



October 4, 2017

As the “Voice for the food, beverage and petroleum industry” since 1910, AFPD is a multi-state trade association representing thousands of retailers operating in Michigan, Ohio, Illinois and surrounding states. Our members include independent supermarkets, convenience stores, petroleum retailers, service stations, and specialty food markets. Our membership also includes wholesalers, distributors and manufacturers who support the retail industry. We strongly support keeping and simultaneously updating Half Mile RULE by codifying it with House Bill 4504.

- The half mile rule has been in place for over 40 years and no other Liquor Commission has ever wanted to abolish it because it works!
- There are no real objective public policies purposes for getting rid of the half mile rule.
- This MLCC in late December 2013 issued a Declaratory ruling supporting the half mile rule which was challenged in Ingham County courts and the half mile rule prevailed. So why a sudden change of heart from the same MLCC.
- A conflict does not exist between the half mile rule and any other existing statue. The half mile rule governs distance while other laws govern the number of licenses or quotas. If we assume it did, House Bill 4504 would correct the alleged conflict.
- MLCC has previously stated lack of personnel is an issue when measuring the half mile, this bill takes care of that problem by using GPS for measurement.
- There are close to 4,500 SDD licenses in place already and according to an MLIVE article using MLCC data, the spirits industry in Michigan is over a \$6 billion-dollar business and equates to every man, woman, and child drinking 8 drinks per week regardless of age. So, business continues to increase. In contracts, the State of Ohio has less than 450 licenses and sells about the same amount of spirits as Michigan does.
- Rescission of the half mile rule will have a disproportionate negative impact on small business owners. There is a reason over 70% of the spirits sold today is done by small business owners. Rescission of the half mile rule will hurt thousands of small business owners.
- Thousands of retailers, mostly small business owners have invested their life savings into these businesses with certain rules and regulations which have been in place and now the current MLCC wants to change the rules without any real public policy objective.
- Localities do not want four liquor stores in every busy corner or next to each other. Now someone can move an SDD license from one city within a county to another city and the quota only works against the city it was originally issued in, not where it is placed which will cause a geographic saturation of certain neighborhoods.
- If some suggest greater competition is the reason for getting rid of the half mile rule, that is not accurate since anybody can see what a licensee purchases from the State and place a new license right next to them, and without the half mile rule you will have licenses on top of licenses in smaller geographic areas. **A true free market system and competition would be getting rid of the Michigan closed system and the MLCC as a regulatory body.**

- More importantly we are talking about spirits. Please look the most recent Center for Alcohol Policy Survey showing that 89% of adults agree that it is very important to keep the American alcohol industry regulated. Additionally, four-in-five Americans agree that since alcohol is different, it requires a different set of rules, and states should regulate it.
- The system is anti-competitive because the State of Michigan is the ONLY WHOLESALER. The State also regulated the distribution, yet the retailer tier is wide open with over 15,000 licenses if you include on and off premise locations.
- Off premise licenses are not like restaurants and bars because the State regulates the sale prices for products sold in off premise locations. The same bottle of Jack Daniels at Meijer will be sold for the same price most of the time at a corner liquor store. Off premise cannot differentiate like an Italian restaurant does not to a bar and grille next to a sushi restaurant. Plus on premise small business owners did not invest in their locations knowing rules have been around for over 40 years and now they will be taken away from them.

Thousands of small business owners desperately need your vote and support of House Bill 4504. If you do not like State Control of spirits then change the system, but do not take it out on small business owners who depend on you. Please do not throw the baby out with the bath water. This system works, but if you want a free market system, get rid of the MLCC, not the half mile rule.

Respectfully,



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President & CEO