

**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

Testimony submitted by

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VP Government Relations

Distilled Spirits Council of the United States

Before the General Law Committee

In support of Governor's Bill 5021

February 28, 2012



Senator Doyle, Representative Taborsak, Members of the Committee:

My name is Jay M. Hibbard, Vice President of Government Relations for the Distilled Spirits Council of the United States (DISCUS), a national trade association representing the world's leading makers and marketers of distilled spirits. Our member companies are:

- Bacardi U.S.A., Inc. (Miami, FL)
- Beam Global Spirits & Wine, Inc. (Deerfield, IL)
- Brown-Forman Corporation (Louisville, KY)
- Constellation Brands, Inc. (Victor, NY)
- Diageo (Norwalk, CT)
- Florida Caribbean Distillers (Lake Alfred, FL)
- Luxco, Inc. (St. Louis, MO)
- Moet Hennessy USA (New York, NY)
- Patrón Spirits Company (Las Vegas, NV)
- Pernod Ricard USA (Purchase, NY)
- Remy Cointreau USA (New York, NY)
- Sidney Frank Importing Co., Inc. (New Rochelle, NY)
- Suntory International (New York, NY)

I am testifying today in support of Governor's Bill 5021. Governor Malloy has put forward a bold set of changes that we believe will change Connecticut's beverage alcohol marketplace in a positive way by providing greater convenience for Connecticut consumers, increased business opportunities for Connecticut's businesses and will help make Connecticut competitive with its neighboring states.

The package contains a number of forward-thinking initiatives and the Distilled Spirits Council supports the package.

1) Sunday Sales

The adoption of Sunday sales has been recognized as a leading measure of a modern beverage alcohol marketplace. Virtually all other businesses in the free market are allowed the choice to open or not open; no other industry is faced with a government mandated shackle that eliminates the spirit of free enterprise as much as this outdated restriction. Allowing package and grocery stores the opportunity to sell beer, wine and distilled spirits; with no mandate that they must be open, has been proven successful in state after state, including the 15 states that have made the change since 2002. Colorado, Oregon, Pennsylvania, Arkansas, Delaware, Kentucky, Ohio, Idaho, Kansas, Washington, Virginia, Connecticut's three border states New York, Rhode Island and Massachusetts and most recently Georgia have all realized the benefit to consumers, businesses and the state treasury from the adoption of Sunday sales. In Connecticut it is projected that this change alone could produce over \$8 million in new revenue without increasing fees, taxes or otherwise negatively impacting the hospitality industry. It is a change whose time has come.

In the 21st Century, Sunday has become an important retail day, in fact, the second busiest shopping day of the week. In today's society, the majority of families are comprised of dual income adults who do most of their shopping on the weekend. Allowing the sale of spirits, beer and wine at liquor and grocery stores on Sunday gives adult consumers more choices and added

convenience. Shoppers also tend to spend as much as 21% more on Sunday than any other day of the week.

A change allowing the sale of alcohol on Sundays would not require retailers to open on Sunday; it simply gives them the right and flexibility to decide whether or not to open. The current restriction impedes the package store owner's ability to work when they want, and how long they want and this restriction impacts more than just the storeowner. Thousands of Connecticut citizens are employed through companies in Connecticut who make, distribute and sell these products. The Prohibition on Sunday alcohol sales, especially when restaurants and bars are already serving alcohol, simply serves no purpose today and creates an anti-competitive environment that hurts consumers and the store owners who would like the chance to open

Opponents of Sunday sales will suggest that allowing package stores to open on Sunday will increase underage purchases and alcohol abuse. The facts do not bear this out. An analysis of U.S. government data showed no increase in underage drinking or drunk driving related fatalities in states that allow Sunday sales compared to those that do not. There is no statistical difference. Mothers Against Drunk Driving, nationally and in Connecticut have clearly stated that the organization does not oppose the responsible sale of alcohol, including on Sunday, as long as states protect the public. The reason is that Sunday sales has not led to any increase in underage drinking or drunk driving in states that have allowed it.

The law clearly states that if you are under twenty-one you cannot purchase alcohol and certainly, the laws that pertain to beverage alcohol purchases remain the same whether alcohol is purchased on a Tuesday, a Wednesday or a Sunday. Alcohol is already available for sale on Sundays at Connecticut's restaurants and bars. Permitting package stores and grocers to open simply gives adult consumers more convenience to shop on their terms.

2) Expanded Hours & Days of Sale

Similar to the issue of allowing off-premise sales of alcohol on Sundays, many of the same reasons hold true with regard to allowing stores to be open on the Monday after a Sunday holiday such as Memorial Day, July 4th and Labor Day and expanding the legal hours of operation by one hour per day. It is important to note that there is no mandate that any licensee must be open any extra days or the extra hour. If a private business wishes to open on Sunday and closed on Tuesday or any other days of the week, they should have that right. The same holds true for the proposed expansion of hours of sale for on- and off-premise licensees. The choice, too, should remain with the business owner.

3) Quantity discounts; Elimination of Price Posting, Elimination of Minimum Mark Up

The opportunity to allow for quantity case discounts, the provision for electronic price posting and elimination of the minimum bottle pricing mark-up are all changes that will allow retailers to acquire products at a more competitive price and sell those products at a price they determine rather than at a government mandated marked up price. Under the changes contemplated in GB 5021, Connecticut package store owners would have the ability to pass along their savings from quantity purchases to the consumer and to sell and price our products based on their acquisition price instead of the minimum bottle price currently in place. These changes would also serve to make Connecticut more competitive with its surrounding states and provides better pricing for consumers of beverage alcohol.

4) Expanding Beverage Alcohol Permit Opportunities

The changes in GB 5021 contain a number of opportunities for Connecticut's businesses. Allowing package stores to sell complementary goods such as snack foods, cheese, crackers, chips and nuts, provides new revenue opportunities that are currently prohibited, a prohibition that makes little sense. The issuance of a "medallion" to each package store licensee would enable a store owner that wishes to retire or change business direction the chance to sell that "medallion" on an open, statewide market. They would, thereby, be able to recoup an investment that might otherwise be lost. Allowing holders of beer-only permits to also operate a separate package store – with separate store space, entranceway and registers – and the increase in the current 2-store limit to a 9-store limit, will all foster entrepreneurship, allow enterprising business owners to expand, encourage job and business growth and promote increased competition and flexibility among store owners. The ability to obtain additional licenses benefits anyone that wishes to grow their business. Many entrepreneurs have developed a model of success only to be stymied by the lack of expansion opportunities to other locales. It is also important to note that neighboring Massachusetts recently adopted a phased in expansion in its licensing scheme from 3 to 9, a change that was supported by the Massachusetts Package Store Association. A number of other states are, or soon will be, contemplating changes in license caps including Maryland, New Jersey, Delaware, South Carolina and Georgia.

The package of changes put forth by Governor Malloy are sensible, provide expanded opportunities for Connecticut's businesses, will enhance Connecticut's competitiveness, contribute to an improved economy – not to mention the accompanying benefit to the state treasury – and will benefit the residents, citizens and voters across the state.

Every major news outlet in the state including The Hartford Courant, the Connecticut Post, the Record Journal, the Bristol Press, Journal Inquirer and the Chronicle newspapers, among others, have all come out in favor of the changes for these same reasons. Poll after poll of Connecticut's citizens has indicated strong support for the change, the convenience and the additional revenue. In this new world of social media we have seen over 7,000 Connecticut residents join the Facebook page supporting these changes in less than 10 days. That is an amazing demonstration of support in a very short period of time.

We would urge the General Law Committee to positively recommend the changes contemplated by GB 5021 and allow Connecticut's retailers and consumers the added choice, convenience and freedom they deserve.