

Testimony of **Jeff Kohut** concerning Raised H. B. 6264 – *An Act Authorizing the Sale or Dispensing of Alcoholic Liquor on Sunday* (to be entered into the record of the Public Hearing of the General Law Committee on 02/08/11)

Addressing the members of the General Law Committee, the Connecticut General Assembly (in particular, the **Bridgeport delegation**), the Governor, and the citizens of Connecticut, regarding H.B. 6264; this ill-conceived, ill-considered piece of Liquor Lobby legislation should never have been raised and must never be allowed to reach the Governor's desk; if it does, it must be vetoed...

As a person that reached and experienced adulthood during a period in which our state began experimenting legislatively with various levels of control of alcohol sales and consumption – from the sale of alcohol on Christmas and New-Years-Eve-Sundays, and the extension of the hours of retail sale, to the legalization of the purchase and consumption of alcoholic beverages by 18-year-olds, with the ultimate repeal of the first and latter provisions following their disastrous histories (e.g., the spike in Holiday-period, alcohol-related fatalities coinciding with the first year of the passage of the Christmas and New-Years-Eve Sundays Law...) – it is apparent that anything done to encourage the consumption of alcohol in this society will have disastrous effects... (Adequate studies haven't been performed to ascertain the full effects of the extended-hours-of-sale provision...)

Indeed, as the former director of a substance-abuse prevention and treatment advocacy coalition, I can say with confidence that all of the empirical and anecdotal evidence unequivocally indicates that no good can possibly come from the encouragement or facilitation of alcohol consumption by any segment of our society...

All of that being said, I admonish those addressed in this statement, especially this committee and Governor Malloy, to consider the following:

The results of a three-year study by The National Center on Addiction and Substance Abuse at Columbia University (CASA), ***Shoveling Up: The Impact of Substance Abuse on State Budgets***, revealed that in 1998, states spent, on average, 13.1% of their budgets on the effects of substance abuse.

While the assumption is usually made that non-alcohol drug abuse accounts for 40% of the total cost of substance abuse on our economy, poly-addiction studies indicate an underlying coincidence of alcohol abuse in 30% to 40% of all cases of illicit and prescription drug abuse. Applying basic mathematics to the preceding information, and taking into consideration alcohol's well-documented role as the primary *gateway* drug, it is clear that *alcohol abuse is probably responsible for upwards of 76% of the total economic cost of substance abuse in the United States...*

In terms of state budgets, applying the 76% alcohol-share to the 13.1% cost for all substance abuse, the math reveals that *alcohol-abuse-related costs account for 10% of all government spending at the state level!*

Making the very reasonable assumption that the basic findings of the 1998-released CASA study can be regarded as fundamental, and valid over time for use in budgetary considerations regarding substance abuse, the State of Connecticut can attribute approximately **\$3.8 billion** in expenditures in the current budget to the effects of alcohol abuse (roughly the amount of current estimates on the deficit)...

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A thesis on the contraindications of Sunday sales can be presented thusly:

- Alcohol sales can only result in negative income for the state...
- Banning alcohol sales on Sundays has a definite negative effect on consumption, and thus a positive effect in state budget terms -- as well as purely human terms...
- Revenue leaking-out of the state because of the Sunday sales ban is truly insignificant compared to revenue saved due to reduced statewide alcohol consumption...
- Intense traffic-safety policing of border areas on Sundays, with the consequent generation of fines to finance such policing, would discourage much of the alcohol-motivated border crossing of concern to Sunday-sales advocates...

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### Contextual Analysis of Alcohol-derived State Revenue

Data from the National Institute on Alcohol Abuse and Alcoholism (NIAAA) puts annual, per capita consumption of beverage ethanol -- pure alcoholic spirits -- in Connecticut at upwards of 2.17 gallons [the population segment used by the NIAAA is that of persons 14 years of age and older, which in Connecticut, by the 2000 Census, numbers 2,830,000 -- this number (as well as the NIAAA statistics) can be assumed to have held essentially constant between 2000-2010, with an only 3.3%/112,000 increase in population]. By category, the 2.17 gallons distributes as follows; 0.96 gallons of pure alcohol from beer, 0.47 gallons of pure alcohol from wine, and 0.73 gallons of pure alcohol from liquor.

The above figures translate into per capita, unit-consumption amounts of alcoholic beverages, by category, as follows (using standard alcohol concentrations): 171, 12-ounce servings of beer (average alcohol concentrations of about 6%); 109, 5-ounce servings of wine (average alcohol concentrations of 11%); 93 servings of hard liquor (containing one pure ounce of alcohol -- 2.5 ounces of liquor of 40% alcohol by volume).

The amount of revenue realized by the State of Connecticut through the sale of alcoholic beverages (based on calculations using the per capita amounts listed above) from the 6% state sales tax and CT state excise taxes of \$0.19/gal for beer, \$0.60/gal for wine, and \$4.50/gal for liquor, should have been about \$500,000,000 in 2010. If it is assumed that this figure corresponds to about \$3.5 billion of state-taxable income (from about \$8.2 billion in gross receipts on alcohol sales) at the highest rate of 5%, we can add another \$175 million to the \$500,000,000, with an additional \$260 million from the maximum 7.5% business tax on this amount, for a (high-estimate) total of about **\$935,000,000 in combined tax revenue related to all sales of alcohol for the year.** *This figure is less than 50% of the \$1.9 billion cost of alcohol abuse on our state budget for one year!*

***Thus, at present taxation rates, alcohol consumption costs us over 2X as much as it returns in tax revenue!***

Another way of looking at this situation is that **we have to spend over \$2 to address the negative effects of every dollar that we generate as a result of alcohol sales... Not a very lucrative fiscal situation!**

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In regard to the overall rationale for Sunday sales; the argument that border-states – with legal Sunday-sales – are stealing critical Connecticut revenue, is absurd. To the extent that statewide alcohol sales and consumption are discouraged by the Sunday ban – which they most certainly are, even in the border areas – it is a plus of \$2:1 for the state. From the stand-point of the reduction in human misery attributable to the reduction in alcohol consumption from the Sunday ban, a huge gain can be assumed from any impediment to excessive/impulsive alcohol consumption – the latter of which is the only reason why there would be any need to go through any trouble to purchase alcohol on a Sunday (given the amount of time during the rest of week when alcohol can be purchased...).

Thinking beyond Sunday sales and venturing into the a consideration of the absurdity of our alcohol taxation policy in the context of the costs to the state attributable to alcohol abuse; we truly need to implement a new alcohol-taxation formula that recovers an amount from alcohol taxation that is at least equal to the amount spent by the state on alcohol-related liabilities. As shown above, if the state were to adopt

such policy, the current, estimated budget-hole could be closed – and a surplus realized by the additional savings attributable to reduced consumption (see below).

[In a publication by the National Institute on Alcohol Abuse and Alcoholism (*Economic Perspectives in Alcoholism Research - Alcohol Alert No. 51*, January 2001; *Effects of Changes in Alcohol Prices and Taxes*), studies were cited in which price-tax increases were shown to have very significant effects in reducing alcohol abuse, with consequent substantial reductions in alcohol-related injury and death -- especially with hikes in beer prices (beer is the beverage most frequently involved in alcohol-related traffic fatalities...). It should be noted that real prices (including the tax component) for all alcoholic beverages, adjusted for inflation, have been declining steadily since the 1950's...]

In summation:

There is no sound fiscal argument for lifting the ban on Sunday alcohol sales in Connecticut; indeed, the fiscal-compass points in exactly the opposite direction. Inasmuch as alcohol is both the **primary gateway drug** and **primary drug of abuse** – with all of the fiscal and human implications thereof – having one day per week when alcohol doesn't flow as freely (especially a day following two days of traditional overconsumption), can only be a good thing...

The General Assembly and the Governor must say "no!" to the Liquor Lobby and must not pass H.B. 6264...

\*(The onus is on the Governor, General Law Committee, Finance Committee, and the Office of Fiscal Analysis, to put a stake through the heart of the Sunday-sales arguments and the Liquor Lobby while, at the same time, calculating and formulating redemption for our fiscal situation...)

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