

Governor Inflates Wine Franchise Fee; Is New Category Still Within Reach?

A jump in the one-time fee that larger convenience stores would have to pay to enter the wine category has some retailers rethinking their support for Governor Paterson's latest proposal to finally allow New York food stores to sell wine.

If approved by the Legislature this spring, supermarkets and C-stores licensed to sell beer could obtain a wine license upon paying a one-time buy-in fee based on annual gross sales at that location, excluding tobacco and motor fuel.

In January, the Governor proposed that those with annual sales of up to \$249,999 would pay a \$1,000 fee; \$250,000-\$999,999, fee of .40 of 1% of gross sales; \$1,000,000-\$9,999,999, .fee of 42 of 1%. NYACS endorsed the proposal.

However, on February 9, seeking to close a widening budget deficit, he revised the fee schedule upward. Those under \$1 million would stay at .40 of 1% of gross sales. But those \$1 million to \$5 million would pay .55 of 1%. The NYACS Legislative Committee was examining the impact of the revised fee schedule.

Other elements of the Governor's proposal:

Wine License: Annual fee for grocery store wine license would be \$500.

Mandatory Training: Beer licensees that get a wine license would be required to have one person in a position of management and control assigned to each location that has completed a state-approved alcohol sales training awareness program.

Liquor Store Products: Liquor stores would be allowed to sell additional products they can't carry now, including mixers, juice, soda, cigars and accessories, snacks, gourmet foods, gift baskets and glassware.

Cooperative Buying: For the first time, liquor stores could engage in geographic cooperative buying. In addition, they could sell wine to taverns, restaurants, and food stores under 1,000 square feet for resale.

Revenue Estimate: The plan is forecast to generate \$300 million in new revenue for the state over the next two years.

Effective Date: Immediately for liquor stores; 90 days after enactment for food stores.