

WSJ.com

NOVEMBER 2, 2008, 9:30 P.M. ET

Irving, Texas, Alcohol Ban Faces Nov. 4 Challenge

By DAVID KESMODEL

IRVING, Texas -- Scores of communities in Texas and other states have loosened their restrictions on alcohol sales in recent years, but this Dallas suburb of 200,000 has been a glaring exception to the rule.

Twice in recent years, Irving voters have rejected proposals to allow the sale of beer and wine in grocery stores and other retail outlets. Irving has long permitted the sale of alcohol in bars and restaurants, but it is the largest city in Texas that continues to ban sales in stores throughout its city limits, according to the Texas Alcoholic Beverage Commission.

Now, proponents of changing Irving's laws think they have a new weapon in their corner as voters revisit the issue again Tuesday: intense voter interest in this year's presidential race. Heavy turnout, especially among younger voters, could tip the scales in favor of the measure, which was defeated by a margin of 52% to 48% in 2006.

Proponents are also counting on another weapon: a pair of Texas political strategists who have built a thriving business spearheading pro-alcohol measures across the Lone Star State.

John Hatch, 44 years old, and Sissy Day, 65, have advised business or civic leaders in more than 70 Texas communities on efforts to revamp alcohol laws. In turn, they have helped make the state a lot less dry.

The two have worked together since 2003, when a new state law made it easier to place proalcohol initiatives on local ballots. Ever since, they have courted consulting contracts to run petition drives, and, if those succeed, to urge voters to say yes on Election Day. The two plot strategies for finding enough people in a community to sign a petition to get a pro-alcohol bill placed on the ballot. If they are successful, they then create marketing materials to promote the measure before an election--often using mailers--and work with local leaders to identify teams of people to rally voters before and on Election Day.

Often, they do detective work to find out who is backing the opposition. Sometimes, it turns out to be alcohol retailers in nearby wet towns that fear the loss of business. In Irving in 2006, a Dallas-area convenience store chain that sold alcohol helped finance the city's opposition group, Irving First.

The team has been involved in about 140 referendums and claims a success rate of about 80%. Their company, Texas Petition Strategies Inc., brings in annual revenue of about \$2 million, says Mr. Hatch, a beer drinker and churchgoer.

"When we started, I thought this had about a three-year life, but I've been proved wrong," said Ms. Day, while driving her Lexus to a campaign breakfast recently.

But Irving represents one of the duo's biggest challenges. Mr. Hatch and Ms. Day first worked with proponents of the pro-alcohol measure here in 2006, suffering a rare defeat, but they improved the outcome from 2004, when it lost by a margin of 63% to 37%.

If Irving residents approve the beer-and-wine proposal, it will mark a big victory for chain retailers such as <u>Wal-Mart Stores</u> Inc. and <u>Kroger</u> Co., which have been pushing for more favorable alcohol laws across Texas. QuikTrip Corp., a convenience-store chain, Wal-Mart and Kroger have helped finance the political action committee spearheading the pro-alcohol effort here. Chain retailers have been supporting such efforts in Texas because selling alcohol generates relatively high profit margins.

Proponents of changing Texas alcohol laws also argue that legalizing alcohol sales bolsters salestax revenue and limits the need to raise property taxes, an argument that has carried more weight with voters than objections based on moral concerns or quality-of-life issues. About 300 alcohol elections have been held in Texas in the last five years, and about 80% have passed, according to the state alcohol commission. Irving is one of more than 40 pro-alcohol measures on ballots across Texas on Tuesday, the agency says.

Texas is the focal point of a wider shift toward more lenient alcohol laws across the U.S. Alabama, Mississippi and New Mexico are among at least a half-dozen states where communities will vote Tuesday whether to loosen their alcohol laws, according to the Distilled Spirits Council of the U.S., a Washington, D.C., trade group. A half-dozen communities in North Carolina last year passed laws that made them "wet" in some fashion, as did certain towns in Ohio, Georgia and Kentucky.

In Irving, the committee advocating the referendum is made up of business leaders who think beer-and-wine sales will both help existing retailers thrive and help the city attract retailers that otherwise wouldn't come here.

"We feel pretty positive" about this year's vote, says John B. Watson, treasurer of the proponents' political action committee. "The trend in Texas is very clear."

Mr. Watson says Irving residents today drive to Dallas or other neighboring communities to get alcohol, so the city bears the social costs associated with alcohol whether or not sales happen here. "We'd like to get the sales-tax benefit," he says.

But Irving has proved to be an unusual case because it is almost two cities. North Irving, where Mr. Watson's group draws much of its support, is a major commercial center and includes a number of affluent, gated communities and other deed-restricted areas. South Irving, by contrast, is older, more middle class, and has a heavier concentration of strip malls and convenience stores.

Irving First, the citizens' group, argues that permitting beer and wine sales will diminish the quality of life in south Irving, while having little negative impact in the northern part of the city. South Irving would account for 128 of the 161 existing convenience stores, grocery stores and other retailers that would be able to sell beer and wine, says Clyde DeLoach, a 72-year-old retiree who lives on the south side and is a member of Irving First.

If those stores begin selling alcohol, they could draw loiterers and raise crime levels, says his wife, Ms. Beca DeLoach, 64. "We currently don't have panhandling, underage drinking and loitering," says Ms. DeLoach, who, like her husband, is Baptist and abstains from alcohol.

Write to David Kesmodel at david.kesmodel@wsj.com