

Connecticut Competitiveness and Sunday Package Store Openings

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To the

Connecticut General Assembly, Legislative Program Review and Investigations Committee

Allowing package stores to be open on Sunday is a critical element in any package store's ability to serve its customers. Today's consumer demands convenience. The dual income couple today is the norm, rather than the exception. Nearly 76% of women under the age of 64 living in Connecticut are in the labor force.ⁱ

To fit modern lifestyles, retailers in Connecticut have been allowed to be open on Sundays since the 1970's. Today, Sunday is the second busiest shopping day of the week.ⁱⁱ Thus, any business that cannot be open on Sunday is at a decided competitive disadvantage.

Both econometric studies and real world examples indicate that states can expect increased sales and the new excise and sales tax revenues that accompany an increase in economic activity when Sunday Sales are implemented. A study published in the National Tax Journal by economist Mark Stehr demonstrated that Sunday sales increased per capita spirits volumes by 4% to 7%.ⁱⁱⁱ Based upon the Stehr estimates, Connecticut could expect between \$1.6 and \$2.8 million in new tax revenues from distilled spirits alone.

The Stehr study is consistent with real world examples. While Connecticut concluded that the Massachusetts saw no increase in spirits sales from Sunday openings, there analysis relied solely on an analysis of Massachusetts tax records. It is difficult to derive Sunday Sales impact from state tax records alone. First, there are sometimes timing issues with regard to when excise taxes are paid verses when sales take place and, secondly excise tax receipts include sales from both on-premise (restaurants and taverns) as well as off-premise (package store) sales.

However, there are 18 states that grant themselves a monopoly on the distribution and, in some cases, retail sale of distilled spirits. In many of these states complete data is available from which to analyze the impact of recent Sunday openings. Of the 18 states having monopoly control of spirits, five (Oregon, Pennsylvania, Ohio, Washington and Virginia) have begun allowing Sunday sales in some fashion since 2002. A 2007 analysis of sales data showed that these states had experienced a 4.4% volume increase on limited store openings.^{iv} These actual figures are consistent with the Stehr results and in some instances (Virginia for example) are based upon only limited geographic or store openings.