



QUESTION 3: ALCOHOL SALES AT CHAIN STORES

September 2022

EXECUTIVE SUMMARY

Anyone looking to sell alcohol in Massachusetts needs a license, and these licenses are tightly controlled — both by the state and by individual cities and towns.

Ballot Question 3 asks voters whether to change today's licensing rules, giving chain stores the opportunity to sell beer and wine in more locations while limiting their ability to amass liquor licenses. Question 3 would also selectively raise the fines for violations such as selling alcohol to minors.

It's the latest front in an ongoing battle to shape Massachusetts' policies around alcohol sales. And as part of our mission to help voters assess the costs, benefits, and risks of all state ballot questions, we have analyzed this initiative and found that:

- Question 3 would allow some chain stores to start selling beer and wine in more locations. But the overall impact on alcohol sales and consumption in Massachusetts would be quite limited — especially as there would be no change in licensing rules for bars and restaurants.

- Individual cities and towns would maintain the authority to limit licenses in their jurisdictions, which could complicate efforts by chain stores to expand beer and wine sales under this initiative.
- The new system for imposing fines would have a disproportionate effect on retailers that sell alcohol alongside other goods (like a supermarket or convenience store). This creates a powerful disincentive against illegal sales but may also raise fairness concerns.
- Whatever voters decide on Question 3, the broader fight over alcohol sales in Massachusetts is likely to continue, with more expansive ballot questions in the years ahead.

In the sections that follow, we provide some background on this ballot initiative, explain how it would alter current rules, and discuss the likely impact of “yes” and “no” votes.

THE ORIGINS OF QUESTION 3

Question 3 was built as a kind of compromise.

Back in 2020, chain stores were pushing a more aggressive ballot question that would not only have increased but actually eliminated the cap on the number of beer and wine licenses they could hold.

This effort was derailed by the pandemic. But heading into 2022, it seemed likely to be revived.

In preparation, opponents of unlimited licenses — led by liquor stores and wine shops — assembled the less dramatic alternative that has become Question 3.

In the end, though, the “eliminate the cap” approach was not reintroduced as a 2022 ballot initiative, leaving voters to consider Question 3 on its own.

WHAT QUESTION 3 WOULD DO

This ballot question has a number of interlocking provisions. It would:

- Gradually double the number of beer and wine licenses that any chain store could hold, from the current nine to as many as 18 by 2031.
- Reduce the number of all-liquor licenses (which include hard spirits) any chain could hold to seven. Those few retailers who already have more than seven all-liquor licenses would be allowed to keep them.
- Change the way fines are calculated for license violations such as selling alcohol to minors, allowing consumption on premises, or failing to ensure face-to-face transactions. Violators can generally choose whether to accept a suspension of their license or pay a fine “in lieu of suspension.” Under Question 3, the size of this fine would no longer be based on the store’s alcohol sales but instead on its total sales — which has

outsized implications for food stores and larger retailers.

- Mandate that all retail alcohol sales must involve a “face-to-face transaction”; i.e., no self-checkout. Valid out of state IDs would be accepted in these transactions, as is common around the country.

IMPACT OF “YES” AND “NO” VOTES

A Yes Vote

If passed, Question 3 would have a real but limited impact on the landscape of alcohol sales across Massachusetts.

To begin, it would allow interested chain stores to expand beer and wine sales to more locations. Note, however, that very few chains even approach the current limit of nine licenses, including familiar names like Cumberland Farms and Ocean State Job Lot. This may suggest limited demand (or capacity) for amassing more licenses.

Even if passage of Question 3 enticed other chains to expand beer and wine sales, any increase in licenses would still be constrained by local rules set by individual cities and towns.

Capping the number of all-liquor licenses at seven should have a similarly limited impact, as again there are very few liquor stores currently pushing against that limit.

And while a face-to-face requirement for liquor sales may limit store automation to some degree, very few stores are looking to fully eliminate in-person check out.

Perhaps the most uncertain element in Question 3 is the new calculation for “fines in lieu of suspension.” Under the current structure, stores face a choice when their license is suspended: stop all alcohol sales for the duration of the suspension or petition to pay a fine proportional to the alcohol-related profits they expect to lose during that closure.

Under Question 3, the fine would instead be keyed to total expected profits during the suspension — not just the profits from alcohol-related sales. This change wouldn't affect liquor stores, since they only sell alcohol. But it makes a vast difference for general retailers.

Imagine a supermarket facing a one-week license suspension for illegally selling beer to a minor. With Question 3 in place, the store would have to choose between: a) temporarily shutting down beer and wine sales; or b) paying a fine proportional to the profits it could lose by shutting down the entire store, which includes not just alcohol sales, but also groceries and pharmacy goods and beyond. Such a fine could dwarf the cost of suspending beer and wine sales, making it hard for retailers to choose the “fine in lieu of suspension” option that liquor stores would still have.

Now, one virtue of this approach is that it creates a strong incentive for retailers to avoid license violations and simply follow the rules. But it also seems to raise potential fairness questions.

A No Vote

If a majority of voters reject Question 3, the state's current licensing limits would not change.

Instead, there would be a general continuation of the current mix of sellers, price competition, and convenience.

FINDING A DURABLE SOLUTION

Whatever voters decide — yes or no — Question 3 will not be the final word on liquor licenses and alcohol sales in Massachusetts. This is an issue that has inspired ballot initiatives across several decades, from the 2006 effort to create a wine license for food stores to the 2010 repeal of the sales tax on alcohol to the withdrawn 2020 proposal to uncap licenses.

Possibly, Question 3 will trigger a six-year pause, because Massachusetts law precludes ballot

initiatives that are “[substantially the same](#)” as measures from the last two cycles. But even this is uncertain, as there's limited guidance on what counts as “substantially the same.” Counter-proposals are likely to be tested as soon as 2024.

Hopes for a long-lasting solution lie principally with the Legislature, but license reform is both a relatively low priority and an extremely thorny issue — involving competing interest groups and delicate interactions between the state and municipal authorities.

If Question 3 does pass, one step the Legislature might consider is clarifying whether the new calculation for fines applies to restaurants, as there is some ambiguity on this point.

CONCLUSION

If approved by voters, Question 3 would adjust Massachusetts' rules for retail alcohol sales, allowing chain stores to expand beer and wine sales to more locations while capping the availability of full liquor licenses.

Any effect on alcohol sales, consumption, and consumer convenience would likely be limited, given that the question only deals with retail chains (rather than bars or restaurants) and would still allow municipalities to control local licenses.

Question 3 would also introduce a new formula for calculating fines, which seems to create disproportionate penalties for grocery and convenience stores that sell goods other than alcohol.

We at the Center for State Policy Analysis do not take a position on Question 3 — or any ballot initiative — but we hope this brief gives voters the information they need to make a sound decision on this important issue.



Contributors

In assembling this report, the Center for State Policy Analysis consulted a number of parties on both sides of Question 3. The final contents reflect our best judgment.

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