

Good afternoon Senator Colapietro, Representative Shapiro, Senator Witkos, Representative Bacchiochi, and Members of the General Law Committee. My name is Jeffrey Lipton and I am here representing Joanna's Café and Pleasant View Café in Somers, CT.

Thank you for the opportunity to provide testimony in support of Proposed Bill 5948, AAC Beer Distributors. I along with my wife and some 30 employees currently operate two restaurant and banquet facilities in the town of Somers. My wife and I have operated for over 10 years as a small family held business in the town of Somers.

When we first obtained our liquor license we were given a book by the consumer protection liquor division which lay out in detail the laws that govern such permits. In that book was state statute 30-63. That particular portion of law related to pricing and discounts to retailers called posted offs. Paragraph B of the statute was quite specific. No manufacturer, wholesaler or out of state shipper permittee shall discriminate in any manner in price discounts between one permittee and another on sales or purchases. This statute represented fair treatment between purchasers of beer and alcoholic products.

Notwithstanding this statute we were totally shocked to learn last fall that we no longer would be allowed to purchase certain wholesale posted off beer products from one of our distributors because of an amendment to this statute that was adopted in July of 2007. The amendment stated: **NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO PROHIBIT BEER MANUFACTURERS, BEER WHOLESALERS OR OUT OF STATE SHIPPERS FROM DIFFERENTIATING IN THE MANNER WHICH THEIR PRODUCTS ARE PACKAGED ON THE BASIS OF ON SITE OR OFF SITE CONSUMPTION.**

This change, although looking quite harmless, was anything but harmless. It opened a window of opportunity to allow just what the statute originally protected us from. The beer manufacturer could now legally discriminate. They now could sell beer in a different box to the restaurant vs. the package store, allowing substantial discounts to the package store and denying it to our restaurant. Fair and equitable? Far from it. At the time we were told that a change in the law would keep us from purchasing certain posted off beer products because the discounted beer could not be sold to a restaurant only to a package store.

The fact of the matter is Senate Bill 1172 allowed beer manufacturers to basically discriminate against any permittee who sells beer for on site consumption, meaning a Restaurant, or Banquet hall. This seemed quite ridiculous having those establishments which employ thousands of residents being treated differently then a package store. In fact the change in the statute allowed the beer manufacturer the option of denying its discounts to on site consumption businesses by packaging the beer differently. The purpose of the original Statute was to assure that all permittees would be treated equally and no discrimination of one against the other would be tolerated.

The irony is we currently have three beer wholesalers who deliver to our establishments and although two of the bottlers have yet to take advantage of this law, sooner or later they will. The Budweiser Beer manufacturer is currently the only one who has utilized this legislation to take a substantial discount away from us. The identical bottle of beer is packaged in two different boxes and guess what the three dollar discount that is offered on the Red and Blue box is not allowed on the brown box that we can purchase. This is absolutely absurd. They also now produce two price sheets. The loss in revenue to our business because of this is substantial and we are small.

Imagine how many lay-offs will be coming to those restaurants facing tough economic times this year because of a little paragraph that someone slipped in to a bill, a bill which modified a basic fair trade statute and now allows large out of state beer manufacturers to prohibit the same discounts awarded package stores to restaurants.

The part of this amendment that changed the original statute does nothing to further business in this state. The package store that receives this discount does not pass it along and they use the savings to increase the bottom line. So why take this increase in potential revenue away from my business and my family. Please recognize the unfairness of this and please put some sanity back into statute 30-63 and help our small business owners survive. I respectfully request that the committee act favorably on this legislation and restore the integrity of the original intent of the law.

Thank you for your time.