



WINE AND SPIRITS WHOLESALERS OF CONNECTICUT, INC.

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**TESTIMONY OF
WINE AND SPIRITS WHOLESALERS OF CONNECTICUT
Before
THE GENERAL LAW COMMITTEE**

Opposing:

Proposed S.B. No. 312 AN ACT CONCERNING THE SALE OF HARD CIDER VIA THE INTERNET. (Calendar item 5)

Proposed S.B. No. 516 AN ACT CONCERNING FARM WINERIES. (Calendar item 10)

Proposed H.B. No. 5116 AN ACT CONCERNING THE SALE AND SHIPMENT OF HARD CIDER AND APPLE WINE. (Calendar item 12)

The members of the Wine and Spirits Wholesalers of Connecticut (“WSWC”) **oppose** **Proposed S.B. No. 312 AN ACT CONCERNING THE SALE OF HARD CIDER VIA THE INTERNET and Proposed H.B. No. 5116 AN ACT CONCERNING THE SALE AND SHIPMENT OF HARD CIDER AND APPLE WINE.** While most beverage alcohol products are distributed through the Three Tier System, products manufactured by Connecticut Cider Manufacturers are an exception to the rule. Connecticut General Statutes Section 30-16(c) provides, in pertinent part:

“A manufacturer permit for cider not exceeding six per cent alcohol by volume and apple wine not exceeding fifteen per cent alcohol by volume shall allow the manufacture, storage, bottling and wholesale distribution and sale at retail of such cider and apple wine to permittees and nonpermittees in this state as may be permitted by law...” (emphasis added)

Thus, a Connecticut Cider Manufacturer is currently permitted to operate at all three levels of the Three Tier System, and therefore has a competitive advantage over other manufacturers, wholesalers, package stores, restaurants and bars. Only Farm Wineries and Brew Pubs enjoy such similar competitive advantages as granted by statute.

Expanding the privileges of in-state Cider Manufactures will, pursuant to the United States Supreme Court’s holding in the Granholm case¹, necessitate a similar expansion of

¹ Granholm v. Heald, 544 US 460 (2005). The Court in Granholm held that the Dormant Commerce Clause of the United States Constitution prohibited states from treating wine produced within the state differently than wine produced outside of the state.

privileges to out-of-state producers. Connecticut wholesalers and retailers have already suffered from the recent legislative changes² which have enabled the internet and mail sales of wines. Due to the inherent under reporting of interstate sales and the inability to audit such sales there is scant actual data; however, such sales are estimated to be 10% of all wine sales with half of those sales not being report to the appropriate state regulating bodies.

Secondly, because it is nearly impossible for local police and other law enforcement officials to monitor whether or not an alcoholic beverages delivered to the home or work place are being delivered to a person over the age of 21 and that the excise and sales taxes have been paid. There are approximately 1200 licensed package stores within the state and over One Million households. By permitting internet sales of cider within the state, the points at which police will have to monitor such sales will increase nearly 850 times –an impossible task.

Lastly, the WSWC believes that the appropriate regulatory goal should be to closely control and regulate the sale and distribution of beverage alcohol so as to prevent sales to minors, eliminate drunk driving, preserve state tax revenue (both excise and sales taxes) and retain and grow Connecticut jobs. The WSWC has demonstrated its commitment to these goals through its Community Relations Program whose mission it is to stamp out underage drinking and drunk driving. To date the CRP has: trained over 650 servers, aired over 1000 PSA spots (both radio and TV) and organized 5 significant public service campaigns such as, “Boat Safe Boat Sober” and “Holiday Tips.” These proposed bills, while facially they may appear to have limited impact, are a move in the opposite direction from these objectives.

The members of the Wine and Spirits Wholesalers of Connecticut (“WSWC”) **oppose Proposed S.B. No. 516 AN ACT CONCERNING FARM WINERIES** for three reasons. First, the proposed bill seek to equalize the limits that an in-state and out-of-state wineries can sell to consumers. It appears that such limits are already equal and thus the WSWC is unclear as to why any such revision is required. The Farm Winery Permit (CGS Sec 30-17(e)) and the Out-of-State Shipper Permit (used by out of state wineries to import wine into Connecticut, CGS Sec. 30-18 and 30-18a) all set the limit as follows: “...not ship more than five gallons of wine in any two-month period to any person in this state ...”

Second, it seems unfair to prohibit package stores, who compete with farm wineries for retail sales from selling gift baskets with food items³ and yet grant such privilege to farm wineries.

Third, as the WSWC noted above with respect to the expansion of cider to internet sales, the WSWC believes that the appropriate regulatory goal should be to closely control and regulate the sale and distribution of beverage alcohol so as to prevent sales to minors, eliminate drunk driving, preserve state tax revenue (both excise and sales taxes) and retain and grow Connecticut jobs. The WSWC has demonstrated its commitment to these goals through its Community Relations Program whose mission it is to stamp out underage drinking and drunk driving. To

² PA 05-274.

³ CGS Sec. 30-20 “...such [package] store may sell ... (4) gift packages of alcoholic liquor shipped into the state by a manufacturer or out-of-state shipper, which may include a nonalcoholic item in the gift package that may be any item, except food or tobacco products, provided the dollar value of the nonalcoholic items does not exceed the dollar value of the alcoholic items of the package...”

date the CRP has: trained over 650 servers, aired over 1000 PSA spots (both radio and TV) and organized 5 significant public service campaigns such as, "Boat Safe Boat Sober" and "Holiday Tips." The proposal to expand what is permissible for a farm winery to sell, while facially they may appear to have limited impact, is a move in the opposite direction from these objectives. While facially this proposed bill may appear to have limited impact, it is a move in the opposite direction from these objectives.

The members of the Wine and Spirits Wholesalers of Connecticut are a key link in the 3-Tier System which controls the distribution of beverage alcohol in this country. They purchase beverage alcohol from suppliers and manufacturers and then market and sell those products to licensed retailers – restaurants and package stores. The members of the WSWC:

- are licensed and regulated by the state of Connecticut and the federal government;
- are responsible to insure that the wines and spirits brought in to the state by manufacturers and importers are sold and distributed only to licensed retailers (package stores and restaurant);
- pay to the state in excess of \$35 million dollars in state excise taxes;
- assist the Department of Revenue Services in the collection of Sales and Use Taxes, in excess of \$114 Million Dollars annually;
- provide in excess of 1,400 direct jobs to Connecticut residents; and
- contribute in excess of \$150 million dollars in direct and in direct benefits to the state's economy.⁴

The members of the WSWC are committed to ensuring that the best possible safeguards to prevent the sale of beverage alcohol to minors are in place and adults of legal drinking age consume beverage alcohol responsibly, while at the same time providing an efficient method of distribution which provides access to a wide variety of quality wine and spirits from all over the world.

Respectfully submitted,

Peter A. Berdon

⁴ All statistics are for FY 2006/2007

Alcohol and Water Don't Mix

-The Day, New London
June 6, 2008

BOAT SALE



Area police on the lookout for
unsafe boating practices
-Register Citizen, Litchfield County, July 6, 2008

Groups team
to promote
boater safety

-Connecticut Post, Bridgeport
June 3, 2008

BOAT SOBER

For you...and for them



Liquor group tackles
underage drinking

-New Haven Register, Jan. 29, 2008



Contest to pick PSA for
alcohol awareness

-Record Journal, Meriden, Feb. 4, 2008



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www.DontServeTeens.gov

Officials team up for "We
don't serve teens" week
-NBC 30.com, Sept. 19, 2007

WSWC

Wine & Spirits Wholesalers of Connecticut Community Relations Program

A YEAR OF SUCCESSES