

CONNECTICUT PACKAGE STORES ASSOCIATION



700 PLAZA MIDDLESEX
MIDDLETOWN, CT 06457
PHONE - 860. 346. 7978
FAX - 860. 343. 0014

Executive Director
Carroll J. Hughes
Assistant Executive Director
Josh D. Hughes Esq.

Good afternoon Senator Doyle, Representative Baram, Senator Witkos and Representative Carter and members of the General Law Committee. The Connecticut Package Stores Association (CPSA) represents Connecticut off-premise package store retailers. We work to promote and protect their integral role as one of the three tiers of the alcohol beverage industry in CT. We are submitting this testimony on the following bills:

H.B. No. 6361 AN ACT CONCERNING FAIR ALCOHOL PRICING.

We know that repealing single bottle pricing will destroy the product selection available today in the market and will ultimately lead to higher prices for consumers when the big-box retailers ultimately dominate the market. Some will compare CT prices with other states without the same high median incomes and say we are uncompetitive. What they don't communicate is that the manufacturers sell to CT at an inflated price because CT's high median income supports that pricing. If CT were sold spirits, wine and beer for the same prices as Midwestern states, for example, we wouldn't be having this conversation and we would just be talking about the high excise and sales tax on alcohol in CT. Our verbal testimony will cover our position in more detail. Please see the attached chart of prices in CT compared with those in MA, NY and NJ and notice that we are competitive on prices before taxes. Any discrepancy is the manufacturers pricing and state taxes.

S.B. No. 893 (RAISED) AN ACT ALLOWING PACKAGE STORE PERMITTEES TO HOLD GIFT BASKET RETAILER PERMITS. The 2011 law allowing gift basket retailers to also sell gift alcohol products in their gift baskets provided new opportunities for those retailers in CT. Currently package stores can sell gift baskets under 30-20(a) (10) so we are not sure that this bill is needed.

Proposed H.B. No. 5420 AN ACT ESTABLISHING A CHEESE SHOP WINE AND BEER PERMIT.

CPSA did not ask for cheese products to be sold in their stores in 2012 although it was in the final 2012 legislation. CPSA surveyed stores and it was determined that very few retailers are selling cheese as a result of the 2012 law. If current cheese-shop retailers want to own package store permits there appears to be nothing disallowing them from doing so. If the Committee would like to clarify what types of cheese package stores can sell, limiting it to certain types of cheese for instance, we would not oppose that measure.

H.B. No. 6408 (RAISED) AN ACT CONCERNING THE POSSESSION OF ALCOHOLIC LIQUOR BY MINORS. CPSA supports this clarification in the law as alcohol is a highly regulated product for good reason and keeping it out of the hands of minors and problem drinkers is foremost for our retailers.

Statistics on Sunday Sales from the 2012 CPSA Survey

- The cost for 1,150 package stores to provide Sunday and holiday sales during seven months in 2012 has collectively cost the stores \$7.7 million.

- Stores report the cost to open on the 55 new days allowed were reported as low as \$3,000. per year for the smaller stores to over \$20,000. or more for the larger stores in the months that sales were allowed in 2012, for the 385 hours.
- Retailers report sales for 2012 at the same level or slightly below 2011 levels. A few responded a slight increase in gross sales.
- Retailers report Sunday sales resulted in no appreciable increase in sales. In general sales for Sunday were down 35% on Saturday which moved to Sunday.
- Most stores opened on all Sunday s and holidays. The vast majority for the full seven hours allowed, about 35% of stores opened for less hours. Either opening early at 10 or 11 AM or closing at 3 or 4 PM.
- Stores report no revenue from additional products such as snacks allowed for sale in 2012 legislation.
- Increased utility costs ranged from \$250.00 to \$5,000.00 for the year.
- Most stores reported they will not decrease days or hours of sale.
- About 30% indicated they may do winter hours which seemed to indicate there may be some closing on some historically quiet winter weekends during January to March 1st.

Additional Observations

Some beer wholesaler companies have reported to CPSA that there may have been a shift of beer sales from some permittees to others. Reportedly major food supermarkets may have gained as much as 1 to 2% increase in the beer market shares. This has reportedly come from box (member stores) military facilities or others.

Alcohol Excise Tax and Factors Related to Alcohol Sales

Excise taxes on alcohol are added to retail permittee bills once any beer, wine or spirit product is shipped to a retailer. The retailer then has 30 days to pay the tax and the product cost to the wholesaler who then will pay the Department of Revenue Services. The payment of the excise tax at no time means the product has been sold by the retailer to the public. Retailers at times may buy products several months before anticipated sale to take advantage of lower prices for the product which in future months will be priced higher. Excise taxes do not indicate just retailer off premise sales (package stores, grocery stores). Excise taxes represent sales to restaurants, bars, clubs, bowling allies, event facilities, etc.

Survey Information on cost for 55 days – 385 Hours

\$900,000	100 Stores	\$3,000 w/utilities
\$2.8 M	400 Stores	\$7,000 w/utilities
\$3 M	300 Stores	\$10,000 w/utilities
\$2.4 M	200 Stores	\$12,000 w/utilities
\$2 M	100 Stores	\$20,000 w/utilities

Total expected for the year-\$11 Million
Total for seven months-\$7.7 Million

Current CT, MA and NY price comparisons before sales tax.

Note the difference in prices between the two large retailers in MA and also that MA would have no sales tax on alcohol added to these prices.

Item	CT M/in	Yankee Spirits (MA)	Table & Vine (MA)	Varmax Liq Pantry (NY)	Liquor Outlet (NJ)
Bacardi 1.75	22.99	21.99	21.99	21.99	19.99
Yellow Tail 1.5	10.99	9.98	10.99	11.99	10.99
Johnnie Walker Black 1.75	64.99	59.99	59.99	71.99	61.99
Grey Goose 750	28.99	28.49	28.99	33.99	29.99
Beefeater 1.75	29.99	25.99	26.99	34.99	33.99
Stella Artois 2-12pk	30.29	28.99	31.98		29.98
Jose Cuervo Gold 750	18.99	18.99	20.99	18.99	20.99
Ravenswood Zinf 1.5	16.99	17.49	17.99	19.99	17.99
Crane Lake 1.5	8.99	7.99	8.99	9.99	8.29
Clos Du Bois Ch 1.5	18.99	18.99	19.99	21.99	19.99
Budweiser 30pk	21.99	19.99	19.98		
Jack Daniels 750	22.99	20.99	25.99	29.99	23.99
Ketel One 750	23.99	22.99	26.99	29.99	27.99
Santa Margherita PG 750	19.99	19.99	23.99	22.99	22.99
Patron Silver 750	41.99	42.99	48.99	49.99	42.99
Hennessy VS 1.75	59.99	64.99	72.99	69.99	64.99
Manischewitz Grape 750	3.99	3.99	4.99	4.99	5.45
Wild Turkey Honey 750	18.99	19.99	21.99	19.99	22.99
Veuve Cliquot 750	39.99	44.99	39.98	39.99	42.99
Skinny Girl Marg 750	12.99	11.99	12.99	13.99	13.99

Department of Revenue Services Alcohol Excise Tax By Month 2012

2012	Monthly Report	Comparison 2011-2012
January	+25.79%	
February	+30.27%	
March	+13.12%	
April	+17.84%	
May	+44.72%	
June	-5.37%	
July	+8.00%	-21.23%
August	+7.54%	-19.78%
September	-9.59%	-7.88%
October	+4.19%	-1.47%
November	+7.44%	-1.47%

**Alcohol Beverages Excise Tax Collections
Seven Years**

July 1st-June 31st	2005-2006	\$46,035,500.00
July 1st-June 31st	2006-2007	\$46,030,284.00
July 1st-June 31st	2007-2008	\$47,015,949.00
July 1st-June 31st	2008-2009	\$47,064,448.00
July 1st-June 31st	2009-2010	\$48,196,509.00
July 1st-June 31st	2010-2011	\$48,922,769.00
July 1st-June 31st	2011-2012	\$60,595,455.00

24% increase, 20% due to excise tax increase of 20% July 1, 2011