

Connecticut Beer Wholesalers Association, Inc.

287 Capitol Avenue • Hartford, CT 06106
(860) 560-0000
Fax (860) 548-9984

Patrick J. Sullivan
Executive Director

Senator Daily, Representative Widlitz, and members of the Finance, Revenue & Bonding Committee, the Connecticut Beer Wholesalers Association (CBWA) respectfully submits testimony in opposition to Senate Bill 1007 An Act Concerning the Governor's Recommendations on Revenue.

Section 30 of Senate Bill 1007 calls for a 20 percent tax increase on beer and alcohol sold in Connecticut. CBWA asks that you reject this tax increase on beer. While we understand Governor Malloy's call for shared sacrifice, the beer wholesalers believe we have sacrificed already.

In 2009, the industry experienced financial set backs at the start of Connecticut's fiscal crisis. As you are aware, beer is the only alcoholic product required by the state to have a 0.5-cent bottle deposit. Until 2009, to assist the industry with the significant cost of operating the bottle bill, wholesalers retained the unclaimed bottle deposits. Yet the Connecticut General Assembly has since reversed this policy and voted to require beverage manufactures and wholesalers to remit the unclaimed bottle revenue to the state, leaving us to pick up the cost of this very expensive program.

In order to compete with neighboring states and other alcoholic products, it is critical that our prices remain competitive – but this policy change forced consumers to pay higher prices for beer, and essentially was a tax increase on the industry and on consumers in 2009.

Connecticut Beer Wholesalers share state government's desire to make Connecticut more competitive with neighboring states like Massachusetts, Rhode Island, and New York. However, recently that has become even more difficult. As of January 2011, Massachusetts repealed the sales and use tax on alcoholic beverages sold at package and liquor stores. Rhode Island lacks a bottle bill, which keeps the price of beer lower, while retailers in New York can often purchase beer at lower costs than Connecticut wholesalers. And all three states – Massachusetts, Rhode Island and New York – have lower taxes.

CBWA opposes the proposed tax increase and ask that you carve out the beer industry from this proposal given the price increase the beer industry and consumers already experienced in 2009, and given our all ready anti-competitive situation with neighboring states. Raising taxes on beer is just bad policy – bad for the industry, bad for the consumer, and bad for the state.

Thank you so much for your time.

Respectfully submitted.