



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

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General Law Committee  
Public Testimony  
Feb. 28, 2012

Good morning to co-chairs Sen. Doyle and Rep. Taborsak, vice chairs Sen. Leone and Rep. Baram, ranking members Sen. Witkos and Rep. Rebimbas, and members of the General Law Committee.

I am here this morning to speak about HB 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

I ask committee members to imagine yourself as an owner of a small package store, and to reflect on what your reaction would be upon learning the financial impact to your business HB 5021 would have if this proposal becomes law.

Like many of you I have asked package store owners the impact they feel this proposal would have on them, and every one of them are convinced they will be forced to close if this legislation is passed.

Here are the questions and reactions I have asked myself in evaluating the merits of the Governor's proposal:

- 1) First, is it the role of state government to pick winners and losers in the liquor industry? If the answer is yes, then this means that state government – and not consumers – will determine which businesses will succeed and which will lose.
- 2) Second, doesn't the impact of this proposal remind you of last year's debate we had when our local independent retail pharmacies told us they would be forced to close because of the new prescription policy imposed by state government?

As is proposed in HB 5021, state government once again will support big business over small business.

First independent retail pharmacies, now mom and pop package stores. Small businesses are now seen as the “underdog” in these battles and in my opinion, now is the time for the legislature to stand up for the “underdog.”

- 3) How many “new jobs” will be created under this new proposal? I submit that adoption of this legislation will lead to significant job loss.
- 4) Gov. Malloy and supporters of this proposal have stated that CT is losing millions of dollars in liquor sales to neighboring states.

With all due respect to the Governor, I believe much of the loss in state revenue from liquor sales can be attributed to the 20% tax increase imposed in 2011, and to the previous hikes in liquor taxes.

This pattern of raising liquor taxes to pay for the deficits of state government seems eerily similar to what has happened to the price of gasoline in CT.

Consumers are buying gasoline in neighboring states because it is much cheaper; a significant reason for the difference in gasoline prices are the higher taxes levied in CT. The same can be said about liquor sales.

For these reasons I strongly oppose passage of this anti-small business legislation.

Instead I offer for your consideration an alternative strategy for increasing state revenue from liquor sales.

Let’s look at reducing the amount of state taxes on the sales of alcohol, beer, and wine. For example, the legislature could repeal last year’s 20% tax increase on alcohol. The estimated revenue from that tax increase was approximately \$9 million. This lost tax revenue could be replaced by reducing spending by \$9 million from the state fund that is given to candidates who run for public office. Or you may have a better suggestion for reducing state expenditures.

I believe this approach would make CT more price competitive with our neighboring states.

As you evaluate the merits of HB 5021 I ask that you keep in mind the one goal we all share – that is, to make CT a great place to own and operate a business.

Thank you for listening to my testimony.



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