

Summary of Turzai's Liquor Privatization Statements on PCN
February 2015

House Majority Leader Mike Turzai took part in PCN's Legislative call-in program on Tuesday, February 10, 2015 sparking many viewers to call and question his latest plan to privatize Pennsylvania's Wine and Spirits Stores. Here's what Rep. Turzai had to say:

- *Turzai:* The PLCB has been operating in the red for the past 10 years.
Fact: The PLCB's net profit for the past 10 years is almost \$1 billion total. (See No. 8 in outline)
- *Turzai:* The Fiscal Note for House Bill 790 said it would bring over \$1 billion in upfront revenue.
Fact: Turzai's own Fiscal Note says there would be at most \$137.5 million in upfront revenue. (See No. 3 in outline)
- *Turzai:* There is going to be an auctioning off of 1,200 wine and spirits licenses.
Fact: There is not one mention of auctioning licenses in House Bill 790 or his current legislation House Bill 466. (See No. 12, 13 and 17 in outline)
- *Turzai:* When West Virginia went to the private sector they saw an increase in revenue.
Fact: West Virginia *lost* millions and has never financially recovered since privatizing. (See No. 4 in outline)
- *Turzai:* There will be no increase in unemployment compensation and all PLCB jobs will be absorbed in the private sector.
Fact: The Public Financial Management study states 2,302 full-time equivalent employees will lose their jobs and cost more than \$64 million in unemployment costs over four years. (See No. 21 in outline)
- *Turzai:* There will be open dialogue and everyone will be at the table to discuss issues.
Fact: There hasn't been a House hearing on liquor privatization since 2011. (See No. 1 in outline)
- *Turzai:* The PLCB produces no profit.
Fact: The PLCB's net profit was \$123 million alone in the last fiscal year. (See No. 19 in outline)
- *Turzai:* There will not be any lost revenue.
Fact: Both the Fiscal Note to HB 790 and PFM show revenue gaps that need to be made up. (See No. 18 in outline)
- *Turzai:* There will not be a complete proliferation of alcohol.
Fact: Under Rep. Turzai's proposal, spirits outlets will triple, including in urban areas. (See No. 16 in outline)
- *Turzai:* No other state taxes liquor like Pennsylvania.
Fact: Almost every state has a liquor tax, as well as retail and wholesale markups. (See No. 11 in outline)
- *Turzai:* There will be new business taxes.
Fact: Turzai's proposal heavily favors existing retailers, meaning no new business tax. (See No. 7 in outline)

- Turzai:* There is significant border bleed.

Fact: Turzai cites an unknown statistic, but in reality border bleed is minimal and there is reverse border bleed into Pennsylvania. (See No. 6 in outline)
- Turzai:* The public supports privatization at a 70-75% approval rating and there is widespread support for his plan.

Fact: No poll shows this claim. Instead, recent polls show support going the other way. Also, dozens of groups oppose House Bill 790 from last session. (See No. 2 and 5 in outline)
- Turzai:* Beer distributors will do well under his proposal.

Fact: The Malt Beverage Distributors Association opposes Turzai's plan. (See No. 15 in outline)
- Turzai:* There are only 3,500 employees at the PLCB we need to worry about.

Fact: There are more than 5,000 employees at the PLCB and mostly all will lose their job. (See No. 14 in outline)
- Turzai:* Operational costs have increased by 70% at the PLCB over the past decade.

Fact: Operational expenses have only grown at a 1.7% compound annual growth rate in the last five years. (See No. 9 in outline)
- Turzai:* Private wholesalers sell to the PLCB wholesale system currently. There is a duplicate system in PA.

Fact: Producers sell to the PLCB wholesale. There is no duplicate system. (See No. 10 in outline)