

Good afternoon and thank you for giving me this opportunity to speak before the committee. My name is Edward Stringham and I am a visiting associate professor of American business and economic enterprise at Trinity College. One of my areas interest is beverage alcohol where I have had several studies published. Having followed the Sunday sales debate in the paper for some time I thought that I might share some of my thoughts with you.

First, let me say that it is surprising to me that ¾ of a century after the end of Prohibition that we are having this debate at all. Earlier this month, the mayors of Hartford, Bridgeport and New Haven issued a statement endorsing Sunday alcohol sales, and pointed to a study by the General Assembly's Program Review and Investigations Committee determining that the state stands to gain up to \$7-\$8 million annually in new tax revenue. In reviewing the published research on Sunday sales and doing some basic calculations based upon the current size of the Connecticut market place leads me to believe that the \$7-\$8 million estimates are entirely reasonable.

The retail value of alcohol purchased through package stores in Connecticut is around \$1 billion. Thus, the state would currently collect \$60 million in sales from off-premise sales of beer, wine and spirits. Off-premise sales exclude restaurant and bar sales that are already open on Sunday. Additionally, the Department of Revenue Services show that Connecticut collected over \$42 million in excise taxes on alcoholic beverages in the last fiscal year. We would expect that around 75% of those sales would have come from off-premise outlets or almost \$32 million. So the state currently collects around \$92 million in both excise taxes and sales taxes from off-premise alcohol sales. Knowing what the state currently collects makes it easier to understand why the PRI projections are reasonable.

A 2007 study published in the National Tax Journal Mark Stehr found that statewide volumes were suppressed by between 4 and 7% from off-premise Sunday sales bans. But, the author of the study looked at the impact on total alcohol sales, not just off-premise sales. When I adjust his volume ranges to account for the fact that all of the impact will be at off-premise establishments the off-premise impacts are between 5.5% and 7.0%. Additionally, depending upon the model used, distilled spirits could go as high as 9.5%. And, when Stehr looked specifically at distilled spirits in Connecticut he projected a 10.4% total volume lift or a 13.9% increase in off-premise distilled spirits sales. Growing the current \$92 million in current tax collections by just 7.6% would yield \$7 million in new tax revenue.

Obviously, these are economic projection. I am not certain how the numbers in the PRI report were calculated. However, given the size of the market and demonstrated impact in other states I believe that the PRI report figures are reasonable. And, fortunately, with one of the highest levels of household income in the country, not everyone in Connecticut is drinking \$10 bottles of vodka. Even coming out of a recession, I suspect a few of us in the room might have a bottle or two of \$40 scotch in the liquor cabinet. Additionally, I suspect that anyone drinking \$10 bottles of vodka probably has the time to make it to the liquor store during the week. They are not the target market for Sunday sales.

Beyond the numbers, allowing Sunday sales amounts to not pouring our dollars into other states every Sunday.

Right now, Connecticut likely loses millions in state tax revenue every year from residents crossing into New York, Massachusetts and Rhode Island to buy alcohol on Sundays. Ending the massively inconvenient restriction would keep Connecticut residents shopping in-state instead of out of state. It's also important to note that when customers cross the border to pick up tequila for Sunday night margaritas or beer for the football game, they're also buying gas, grabbing lunch or even shopping at the mall. Connecticut loses out on all that peripheral revenue as well.

Keeping these customers in Connecticut on Sundays means more tax revenue for the state. Every time a customer buys alcohol in Connecticut instead of another state, the treasury collects a variety of taxes and fees.

In fact, the only people who should be upset about Connecticut allowing Sunday sales are the package store owners on the borders in New York, Massachusetts and Rhode Island.

Further, Sunday is the second busiest retail shopping day of the week. By denying Sunday shoppers the opportunity to buy a particular item, the state arbitrarily prevents potential in-state customers from purchasing products that are available every other day. Believe it or not, there are a fair amount of people in Connecticut who have only Sundays available for shopping trips — I being one of them — and, no I don't buy \$10 bottles of vodka.

Ultimately, the decision to offer Sunday sales should be just another business matter such as how to price items, which products to stock and what color to paint the walls. It is, after all, a store owner's choice whether or not to open, if Sunday liquor sales were to be allowed. Some store owners, those not in highly trafficked areas, will choose to remain closed. Store owners along the border will no doubt open to compete with neighboring businesses.

In short, Sunday sales are simply another tool for liquor store owners to use at their discretion. Modern entrepreneurs flourish when given the flexibility to better compete — and that certainly is to the benefit of Connecticut's economy.