

Proposed Liquor Legislation

Opposed

#502-1

To: Connecticut Law Review Council

From: Chintan Patel
(Owner)
Crazy Grapes
491 Hope Street
Stamford, CT 06906

To whom it may concern,

I am writing this letter to express my concerns regarding the proposed overhaul of Connecticut's liquor laws and distribution. The following page(s) discusses the negative impact to our state in the following ways:

- **Increase in the number of Liquor Licenses from 2 to 9**
- **The impact of big business on the "mom and pop" shops discontinuing min. bottle pricing and increasing a chance of not being able to collect Sales Tax precisely for the state revenue**
- **The "Medallion" system and its effect on devaluing of licenses**

Thank you for taking the time to consider my concerns,

Chintan Patel

Proposed Liquor Legislation

#5021
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1. **“Increase in the number of Liquor Licenses that a store owner can have from 2 to 9.** The Governor claims that this change, in conjunction with his proposal to offer quantity discounting to the retailer (not currently available,) will give the retailer more buying power and, therefore, lower prices to the consumer. While this may be true in the short term, we believe that the longer term impact will result in many (if not most) small stores going out of business because they will not be able to obtain product at a competitive price. The result will be:
 - **Prices will increase once competition has been eliminated**
 - **Selection will be determined by several large chains**
 - **Many retail and likely wholesale jobs will be lost as the number of retail outlets decreases**

2. **Offer Quantity Discounts, eliminate price posting and eliminate minimum bottle pricing.** Currently, retailers get no economic benefit for purchasing from the wholesaler in a larger quantity. Rather, wholesalers offer all retailers post-offs (discounts) on select items during certain calendar months no matter how much product is purchased. Retailers are not allowed to sell goods below the State’s minimum bottle price, a price which is set by the supplier and is in excess of the retailer’s cost. The Governor believes that eliminating posting and minimum bottle price along with the ability to achieve a discount by purchasing in quantity will lower prices to the consumer. Again, we believe that these changes, especially when amplified by proposal #1 above, will eliminate competition over the long run and not achieve its objective. Results will be:
 - **Supermarkets and large retailers will be able to sell items below cost as a loss leader. In many cases, these retailers’ sale price to the consumer will be less than the wholesale cost available to the smaller retailers. This will put small retailers out of business.**
 - **Once competition has been eliminated, the larger retailers will be able to raise prices and determine selection.**
 - **Jobs will be lost.**

3. **Medallion System.** Currently the number of retail permits issued in a specific town is set at 1 for every 2,500 people. In order to make the rest of his proposal seem equitable to the retailers, he is proposing to eliminate the current population based permit limitation and offering a medallion system, where each existing retailer would receive a medallion that could be sold in the open market. These medallions would be transportable across town lines. Consistent with every other portion of his proposal, this change hurts small retailers and helps the big box/supermarkets. We believe:
 - **In the short term, there may be too many liquor stores in more desirable areas as large chains purchase medallions in less desirable**
 - **areas for cheaper prices and then move into more lucrative markets which no longer have any limitation on the number of stores.**
 - **In the long term, the medallions will become worthless as the larger stores put the smaller stores out of business.”**

Chintan Patel
Crazy Grapes
Stamford CT

TO: Distinguished members of the General Law Committee
FROM: Mark Taylor, CM Selection, LLC Member Manager

SUBJECT: H. B. 5021 OPPOSED

Dear Chairman Doyle and Chairman Taborsak and other distinguished members of the General Law Committee'

CM Selections LLC (CM) is a sole proprietor corporation licensed in the state of Connecticut doing business as an importer and out of state distributor. CM is filing comments to request the the committee, in it's deliberations, seek "a level playing field" between small and large liquor wholesalers and distributors. Loss of such a level playing field would have a definite effect on my companies revenues which would put my family at risk, as well as those who depend on me. It would also have the direct effect of reducing tax contributions to the state tax structure. Because, of the possible devastation to my business and family, and the apparent haste of composing and passing this bill, CM suggests the following;

whereas, the negative economic impact of such legislation on small business is speculative and largely unknown, and

whereas, the possible beneficial effect on the state revenue is speculative, and largely unknown, and

Whereas, the proposed legislation, is on it's face, beneficial only to large companies,

CM is requesting that an independent panal be created, and that a moratorium be placed on further legislation, until the following can be accurately evaluated.

1. The effect of increasing the number of licence's which can be issued under a single retail name.
2. Elimination of the "minimum bottle price " and creation of a discount structure which will reduce revenues to store and state. The number of bottles sold will if this law was to be put into effect, would be less than trivial.
3. A review of the effect of across state line sales, taking into effect that Massachusetts sales tax would continue to create an imbalance between state prices, and leave cross state sales unchanged.
4. A medallion system that does not create value, and would needlessly require state employees to manage.
5. A revision of the state label review, which would allow companies to enter business sooner, and have the effect of added value. Use of the Federal COLA label approval as a basis for notification, rather than the label review which is slow and unnecessary. Elimination of the commercial Unimerc review which does not add to business.
6. Implementation of a law that would not allow distributors to sell below gross cost.
7. That the economic effect of requiring stores to open for Sunday sales, or on Federal holidays, be evaluated.

As noted, in frequent speeches by President Obama, and past presidents, the life-blood of this country is small business, Thus, small business supports our national economy and has a profound beneficial effect on our Connecticut towns and our citizens .Estimate of business that would close, based on the current draft, range from 400 to 600, adding these employees to the state tax dole and hurtful to many in our local economy.

Respectfully, we ask the committee to be thoughtful in it's evaluation and embrace the hard working individuals of our state and our industry.

Respectfully

Mark K. Taylor CM Selections, LLC
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