

New York State Liquor Authority

Commission to Reform the Alcoholic Beverage Control Law

Commission Meeting #1 Briefing Material

Topic – 3: “Whether New York should consider adopting a “control state” model or other regulatory model”

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The following states/jurisdictions have adopted a form of the “control” model of alcoholic beverage sales/distribution:

- Alabama
- Idaho
- Iowa
- Maine
- Michigan
- Mississippi
- Montana
- Montgomery County, Maryland
- New Hampshire
- North Carolina
- Ohio
- Oregon
- Pennsylvania
- Utah
- Vermont
- Virginia
- West Virginia
- Wyoming

Link to National Alcohol Beverage Control Association (NABCA) – Control State Directory and Information Link:

<https://www.nabca.org/control-state-directory-and-info>

NABCA

Alcohol Beverage Control Jurisdictions

A Community Choice.



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A flexible range of policy options...

With repeal of national prohibition in 1933, the regulation of alcohol beverages reverted to the individual states. What the failure of prohibition had shown was that the nation was too large and too diverse to accept a single standard of sobriety – especially one of total abstinence.

Seventeen states and several jurisdictions in Alaska, Maryland, Minnesota and South Dakota adopted forms of the “control” model. The common denominator of alcohol beverage control jurisdictions is that they take ownership of the product at some point in the business cycle.

Currently, control jurisdictions represent approximately 25.2% of the nation’s population and account for roughly 22% of distilled spirit sales and a significantly smaller percentage of beer and wine sales. (*Source: U.S. Census Bureau*)

We should also mention that there are a significant number of counties and municipalities that allow no alcoholic beverages and are considered “dry.”

In the regulation of alcohol beverages, control jurisdictions are the alternative to the license states – where wholesale and retail sales of alcohol beverages are wholly in the hands of private sellers. By participating in the marketplace, the control jurisdictions believe they are able to serve their citizens with a broader and more flexible range of policy options for promoting moderation in the consumption of alcohol beverages and for reducing alcohol abuse.



First Group, Constitution of the
National Alcoholic Beverage Control Association
Washington Hotel, Portland, Ore., Aug. - 3 & 5, 1933

A balance of rights and responsibilities...

For citizens of control jurisdictions in the 1930s, the crime and corruption arising out of prohibition were clearly unacceptable but so were the proliferation of saloons and the abusive drinking of pre-prohibition days. What was needed was a balancing of rights and responsibilities to better serve the community interest. For the individual who chooses to drink responsibly, provision had to be made for the legal sale of alcohol beverages. At the same time, a more effective method of regulation had to be in place to protect the public, which would inevitably bear the substantial social risks and economic costs of alcohol abuse.



The more effective method adopted at that time was a control system, which substituted the state for the private marketplace so that economic incentives for maximum sales were eliminated and policies supporting moderate consumption could be put in place.

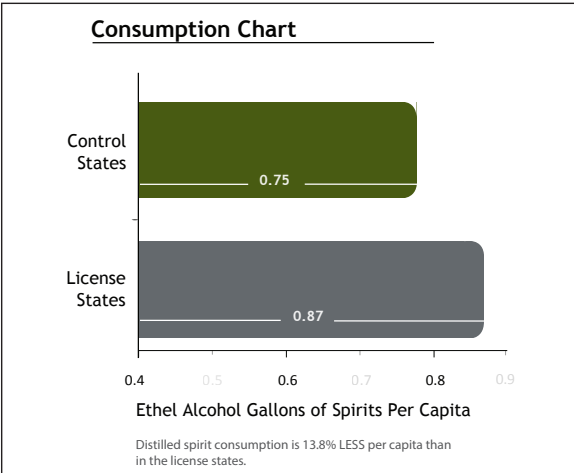
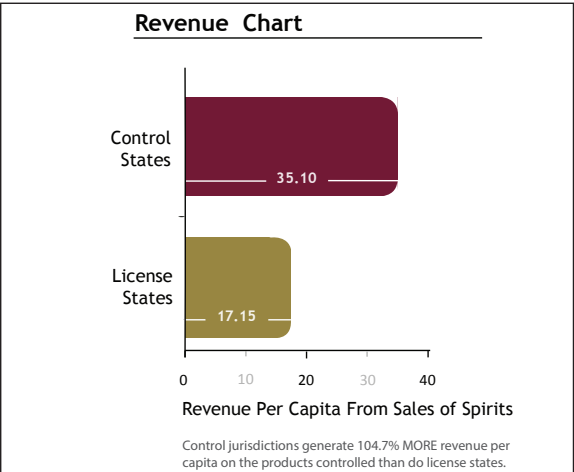
In the 1930's and still today, opponents of control argued that any government intervention in the market is "un-American". Advocates believed that the essential issue was not free enterprise but alcohol and in terms of the costs of its abuse, alcohol is "sui generis" - i.e., in a class of its own. In 20 states and jurisdictions, the control model prevailed at the ballot box.



Less plus less equals more...

Statistical evidence over the years shows a clear and consistent pattern of lower rates of consumption for those products that are controlled. In the control jurisdictions, distilled spirit consumption is 13.8% LESS per capita than in the license states. Additionally, in the control jurisdictions, there is significantly LESS access through the number of off-premise outlets and their hours of operation. Interestingly, the control jurisdictions generate 104.7% MORE revenue per capita on the products controlled than do license states.

While it can be said that moderation pays off anywhere, in the control jurisdictions there is clearly an extra dividend in the superior revenue generation that supports important public programs – including alcohol and substance abuse counseling, education and treatment.



Source: Beverage
Information Group

(Revenue & Consumption Charts)

Adapting to the 21st century...

While the Control State Systems were founded upon a common principle of market control, the exercise of that control has come to vary from state to state. Some now control only at wholesale; others have retained control at retail exclusively through government-operated stores. Some control the sale of wine, and even beer, as well as distilled spirits. Sales prices, customer service policies and operating procedures also vary.

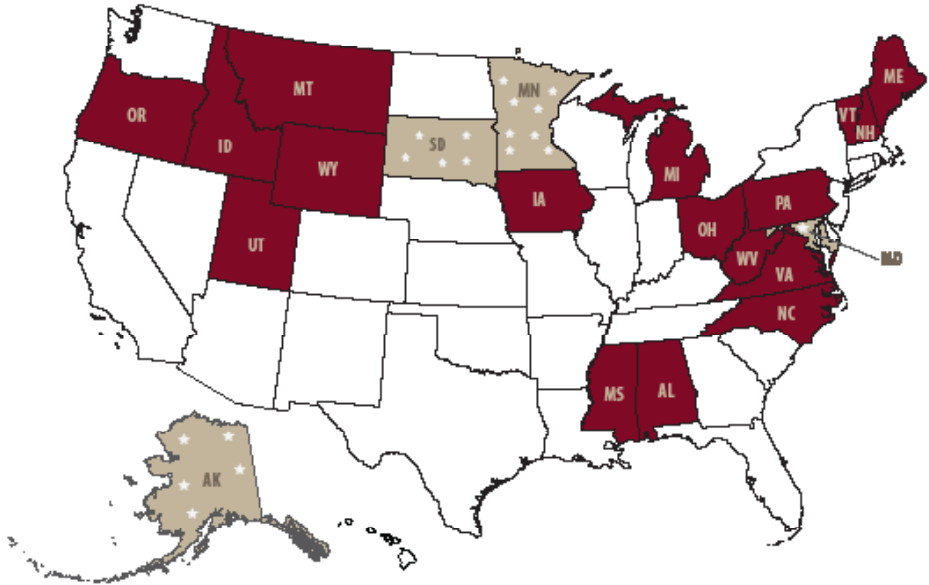
The essential point is that the Control State System can be applied very flexibly across a range of public moderation, state revenue and consumer service goals. Each Control Jurisdiction, then, can tailor its system to respond directly to the policy objectives of its constituents.

And those objectives have evolved over the past seven decades as public attitudes toward drinking have changed and as the demand for state revenues have increased. In response, the Control State Systems have transitioned from their origins as “dispensaries of last resort” to their role today as efficient, consumer-oriented service agencies.

That transition, however, has not changed a fundamental fact: the Control State System continues to provide a regulatory environment that is able to mitigate the ever-present risks and costs of alcohol abuse to the individual and the community. At one level, the uniform enforcement of applicable laws is made far more effective in a control state, where there are ordinarily fewer sales outlets and, more importantly, where the economic incentives to violate those laws are greatly reduced. At another level, the Control System itself serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.

The Control State System: it works for the community the way the community wants it to work.

The Control Jurisdictions...



Alabama	North Carolina
Idaho	Ohio
Iowa	Oregon
Maine	Pennsylvania
Maryland, Montgomery Co.	Utah
Michigan	Vermont
Montana	Virginia
Mississippi	West Virginia
New Hampshire	Wyoming

★ Jurisdictions in Alaska, Maryland, Minnesota and South Dakota have adopted forms of the “control” model.

The Control State System across the world...

The Control State System is not unique to the United States of America. Many other countries across the world have adopted alcohol beverage Control Systems similar to those utilized by the Control Jurisdictions. Among those countries are:

Azerbaijan	Lithuania
Bosnia and Herzegovina	Luxembourg
Cambodia	Malawi
*Canada	Maritius
Cape Verde	Micronesia (Fed. St.)
Columbia	Mongolia
Costa Rica	Montserrat
Egypt	Norway
El Salvador	Romania
Ethiopia	Seychelles
French Polynesia	Slovakia
Finland	Sweden
Gambia	Switzerland
Iceland	Macedonia
*India	Turkey
Kyrgyzstan	Turkmenistan
Lao PDR	

*Many, but not all Canadian provinces and Indian states are control.





NABCA

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CONTROL ASSOCIATION

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