



March 7, 2011

Comments of Carol A. Martel, Northeastern Counsel, Wine Institute, in opposition to the excise tax on wine and other alcoholic beverages contained in SB 1007, AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE.

On behalf of Wine Institute, an association of over 1,100 California wineries and affiliated suppliers dedicated to advocating the responsible consumption and enjoyment of wine, we respectfully submit these written comments in opposition to the excise tax increase on alcoholic beverages contained in SB 1007, AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE.

The proposed wine excise tax increase ultimately harms responsible Connecticut citizens who choose to order wine in a restaurant or to purchase wine at a local package store by significantly increasing the price of wine. In the current economic environment, none of the tiers - winery, distributor, or retailer/restaurant - are in the position to absorb any additional cost, so any increased tax must be passed onto the consumer. Higher wine prices in restaurants and package stores will discourage Connecticut consumers from buying wine which in turn will harm Connecticut businesses that are already suffering in the current economic downturn.

The excise tax proposal in this bill unfairly harms wine consumers in Connecticut:

- Alcohol beverage taxes are regressive, disproportionately hitting those with lower incomes. Connecticut residents already struggle with high housing, food, and energy costs. Under this bill, they could be forced to pay even more for the simple pleasure of responsibly consuming wine.
- Data indicates that when taxes are imposed on specific products, overall sales decrease. If overall sales decrease, local package stores and restaurants are also negatively impacted. This bill could result in a reduction of the total wine tax revenue to the state and a boom for neighboring states who ALL have lower wine per gallon excise tax rates!

- New York \$0.30
- Massachusetts \$0.55
- Rhode Island \$0.60

- Excise taxes are inefficient and wasteful because they are levied at the producer level. Since the taxes are marked up by the distributors and retailers as the wines move through the three-tier system, they sometimes double by the time they reach the consumer.
- Scores of medical research reports show that moderate wine consumption reduces the risk of coronary heart disease and is healthful. Wine consumption in moderation saves on health care costs: the U.S. Department of Health & Human Services found that 6 to 13 glasses of wine per week saves on average of \$400 per year per wine drinker in Medicare expenses. Wine is a beverage of moderation. Its use should not be discouraged by tax increases resulting in higher wine prices to the consumer.
- Connecticut wine consumers already pay a disproportionate share of taxes through the existing \$0.60 per gallon excise tax imposed on wine. Most other products they buy do not carry such an additional tax burden.

The vast majority of the people who consume wine do so in a responsible, moderate manner. It is unfair to place on these consumers the burden of this tax increase.

We urge you NOT to increase the tax on wine sold in restaurants and package stores, unfairly harming Connecticut wine consumers and businesses.

Thank you for your thoughtful consideration.

Respectfully,

Carol A Martel
Northeastern Counsel
Wine Institute