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Testimony of Stan Sorkin, Connecticut Food Association

In support of RB6264: An Act Concerning the Retail Sale of Alcoholic Beverages on Sunday

Before the General Law Committee

February 8, 2011

Good afternoon Chairman Taborsak, Chairman Doyle, and members of the General Law Committee. My name is Stan Sorkin and I am the President of the Connecticut Food Association.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 250 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of large multi-store chains, regional firms, and single store independent supermarkets. CFA's 90 associate members include the supplier partners of its retail and wholesale members.

I am here today to voice the Connecticut Food Association's strong support for Senate Bill 084 to end the state's antiquated blue law ban on the Sunday sale of alcoholic beverages at our neighborhood grocery and package stores.

Connecticut is one of only three states in the entire country, and the only state in the Northeast that still prohibits the Sunday sale of alcoholic beverages at retail establishments. This ban is highly inconvenient for Connecticut's consumers and is also costing our stores and our state lost business and tax revenue. This is particularly true for our member stores near the border of neighboring states that have eliminated this blue law prohibition.

Connecticut's neighborhood grocery stores have safely and responsibly sold beer to our customers for years. Our member stores are already open seven days a week, yet they can only sell beer Monday through Saturday. This means lost sales and less convenience for our customers, particularly as Sunday has become the most popular shopping days of the week.

Lifting the current ban will mean more sales for all retailers- both package store and food stores-, which will, in turn, mean more hours for store employees and new jobs. The Distilled Spirits Council of the United States has documented that revenue has increased 5-8% when Sunday sales have been allowed. Increased sales will also create new sales tax revenue, new excise tax

revenue, and additional unclaimed deposit escheat revenue for the state. According to a recent Program Review and Investigations Committee report, Connecticut could see an increase of up to \$8 million in new revenue if the Sunday alcohol sales prohibition were repealed. We need this revenue to help close our state's budget deficit this year and in future years and to spare important social programs from deep budget cuts.

The retail industry is a seven day a week business. The retail industry is all about providing consumers with more choice and convenience. Ending Connecticut's outdated ban on Sunday alcohol sales will do just that. At the same time, there is absolutely nothing in this legislation that would prohibit package store owners from remaining closed on Sunday if they so choose. More importantly, it allows package goods and grocery stores located near the borders to compete on an even playing field for sales seven days a week. Why does Connecticut force a retailer to shutter his doors and deny him or her the opportunity to increase revenue? It's not fair in a free market economy.

As Edward Peter Stringham, Visiting Associate Professor of American Business and Economic Enterprise at Trinity College, wrote on Feb 27, 2010 in a Hartford Courant Your View Op-Ed piece titled "Not Just Booze Taxes Lost to Sunday Ban" and I quote,

"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.

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.”

In addition, I have attached a copy of a letter sent to the Governor and members of the General Assembly which address the myths put forward by the Package Store Association and the facts that contradict those falsehoods.

In conclusion, raising state revenue at the same time you are increasing retail sales is good for the economy and good for Connecticut.

For all of these reasons, I urge you to support Senate Bill 084 and the lifting of Connecticut's outdated blue law ban on the Sunday sale of alcoholic beverages.



January 28, 2011

Governor Dannel P. Malloy
Senate President Donald Williams
Speaker Christopher Donovan
Distinguished Members of the Connecticut General Assembly

Dear Honorable Governor Dannel P. Malloy and Members of the Connecticut General Assembly,

There is currently a spirited debate occurring among lawmakers, business owners, and concerned consumers; a debate about whether to repeal Connecticut's Blue Laws. As one of only three remaining states in the nation which still adheres to this antiquated practice, Connecticut can benefit from looking at evidence to measure the effects of lifting Sunday off-premises sales bans on alcoholic beverages.

This issue is a matter of fairness. Fairness to consumers—who are currently prohibited from buying certain commodities on Sundays. Fairness to Connecticut businesses—who are denied the ability to conduct business on Sundays and therefore lose significant income to nearby stores across state lines. Yet there are many inaccuracies clouding the debate. **It's time to separate fact from fiction.**

Myth: Lifting the Sunday ban would not bring new revenue to the state by way of state sales taxes.

Fact: According to a December 2009 report issued by the Connecticut General Assembly's Legislative Program Review and Investigations Committee, the state could see an increase of up to \$8 million in new revenue if the Sunday alcohol sales prohibition were repealed.ⁱ Furthermore, Colorado, the latest state to eliminate the ban on Sunday Sales, saw revenue increase 6%.ⁱⁱ According to the Distilled Spirits Council of the United States, states that lift the ban on Sunday sales see a 5 percent to 8 percent annual sales increase.ⁱⁱⁱ In light of our current budget deficit, this would be welcome income to help fill the gap in funding for crucial social service programs.

Myth: Lifting the ban would have a negative financial impact on Connecticut businesses.

Fact: Many grocery and liquor store owners near the Connecticut borders report a loss of sales to businesses just over the state line, and frequently voice their concerns about this to local media outlets and their elected officials. The state and Connecticut businesses also miss out on peripheral sales and taxes. When customers cross the border on a Sunday to purchase alcohol, they're also likely to buy gas, lunch, or make other purchases to cut down on the amount of driving during their shopping trip.^{iv} Thus, it's difficult to calculate just how great the loss in local revenue truly is.

Myth: It's inconvenient for small businesses to stay open on Sunday.

Fact: Nearly every other industry has the option to remain open seven days a week. Lifting the ban would not require any stores to stay open on Sundays; it would merely give all stores the choice and freedom to open if they so choose. Consumers deserve convenience, and shouldn't have to drive just over the state border on certain days of the week in order to purchase alcohol.

Myth: Many small, family-owned liquor stores have limited overhead for staffing, and staying open on Sunday would cause them to lose money, potentially leading to layoffs and eventually forcing them out of business.

Fact: Sunday is the most important shopping day of the week, and stores are missing out on crucial income which would augment their business. There is no evidence of package store closings in other states which have repealed their Blue Laws in recent years. In actuality, this option to remain open would lead to more paid hours for package and grocery store workers, helping to stimulate the job market. Furthermore, many of the same individuals who say that small stores would lose money if they had to stay open on Sunday also argue that if they were to stay closed, could be forced out of business if their Sunday shoppers shop elsewhere—meaning there must be \$\$\$ involved. They try to have it both ways.

Myth: Allowing Sunday sales would increase the occurrence of alcohol-related accidents on Sundays.

Fact: Common sense dictates that since bars, restaurants, and sporting events sell alcohol on Sundays, alcohol is being consumed, and if individuals can't purchase alcohol to enjoy at home, they're more likely to go somewhere else to drink and then drive. Controlled scientific studies prove this principle as well. In the 14 states that have passed Sunday sales since 2002, there have been no negative consequences with respect to underage drinking and drunk driving.^v

Myth: Repealing the Blue Law would increase indirect costs to municipalities and the state for social service costs such as treatment of people with alcohol problems and police enforcement to monitor sales to minors.

Fact: In 1997, the province of Ontario abolished its prohibition of off-premise Sunday alcohol sales. Researchers from the University of California collected data and studied the effects of this legislation, determining that there was no increase in overall drinking, and although there was a slight increase in Sunday drinking habits, there was actually a reduction of alcohol consumption on Saturdays, typically one of the heaviest drinking days.^{vi} This suggests that people were more likely to spread their alcohol consumption more evenly throughout the week, a more responsible and healthy drinking pattern. As far as police enforcement, there would be no need for increased staffing on Sundays if there are already officers on duty to ensure compliance at restaurants and bars.

We appreciate your careful consideration of this issue of fairness which impacts so many Connecticut residents. The facts speak for themselves. It's time to put Connecticut consumers first and generate much-needed revenue for the state. Thank you for your valuable time.

Best regards,

Stan Sorkin
President
Connecticut Food Association

ⁱ Kissel, John A., et. al. Connecticut's Economic Competitiveness in Selected Areas, December 2009. Legislative Program Review and Investigations Committee of the Connecticut General Assembly. http://www.cga.ct.gov/2009/pridata/Studies/PDF/Connecticuts_Economic_Competitiveness_Final_Report.PDF

ⁱⁱ "A Toast to Sunday Liquor Sales," October 22, 2009. *Allbusiness.com*. <http://www.allbusiness.com/legal/tax-law-excise-tax/13282872-1.html>

ⁱⁱⁱ Associated Press. "Lawmakers Across the Nation Look to Booze for Revenues," February 15, 2009. *Fox News*. <http://www.foxnews.com/politics/2009/02/15/lawmakers-nation-look-booze-revenues#ixzz1CFwI4vN8>

^{iv} Stringham, Edward Peter. "Op-Ed: Not Just Booze Taxes Lost to Sunday Ban." *The Hartford Courant*. February 27, 2010.

^v Stehr, Mark F. Drexel University. "The Effect of Sunday Sales of Alcohol on Highway Crash Fatalities, August 10, 2010.

^v Maloney, M.T. and Rudbeck, J.C. "The Outcome from Legalizing Sunday Packaged Alcohol Sales on Traffic Accidents in New Mexico." *Accident Analysis & Prevention*, 2009. 1094-1098

^{vi} Carpenter, C.S. and Eisenberg, D. "Effects of Sunday sales restrictions on overall and day-specific alcohol consumption: Evidence from Canada." *Journal of Studies on Alcohol and Drugs*, 2009. 70, 126-133.