

**Testimony by Wendell W. Young, IV
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Pennsylvania Senate Law and Justice Committee
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Chairman Pippy, Sen. Ferlo and members of the Committee:

Thank you for inviting me to testify here today on Senate Bill 1287 – legislation that will help continue the on-going modernization of the Pennsylvania Liquor Control Board.

As you all know, modernization of this valuable public asset is a continuing effort, one that started some 20-plus years ago and continues today. Just last month, for instance, the PLCB cleared the way for direct delivery of wine to customers' homes.

We support that change – as well as dozens and dozens of steps to improve the PA Wine and Spirits stores over the years. The United Food and Commercial Workers and the members of Locals 1776 and 23 were among the earliest and most vocal advocates, for instance, of opening stores in supermarkets, Sunday hours, on-line sales and strategies that have provided customers with wider product selection and competitive prices.

All of us, I hope, can agree that it is in the best interests of our Commonwealth and its citizens that the PLCB be allowed to function as a modern retail business.

Committee members know where we stand on privatization: we oppose efforts to dismantle this valuable public asset. We remain opposed to House Bill 11 – the version that was introduced a year ago and the version that is now pending on the House floor.

To paraphrase one of your colleagues, "...before you sell a business, you get the best bottom line you can. And I'm not so sure that we in Pennsylvania have yet got the best bottom line out of our liquor system that we can."

Still, Mr. Chairman, I believe that everyone can support Senate Bill 1287. Members of both the House and the Senate on both sides of the aisle agree on modernization.

The bottom line is the taxpayers own the PLCB. Every lawmaker has a fiduciary responsibility to ensure that the PLCB is poised to generate the greatest return for the citizens of this Commonwealth.

The PLCB generated close to \$2 billion in sales in the last fiscal year. It returned more than \$500 million in profits and taxes to the General Fund. And it employs 5,000 of our fellow citizens, including 3,500 men and women whom I am proud to represent.

This is a thriving, competitive business, Mr. Chairman.

At the same time, the PLCB strikes a reasonable balance between convenience, selection and competitive pricing for our customers while providing responsible oversight and management over the sale and distribution of wine and spirits in our state.

All of us are safer as a result of the efforts of the PLCB, and our communities are stronger. I will not go through the dozens and dozens of independent, peer-reviewed studies that show a direct correlation between strong, smart oversight and underage and/or binge drinking.

I will point out to the Committee that last April, a panel of healthcare experts from around the nation appointed by the U.S. Centers for Disease Control recommended against the privatization of the retail sale of alcohol because of the public health risks that can occur as a result.

Now, we can turn to the specifics of SB 1287 and other modernization proposals that our members believe warrant consideration from this committee.

SB 1287 focuses on three critical areas: personnel, procurement and pricing. The Committee already has heard from Sen. Ferlo and from the PLCB about the specific changes called for in the bill.

I would like to touch briefly upon each proposal, starting with personnel:

We believe that the proposed changes will enable the PLCB to hire employees on a more timely fashion. In a retail business, this is the bottom line. Employers need

to be able to respond quickly to a changing market so that customers receive the service that they deserve.

The 3,500 men and women I represent would continue to receive the benefit of our collective bargaining agreement with the PLCB as well, Mr. Chairman.

On procurement, the PLCB is not a state agency that operates the same way that the state Department of Banking or Conservation and Natural Resources does.

I've worked in and around retail for my entire career, and I can tell you that no other major retail business operates under a procurement system established for government agencies. The PLCB needs the flexibility that this legislation provides.

The UFCW believes that flexibility in ability to set prices is the most critical element of this legislation. In this day and age, it really defies common sense that a \$2 billion-a-year business cannot set prices based on the market, or on supply and demand. To boil it down to basics: right now, we could have a brand of Chianti that is flying off the shelves. Right next to it on the same shelf is another bottle that is collecting dust – we can't give it away.

Under the current system, the PLCB cannot lower the price on the dead wood while raising the price on the hottest seller. Target, Rite-Aid, Wegmans, Giant and every retail business in the world have the flexibility to set prices based on demand – or lack of demand.

I would like to conclude by thanking Senators Ferlo, Tartaglione, Hughes, Costa, Fontana, Solobay and Kasunic for sponsoring this bill. I hope that more of your colleagues – on this Committee and ultimately in the House – will agree that this is the appropriate path forward and will sign on as well.

Thank you, again, for this opportunity. I am happy to address any questions that members have.