

General Law Committee

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Opposition of Governor's Bill No. 5021

My name is Mitch Ancona and I own two package stores. One store is located in Ridgefield the other, in Wilton. My Grandfather started the Ridgefield store in 1920. Back then it was a general store that sold everything, food, hardware items and beverage alcohol. Post prohibition the liquor store ran as an individual business. I oppose certain aspects of Bill No. 5021. I find the majority of this bill to be biased towards big business and anti-small business.

Major Issues Of Bill No. 5021

Sunday Sales and Store Opening until 10:00 pm. While this is the headline portion of the proposal it is not the most controversial from my standpoint. I am no longer in opposition to Sunday sales and extended hours. I would however suggest limiting Sunday sales to 12pm to 5pm to fall in line with surrounding states.

Increase in the number of Liquor Licenses that a store owner can have from 2 to 9. Imagine if the 15 largest chain stores and big-box stores like Walmart, Stop and Shop, Costco and Target bought 9 permits and moved them anywhere in the state (proposed Medallion system), the result would be an anti-competitive advantage of 135 stores selling below cost with loss-leaders and squeezing out all of the competition. The result will be- prices will increase once competition has been eliminated, selection will be determined by several large chains food stores and Big-box stores, Many retail and likely wholesale jobs will be lost as the number of retail outlets decreases. An acceptable compromise would be to raise the number to 3 and have it remain there for three years. At that point the impact of that increase can be studied properly. At that time a decision could be made to increase it further.

Elimination of state regulations mandating only 1 package store permit per 2500 residents-(Medallion System) This bill would eliminate the current laws controlling the number of package store licenses allowed per town (currently 1 per 2500 people). Big box chain stores and or supermarket chains would be able to buy any store, in any town and move it to another town, no mater how many licenses were in that town. I 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 chains food stores and big-box

stores put the small stores out of business. There should be no compromise regarding this point.

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, will eliminate competition over the long run and not achieve its objective. Results will be- Chain food stores and big-box 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 all current 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. This is an extremely complicated subject. The minimum bottle is also used as a means for brands within the same category to compete, rather than a guaranteed return for the retailer. This results in more competition among brands, increasing selection for the consumer while keeping prices competitive.

Conclusion and solution-Currently there are 1228 retail package stores in the state. All active, healthy businesses that pay employees, taxes and occupy commercial real estate. Each store is different from the others. Their diversity is reflective of the communities that they reside in and the customers that they serve. By changing the laws to better suit big box chain stores, this bill threatens the existence of every package store currently in operation. We have been charged with the responsibility of the selling of a controlled substance since the end of prohibition. We have been following the same set of rules for the past 60 years. Why is it so imperative that the laws change so drastically and so quickly? We believe there are ways to modernize CT liquors laws that will cut costs to consumers and increase tax revenue for the state without forcing any store to go out of business. A bi-partisan committee should be formed to look at the industry as a whole. This committee would include input from the retail, wholesale and supplier sides of the industry. By studying surrounding state's laws and regulations, getting input from all factions of our existing industry we can alter the current laws and create a stronger, healthier liquor industry in Connecticut.

Thank you for taking the time to consider my concerns,

Mitch Ancona