. The proposed annual, end of year, once a year remittance of this same revenue from an out of State "permitted licensee" is also discriminatory to every in state licensee who are all required to remit these taxes to the State on a monthly basis or face serious penalties and/or fines for missing a monthly payment date.

The Assembly Regulatory Oversight and Gaming Committee call list as well as the Full Assembly Call list will follow: