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Wine bill debate already hurts economy

By Chris Churchill
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Brothers Dan Nickels, left, and Tim Nickels own DNT Express in Menands. (Times Union archive photo)

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Menands

Last Sunday, I wrote about a ridiculous proposed law that would require wine sold in New York to first be warehoused in the state. Today, let's see how the bill is affecting one upstate company.

That would be DNT Express, a wine transporter based in Menands. Owners Tim and Dan Nickels want to expand their western New York location by 50,000 square feet — but won't until lawmakers have killed the proposed wine "at-rest" legislation.

How about that?

The bill hasn't even passed, and it's already hurting the upstate economy.

As I said last week, the legislation is sponsored by state Sen. [Jeff Klein](#), a Democrat from the Bronx and co-leader of the Senate. Klein says the bill will create hundreds of warehouse jobs in New York.

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Maybe it will. But critics — and I'm certainly one of them — believe the law would kill just as many jobs at other locations. And it will hurt consumers by raising the cost of wine and reducing the selection available in many restaurants and stores.

"You're going to see a lot of brands fall out of the marketplace," said [Tom Wark](#), head of the [American Wine Consumer Coalition](#) in Washington, D.C.

Plus, the proposal just has it backward: Instead of creating conditions that will make businesses *want* to locate in New York, Klein and other supporters are seeking to *force* wine distributors to locate operations here.

The proposal is friendly to big business, but would be deadly for small distributors, who mostly use New Jersey storage space and can't afford the cost of additional warehouses.

In Menands, [Tim Nickels](#) has a name for those small distributors: Customers. They account for 80 percent of DNT's business.

"I think a lot of them will close down if the law passes," Nickels said.

DNT trucks pick up wine in New Jersey, among other locations, and distribute it to stores statewide. The business is growing rapidly: In 2008, DNT had 23 employees. Today, it has 52.

The Nickels brothers are expanding their transfer space at the Capital District Farmers Market, and they want to do the same in Wayne County, near Rochester. But thanks to Sen. Klein, that \$2.5 million investment has been on hold.

"We're willing to gamble on one project," Tim Nickels told me. "But we can't gamble on both."

Here's a bit of good news: [Dean Skelos](#), the Republican who shares Senate leadership with Klein, last week said he doesn't support the proposal. That most likely means it's dead — at least for now.

"I think it would raise the cost to consumers," Skelos said during an interview on [Susan Arbetter's](#) public radio program.

Now, some at the Capitol would have you believe that if legislation dies, it does no harm. But that perspective doesn't jibe with life in the real world.

[Klein's](#) proposal caused a great deal of anxiety in New York's wine industry.

Many of the state's wineries, for example, depend on small distributors to get their product to market, while restaurants and retailers worried about reduced selection and higher prices.

How many of those businesses followed DNT's path and delayed expansions that would employ more people? How many felt forced to spend time and money to lobby the Legislature against the bill?

And that brings me to a key consideration: Campaign contributions.

As I said last week, most observers agree that two big distributors — Empire [Merchants and Southern Wine & Spirits](#) — would be beneficiaries of Klein's proposed law, because it would quash their competition. And wouldn't you just know that Empire and its top executives in recent years have donated \$53,000 to Klein and an additional \$31,000 to other components of his Independent Democratic Conference.

Maybe only a cynic would suggest that pay-to-play culture still rules in Albany. And maybe only a cynic would believe that Empire and Southern's overall generosity to lawmakers — [Democrats](#) and Republicans alike — explains why the wine at-rest legislation never goes away.

The wine industry feels especially threatened by Klein's proposal, because of his leadership position. But other versions of the bill have repeatedly popped up in recent years, never passing but nonetheless forcing opponents to play defense with campaign donations of their own.

See how the game works?

If the Legislature decides a bill is bad policy and puts it to rest, nobody keeps giving. But if controversy continues, lawmakers keep getting donations from both sides of the debate.

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