

Testimony of Vijay Patel
General Law Committee
February 28, 2012

H.B. No. 5021 AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES

Dear Policy Makers:

I own a small package store in Dayville, CT. In past few months I have come across information that will greatly affect me and my family. I am referring to proposed liquor control changes via Dannel Malloy administration. In swift and small note he is trying to sum up policies that will change our lives forever, probably not in a good way. Policies he is proposing, such as extended hours and Sunday sales will affect many small business operations such as myself. For example, in recent years, policy makers extended operational hours. The policy has been in place for nearly a decade but our books have proved the projections claimed by policy makers simply failed. The yielded no real increase in sales, rather added expenses that we now have to bare. It will disrupt the already strained financial stability in these hard economical times because proposed extended hours changes and Sunday sales add to expenses without increasing revenues to compensate for them. If state enforced minimum prices are taken away, we will face whole slew of uncertainties and variables that will create such a domino effect that is bound to sweep many of us off out feet. For example, current prices guarantee markup of around 17% on spirits from which we have to sustain whole of our operations. Getting rid of such safety net will not make it viable for small business owners to sell these products. This will for sure decrease sales and given lower prices, state will also end up loosing revenues it collects on sales tax.

If these policies are favored by law makers such as yourself, they will bring about such aggression to our fragile economy that has just shown some signs of improvement. It will undo all the hard work we have done since the economic melt down. It will also be an open invitation to aggressive corporation that harbor bad practices and have such disregard for small business owners which is vital to Connecticut's economy. With policies such as quantity discount, there is no longer level plain field for small businesses like mine to compete against big businesses. There is a comparison made in the policy with surrounding states such as Massachusetts policies. Policy claims that Sunday sales and quantity discounts are what's drawing Connecticut crowds to travel over the border to consume from there. However, there are more than one factors adding up to migrating sales over the border. For one, Connecticut has higher excise tax and Massachusetts has NO SALES TAX. These two factors allow retailers to sell their products at much, much cheaper price compared to Connecticut. What policy should be targeting is the monopoly set on the distribution of the spirits. Why are retailers the only one being targeted and are burdened to bare the full burden of momentous changes? I see all the proposed changes that add more to retailer's plate and only ours. Such changes should target to change industry as whole and not overburden any single aspect.

These corporations contribute very little to nothing to their local economies and end up transferring most of the wealth out of state. This will further inhibit growth for all small businesses that vastly make up the local economies here in CT which buffer the state and it's people from harsh ups and downs of economy caused by big corporations.

While policies like this one help big corporation directly and indirectly, there is little to no assistance being provided to small business owners and we are left to fend for ourselves in an increasingly unfair markets. Due to bad economy we have already seen steep drop in sales and it has become very diffucult to have any certainty of secure future. Each day we strive to fight and stand on our own feet without help of tax payer dollars, while big corporations are served such lucrative policies. The policy is also trying to increase number of liquor licenses, which will bury us deeper in the hole. This policy will further make markets unjust and unfair for small guys to compete. Medallion system and option to sell and retire all sound good on paper but these are not taxi licenses we are talking about. If permit holders are issued nine licenses, there will be no real value attached to each license, and given the system, the stake

holders who invested in a business, would not be able to get any money back for their investment given the plentiful supply of licenses available. Given the size and nature of big corporations, they would be able to get licenses from anywhere in the state and move or open new operations anywhere else within the state. If this happens, and they put five or six small businesses out of business, there will be surplus of licenses that big stores can further acquire and move into new territories. Not only that, when this happens, medallions in the system further lose their value. These are small businesses the policy is taking on, and the policy will not only affect just the owner but many surrounding small businesses and employees whose services owners such as myself subscribe to in order to help support local lively hood.

As a small business I know the value of investing in local economy while big corporations are only concerned with their bottom line. In short, the policy will wipe out small mom-and-pop, family operated businesses such as my small package store.

I hope after reading this, you will have change of heart to take another or harder look at this policy and not just bottom line on state budget level. This policy projects to increase revenues via state sales tax and other taxes but ask yourself at what cost? There will be no real or net job growth and mainly what this policy will achieve is shift revenues from small business to big corporations. Shifting jobs around or revenues on bigger books should not be only goal of any policy or any policy maker.

Thank you for your time.

Sincerely,

Vijay patel