Proposed Liquor Legislation - Governor's H.B. No. 5021

Opposed

To: General Law Committee

From: Doug Rankin and Ann Reynolds (Owners)
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Subject: H.B. No. 5021 – Opposed

Good morning Chairman Doyle and Chairman Taborsak and members of the General Law Committee. I thank you for your attention to my testimony today, and the testimony of the many knowledgeable stakeholders who have left work to come here today. We are here to urge you to reject H.B No. 5021 as it is written. We are confident the welfare of the state's economy and business community are on our side.

My wife and I started a small wine import and wholesale company last year, with the intention of growing. We have a robust niche of retailers who focus on small production, affordable wines. But we find ourselves here today, gravely concerned that the Governor's House Bill No. 5021 imperils the viability of many of the small and mid-size professional retailers we are lucky to count as our customers. In turn, the bill imperils our new company and those like us. So we feel we must speak up to oppose the bill as it stands, *not because of the issue of Sunday sales*, but for its more ominous aspects. As always, the devil is in the details. And those details radically undermine the premises upon which we invested our money, time, and future to build our business.

This bill strikes us as tailored for big box stores, who make their profit on large volume discount purchasing from the big brand beverage companies. The bill is really only good for them, but it is not clear just how this shift in preference for big box stores will generate increased tax revenues or lower prices for consumers. Nothing in this bill will make Connecticut residents drink more than they do, so sales will continue on pace, just within a smaller circle of purveyors.

For example: the proposed medallion system will make it easy for chains to geographically target and eliminate competition in whatever town they decide they want to dominate. The current town-based system of one permit per 2500 residents works exceptionally well, and we should take every pain to preserve that, or be prepared for the reduction and homogenization of the number of retailers and products. This may take several years to play out. Slow-motion tragedies don't attract urgent attention, so we are glad to make this very clear to you today.

Another troubling aspect of this bill is the increase in the number of retail licenses from more than two (2) and the removal of minimum bottle pricing. This will leave the state with a small group of well-funded big box chains that will drive the agenda for wholesalers and limit choice for consumers. This buying power allows them to sell

specific brands at a loss until they euthanize much of their competition, and when it's safe to do so, raise their prices. A well understood tactic to all of us. Their domination won't be due to superior customer service, fair prices, or professional knowledge, but because the laws were tilted in their favor.

In the end we will be left with an industry more dependent than ever on the whims and business decisions of fewer, larger big box employers. As we've failed to learn time and again, an economy dependent upon fewer, larger companies is vulnerable. It narrows the economic gene pool.

A large corporation is designed to offer the minimum possible while extracting the maximum possible, often moving profits out of sight and out of state. They do not have to look the community in which they operate in the face, so to speak. The small business owner does. A local Connecticut business recirculates its profits in the town in which it operates, and in the state. Most of all, the small business owner is accountable to the community.

The irony is that the current system works – it could be tweaked to bring more choice to consumers, but it works. And it allows for a small business like us to establish ourselves and grow, provided we bring value to the marketplace. If we upend these laws, we will travel down a familiar road. CVS and Walgreens have effectively wiped out the small and personal pharmacy, just as Home Depot and Lowes have effectively wiped out the local hardware stores. Is this our measure of progress?

Don't make this a race to the bottom. Please reject H.B. No. 5021. Three minutes is an awfully short amount of time to address an issue that will fundamentally change our future. If there are legitimate reasons for tweaking the state's liquor laws, let's have the debate in the open. Let's publicly and professionally vet all promises of increased tax revenues, and introduce all of the stakeholders to the public, before we enact desperate measures. As a citizen and voter in Connecticut, I expect nothing less.