

One year later, alcohol sales booming: Legalization costs outlying areas in sales tax revenues

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One year after Tyler residents approved beer and wine sales, officials say economic projections are on track and that social concerns have not come to fruition.

Tyler voters approved beer and wine sales 67 percent to 33 percent in November 2012 following legalization in several Smith County jurisdictions since 2009. It took a long time for alcohol interests to get into the county, but the transition has been rapid and what one business and economic development group says was sorely overdue.

Businesses quickly began filing paperwork with the Texas Alcoholic Beverage Commission to become licensed beer and wine retailers and renovating stores across Tyler to accommodate stock.

More than three dozen businesses filed for permits within the first weeks following legalization. By Dec. 28, several store locations had been approved by the state and sold the first beer and wine in Tyler grocery and convenience stores since 1930. The city of Tyler received 102 off-premise permit applications. Most were requested in the months following legalization.

Prior to the election, alcohol proponents stuck to a message built around the economic boost alcohol sales could provide. They cited positive economic forecasts for Tyler and results in other cities. They said alcohol would draw commercial and retail growth and make the city more appealing to employers and employees looking for a community to call home.

But they also used studies to debunk moral arguments against alcohol regarding its relation to crime and degradation of community.

Opponents continued to argue that easier access to alcohol would translate into more criminal activity, from DUIs to spousal abuse and underage drinking. They also said alcohol would transform Tyler's family oriented community feel.

Most opposition came from the faith-based community, but it lacked organization and funding. Leaders from several churches, who had vocally opposed alcohol in the past, expressed quiet concerns about alcohol's sociological effects but ultimately left the decision to voters.

Landmark Baptist Church Pastor Mike Daniels made legal attempts to stop the November election. Daniels, with the help of a consultant, attempted to invalidate enough petition signatures to remove beer and wine sales from ballots. As a last ditch effort, his group attempted to prevent the election via a temporary restraining order, which was denied.

Political action committees that pushed for local option alcohol elections, including Buy Local First, the political action committee that supported bringing beer and wine sales to Tyler, raised \$347,410 for the campaign. The biggest donors by far were Brookshire's and Wal-Mart.

RESULTS

Chamber of Commerce President and CEO Tom Mullins said beer and wine came down to an economic decision and giving Tyler residents a choice. He said there were, and remain, concerns about societal problems related to alcohol but that prohibition was negatively affecting responsible consumers and leaking revenues into other counties for decades.

“People had legitimate concerns, but it came down to a business issue,” he said. “There was a track record that showed other towns, especially suburbs around Dallas, had experienced all the positives and none of the negatives.”

Mullins said from a business perspective, legalization makes Tyler more attractive to retail businesses, young professionals who have not lived in areas with “wet-dry” jurisdictions and major employers who are looking for locations with all-around quality-of-life.

One major development, a Wal-Mart supercenter at Loop 323 and Texas Highway 31, in Justice of the Peace Precinct 4, hinged on legalization of alcohol there, he noted. It passed on the third try in that precinct and the Wal-Mart store is coming.

The city of Tyler estimated more than \$440,000 in sales tax revenue was generated via beer and wine sales from January through July of last year. As of November, sales tax revenues were up about 5 percent from the previous year.

An economic impact study by economist Ray Perryman reported beer and wine sales would generate more than \$100 million in new business activity, more than 1,600 jobs and almost \$5 million in local tax revenue.

Perryman said the estimates reported by the city were consistent (within half of 1 percent) with his projections.

“This result suggests that the Tyler area is experiencing the projected overall increment in sales stemming from a moderately expanded trade area and the spillover effect of people purchasing items other than alcohol as they shop,” he said. “From an economic perspective, the benefits that were anticipated are being achieved.”

By comparison, Coffee City and Winona sales tax revenues dropped 42 percent since beer and wine sales began in Tyler.

“It’s been disastrous,” Coffee City Mayor Ray Wakeman said.

Wakeman estimated legalization in Tyler had cost Coffee City about \$500,000 dollars in taxes, permitting fees and other alcohol related revenues. The city cut jobs and stores closed. Liquor and Lake Palestine are keeping other stores open and the town afloat, he said.

“If they ever sell liquor in Tyler, we’d have to shut the town down,” he said. “We’re keeping our heads above water, but the future looks tough.”

Bars and restaurants braced for dipping alcohol sales since beer and wine would be on store shelves across the city.

But On the Border restaurant manager Jason Hulsey said alcohol sales have remained steady. On the Border is consistently at or near the top of alcohol sales receipts for bars and restaurants in Tyler, according to the state comptroller's mixed beverage receipts.

Hulsey said restaurants had experienced sales dips in Dallas and other areas where local option alcohol elections had recently occurred. He said the Tyler location continues to be the top performer in his company's northeast Texas region.

"We prepared for that, but it never happened," he said. "People like the atmosphere. They like the patio. They like going to a bar."

People continued to go to bars and nightclubs, but the new option of purchasing at a store and consuming at home may have contributed to fewer alcohol-related crimes in Tyler, according to law enforcement.

Tyler Police Chief Gary Swindle said the department had maintained the same level of enforcement, but arrests for DUIs and public intoxication are down. DUIs were down 33 percent to 247 in 2013 versus 369 in 2012. DUI numbers have been steadily reducing since 2009, when 584 arrests were made.

Public intoxications were down 10.5 percent compared to 2012 though arrests in that category fell and then rose again that year. Liquor law violations, which range from a minor in possession to open container and bootlegging, were up 20 percent compared to 2012.

Swindle said the next few years will determine if 2013 was an anomaly.

"It's a trend we are monitoring and (the low numbers) might be an aberration, but I would potentially say that people are not driving as far to get alcohol or are going to the store and consuming at home rather than getting intoxicated at a bar and driving home," he said.