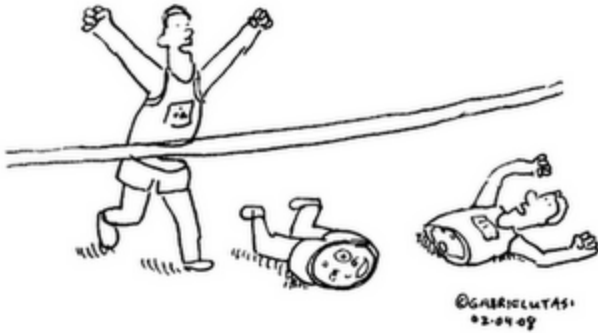


Sean Sullivan Article: Vote No on Initiatives 1100 & 1105

[Final Answer - Vote No on Initiatives 1100 & 1105](#)

Friday, October 29, 2010



As I wrote [several weeks ago](#), I am against both Initiative 1100 and 1105. This is due in part to my distaste for the subversion of the initiative process in Washington State. However, after spending countless hours over the past several weeks studying the issues, my position against these initiatives has only been reinforced. Here is what I have learned.

No one supports Washington State having a monopoly on the sale of spirits. Like everyone else, I support privatizing liquor sales but not in this manner and not with all of the add-ons in Initiative 1100. 🍷

Support for privatizing liquor sales in Washington State appears to be universal. I have not spoken with a single person believes the state should have a stranglehold on the sale of spirits. This is an indictment on the state legislature for not taking up this matter. The question is whether these initiatives are the method to privatize liquor and whether they are making the right changes. In my opinion, the answer to both of these questions is no (see below for additional thoughts on why). These initiatives are not just about privatizing liquor. They are about a whole lot more.

By and large, no one supports Initiative 1105. Neither do I.

Initiative 1105 was written by out-of-state interest groups in an attempt to preserve their position in the marketplace. As most voters seem to realize this and given that the financial impacts of 1105 could be large, no one I have spoken with supports this initiative. While I do not believe that the initiative being written by an out of state interest is enough reason to vote against it, I do believe that the requirement that spirits be sold through a distributor and the lack of ability to make up lost tax revenue if other initiatives on the ballot pass make Initiative 1105 unsupportable. Vote no.

Wineries, distributors, retailers, and consumers are confused about these initiatives. I cannot support making these types of sweeping, complicated changes through the initiative process when it is so hard for the very people being affected by the changes to understand them and understand the consequences.

There is widespread confusion and misinformation about the content of these initiatives within the industry and beyond. This is because the changes proposed are complicated and are largely hidden from site from voters. One longtime winemaker summed up the thoughts of many, saying, "It is very confusing even to someone who is in the wine business. The problem is there is so much wrapped into each initiative." If people within the industry whose livelihoods will be positively or negatively affected by these changes are struggling to understand the proposed changes, how can consumers be expected to? This confusion makes it impossible for me to support making sweeping changes such as this through an initiative. It needs to go through the legislature.

Many believe that the passage of Initiative 1100 may harm Washington's numerous small wineries. I agree that it may.

Many people I have spoken with firmly believe that many of the current regulations in Washington have allowed the Washington wine industry to prosper. Additionally, these people believe that the changes in Initiative 1100 would hurt small wineries. While this cannot be stated with complete certainty, it is clear that many of the current rules have allowed the industry to prosper to where it is at present. It is also clear that small wineries (less than 3,000 cases) are the backbone of the Washington wine industry and are part of what has made the industry special. I simply cannot support the types of changes proposed in Initiative 1100 unless there is adequate protections for these wineries (see below). Is this because I am looking to protect the wineries themselves? Partly but also as a consumer these are the places I frequent and buy my wine from. It would be like something happening that might close your favorite restaurant. Doing something to prevent that is not looking out for the restaurant, it's looking out for yourself because you go there.

Many believe the elimination of Cash on Delivery (COD) would be harmful to their businesses. I agree that it would be for some.

Initiative 1100 removes the requirement to pay on delivery, allowing businesses to extend terms. This is not necessarily a bad thing. However, Initiative 1100 provides no protections for wineries or other businesses to make sure that this practice doesn't harm their business. For example, if a retailer is unable to pay one account, they are still able to buy liquor from other accounts. They could presumably do this until they fail, owing everybody a whole lot of money that they will never get. The consequences of not getting paid in a timely fashion or not ever getting paid could be devastating for small wineries. Put in necessary protections, such as 1) not allowing a company to purchase from one business if they have a delinquent account on another and 2) penalizing late payments and I believe removing COD would be acceptable. How might this affect me as a consumer? I believe removing COD would increase the cost of small production wines, meaning I would either have to pay more for my bottle of wine or look at less expensive, higher production wines as an alternative. Both are bad alternatives for me personally.

Initiative 1100 is revenue negative. The state cannot afford it.

At a time when Washington is already in the midst of a fiscal crisis, Initiative 1100 removes a significant source of revenue. The state would be unable to make any alterations to the initiative for two years to make up lost revenue. Additionally, if other initiatives on the ballot pass, passing any legislation regarding taxation may be difficult. I also expect that there would be a patchwork of taxes at the local level to make up for lost revenue, which I think is confusing for consumers. To those who say, "It's only

one day of the state's operating expenses," and the like I say, "That's like shutting down the whole state for a day."

The main purported benefit for consumers is that Initiative 1100 will increase choices and decrease prices. For me, I don't believe that is the case.

Will Initiative 1100 increase choices and decrease prices for me as a consumer? I believe that there will be more spirits choices, which will make no difference to me personally as I don't generally drink spirits. I also believe that it will decrease prices for high volume wines, which are not typically the wines that I buy. I believe however that it may well increase the costs of small production wines, which is the majority of wine that I purchase. I believe that this will occur to make up for the cost of collecting on late bills, eating costs from failed businesses that didn't pay, paying for promotional expenses, etc. So personally, for the types of liquor products I buy, I expect to be paying a bit more. That's not very interesting to me. If your drinking habits differ, it might affect you differently.

Other Thoughts

As a citizen, I have no interest in seeing spirits for sale in convenience stores across the state until 2am every day. As a consumer, I don't purchase or consume much hard liquor and never visit state liquor stores as their selection of wine is abysmal so having more access to spirits doesn't affect me directly. Both inform my thinking about these initiatives.

I do have concerns that if Initiative 1100 fails that the state will never privatize liquor sales and make other necessary changes to the liquor laws. But here's the catch. They might be more inclined to if we put sufficient pressure on them. Outside of people in the industry, how many citizens out there have contacted the legislature about this issue? Personally, I'll be voting no on Initiatives 1100 and 1105 and contacting my legislators to encourage them to privatize liquor sales. Will it work? Who knows but it's better than holding your nose and voting yes on these initiatives in my opinion.

This is my last post on this subject. Thanks for following these posts over the last several weeks. I respect that there are many diverging viewpoints and appreciate all who have shared their thoughts and opinions. No matter which way you go, please remember to vote!
Back to our regularly scheduled program (a collective sigh of relief).

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