

MINUTES OF MEETING - COMMERCE COMMITTEE - 55TH NEVADA ASSEMBLY
SESSION - MARCH 18TH, 1969

Present: Wood, Capurro, Bowler, Espinoza, Hafen, Torvinen and Mello

Absent: None

Also Present: Grover Hillygus, Director of Activities, Nevada
Licensed Beverage Association
Don Ashworth, Las Vegas; Joe Gordon, Las Vegas;
Gary Dudley; Roy Pagni; John Brockert; Don
Burnside, Southland Corporation; Milt Gumfort
Dave Branch and Paul May, assemblymen

Chairman Wood convened the meeting at 10:50 a.m.

AB-522 - Allows resale price maintenance contracts for alcoholic beverages.

Mr. Wood introduced Mr. Hillygus who spoke for the bill (copy of speech attached). Mr. Ashworth gave an explanation of the bill (copy attached). He further stated that liquor stores provided revenue for cities and counties by having licenses. He also referred to letters from Adelson, Inc.; Thriftmart, Inc.; Arden-Mayfair, Inc.; (copies attached), endorsing this bill. He also indicated that Safeway gave their support to this bill but had no letter. He also referred to a letter from the Retail Clerks Union (copy attached) strongly endorsing the bill.

Joe Gordon next spoke for this bill. He stated that the average small liquor store operator pays high taxes and high license fees; they work on a low percentage of mark-up because of the standard items being sold at a discount. He said the liquor store operator makes loans, cashes checks, is a member of clubs, provides public services, belongs to service clubs and is a fine member of the community. He also stated that if the price war on liquor is allowed to continue, his operation could be eliminated and he could no longer provide the services.

Gary Dudley spoke in favor of the bill and indicated that the Seven-Eleven store favored this bill.

Mr. Pagni, who operates a neighborhood business stated that they could not stand the competition from price wars. He felt that the proposed legislation was a fair bill for the little guy as well as the big groups.

Mr. Brockert showed a copy of an advertisement in the daily paper where a particular brand of liquor was on sale in a super market for \$3.49 and this particular brand cost him wholesale \$3.70.

Mr. Burnside of the Seven-Eleven market said that they did not sell liquor, just beer and wine, but that it was difficult to compete with price cutting. He was strongly in favor of the bill.

Mr. Gumfort explained that this bill would help the small retailers. He said that most of the small retailers are aware of the purchasing power of the super market.

Mr. May stated that he had discussed this legislation with Supreme Court. Section 2 of the bill separates from other items the alcoholic beverages. Supreme Court upheld fair trade legislation. He also stated that the state is looking toward the liquor industry for more taxation, and this would leave the small dealer at a disadvantage. There are a large number of stores that merely exist with liquor as a sideline.

Torvinen questioned Page 1, line 14, and was clarified that this included all beer, wine and liquor.

Mr. Branch next spoke for the bill. He stated that he had been in the liquor business for a number of years - on both sides. He pointed out that the liquor industry was taxed more than any other industry and as a result small liquor businessmen are going out of business. The giants in industry are purchasing carloads of liquor and can sell it cheaper retail than the other small liquor businessmen can buy wholesale. The small businesses have also had to reduce the number of slot machines on the premises because of the tax so that is also hurting them. It is very necessary that this bill be passed so that the small businessman can have a chance to live.

There was a question regarding private labeling. Mr. Ashworth stated that this type of legislation would not protect the private label. The large chain store can buy this liquor and put any label on it and can sell it for any price. It was felt that this would not make too many inroads because people generally want brand names.

Mr. Hafen questioned private label in the clubs; Mr. Hillygus explained that this was pouring liquor and not for resale.

Torvenin questioned whether price restrictions applied to any resale; was said that the price paid is controlled by the wholesaler.

Mr. May pointed out that there is a book with suggested manufacturers prices to the retailer.

There was a discussion on the Nevada Licensed Beverage Association membership. The south formed their own, and in northern Nevada disbanded and changed back to Nevada National Beverage Association. He also stated that a drive would not be made during the legislative session.

There was a discussion regarding the definitions of "vendor", "original vendor", "distributor". Mr. Daykin was called in for clarification of some items.

It was pointed out by Mr. Daykin that the third man is required to adhere to the first man's price. The bill does not restrict

the power to set prices. It was brought out that the Statutes prevent a retailer from selling to another retailer. It was thought that the wording could be clearer.

Section 5 was discussed and was thought that any of the sellers could set the price; however, it was brought out that Page 2, Line 17, Section 2 clarifies Section 5. The earlier language is general and then is limited.

Each person would have to observe the manufacturers posted price without cutting whether he is a party to the original contract or not.

The agents in Reno and Las Vegas would be under the same price regulations.

The difference between the Nevada and California bill was brought out. In California, the Department of Alcoholic Beverages is empowered by legislation to lay down the guide lines having to do with the sale of alcoholic beverages; also they can revoke or suspend licenses and assess fines.

The bill is seeking to maintain a price at the retail level and restricting the power of setting the price to the owner of the brand name.

It was brought out that there were two different books used for prices in the North and the South. The difference in price is the freight charge. A discussion regarding the different ways this could be handled followed. There was a suggestion that there be three geographical areas to take into account the freight charges.

It was requested by Mr. Gordon that he have an opportunity to discuss this with some of the distributors and wholesalers and bring back to the committee some suggested changes in the bill.

It was felt that the bill should be amended and that recommendations should come from the people involved. Mr. Daykin would get together with these people and redraft the bill.

It was felt that some legislation was necessary and the right legislation so that it would not have to be amended; also it was felt that California's bill should be consulted in redrafting.

Hafer moved that the meeting be recessed; Mello seconded; motion carried unanimously.

Chairman Wood reminded the committee that SB 140 would be given public hearing on Thursday, March 20 at 10:00 a.m. Chairman Wood also reminded the committee that on Tuesday, March 25, 1969, at 10:00 a.m. is the date set for hearing AB 354, 450, 451, 452, 453, 454, 497, 562 and 510.

Note: AB-510 is in Government Affairs Committee, but is related to the other public service commission bills.

Committee agreed to hear on Thursday, March 27 at 10:00 a.m. AB-99 and AB-105.

W. Ashworth

ADELSON, INC.
22 EAST OAKLEY STREET
LAS VEGAS, NEVADA

March 12, 1969

Honorable James Wood, Chairman
Commerce Committee of the
State Assembly
Carson City, Nevada

Dear Assemblyman Wood:

We operate supermarkets within the Las Vegas, Nevada area under the trade name "Food Fair". We conduct normal supermarket operations, including the sale of alcoholic beverages.

Assembly Bill No. 522 has been referred to the Committee on Commerce for consideration. Section 2 of this bill sets forth the intent of the Legislature by stating that the purpose of the act is "...to regulate the sale and distribution of alcoholic beverages in ...Nevada...for the purpose of promoting temperance in their consumption and to eliminate price wars which disrupt orderly and healthy competition in the sale of alcoholic beverages and which unduly stimulate their sale and consumption by providing for the validity of resale price maintenance contracts covering such alcoholic beverages."

We have carefully reviewed the proposed bill and, in light of our experience, we unhesitatingly and completely endorse the bill and strongly urge its adoption. We feel that such a bill will be in the best interest of the public, since it will stabilize the sale of alcoholic beverages within the State of Nevada. We also feel that it will be of equal benefit to the business community.

We hope that you, too, will actively support this bill.

Very truly yours,

ADELSON, INC.

Eugene L. Kramer
Eugene L. Kramer
Vice-President

Leo Dicandilo
Leo Dicandilo
Secretary

Joe A. Folsom
Joe A. Folsom
District Manager

ELK/lgb

Thriftimart, Inc.

1837 SOUTH VERMONT AVENUE
LOS ANGELES, CALIFORNIA 90006
TELEPHONE 732-6271

2200 West Bonanza Road
Las Vegas, Nevada

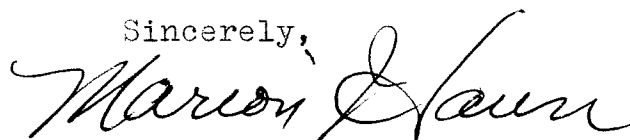
State of Nevada
Assemblyman & Senators

Dear Lawmakers,

We urge you to vote for the passage of A.B. # 522. We feel this bill is necessary to insure the stability of the industry and the well being and protection of the buying public. This bill would enable the smaller outlets (which is a major part of the industry) to remain in business and pay their taxes, which is so important to our economy.

Thanking you for your consideration.

Sincerely,



Marion Haun
Superintendent
Nevada Division
Thriftimart Inc.

Mr. Ashworth

ARDEN-MAYFAIR, INC.

150

2500 SOUTH GARFIELD AVENUE • LOS ANGELES, CALIFORNIA 90054

TELEPHONE (213) 685-5220

H. J. MULLARD
VICE PRESIDENT

March 13, 1969

The Honorable James Wood
Nevada State Assembly
State Capitol Building
Carson City, Nevada

Dear Mr. Wood:

We respectfully urge your approval on Assembly Bill No. AB 522, Messrs. May, Bowler, ETAL. This bill would eliminate price cutting on alcoholic beverages at the retail level which disrupts healthy competition in the sale of alcoholic beverages.

We have a minimum price law in the State of California covering the sale of alcoholic beverages. This law has worked out very successfully and was upheld by the United States Supreme Court.

We would appreciate your full cooperation as Chairman of the Commerce Committee in supporting Assembly Bill No. AB 522.

Very truly yours,

H. J. Mullard
H. J. Mullard
Vice President

HJM/sc

DETAIL CLERKS
UNION NO. 1536

Mr. Ashworth



1819 INDUSTRIAL ROAD
Suite 1
LAS VEGAS, NEVADA 89102
PHONE 384-2350

March 15, 1969

The Honorable Assemblyman James Wood
Legislative Offices
State Capitol Building
Carson City, Nevada

Dear Assemblyman Wood:

In the best interest of our state welfare,
and the employees of the liquor trade, we strongly
favor the passage of AB 522.

This bill is not only favorable to the
employees in this field, but will also benefit the
small independent businessman.

We appreciate your consideration in favor of
AB 522.

Sincerely,

A handwritten signature in cursive script, appearing to read "Milton Bettencourt, Jr."

Milton Bettencourt, Jr.
President

MB:mk