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Subject: H.B. No. 6361 – Opposed

Good afternoon Chairman Doyle and Chairman Baram, and members of the Committee. I thank you for your attention to my testimony today.

My name is Doug Rankin and I am here to oppose, HB 6361, an Act Concerning Fair Alcohol Pricing, which aims to do away with minimum single bottle pricing on alcoholic beverages, allowing retailers to sell at cost. I oppose this bill because our current laws work: we have a vibrant and diverse array of retailers and wholesalers who are a real part of our communities. Their tax dollars stay in Connecticut and together employ thousands of Connecticut residents. We are fortunate to have such a healthy alcoholic beverage industry, something many states dominated by big brand national chains do not.

My wife Ann and I own one such small wine and spirits wholesale business, based in West Hartford, where I grew up. We represent small artisan wineries and distillers. Our customers are retailers and restaurants that seek these more interesting and satisfying alternatives to mass-produced brands. Until the last ten years, these options were largely found outside of Connecticut, in the greater Boston and New York City areas. That has changed; we are but one of a growing number of wholesalers meeting the increased demand for artisan wines, spirits, and beer, akin to the national trend toward farmers markets. Each year more people are demonstrating that they prefer knowing their wine, or their cucumber for that matter, comes from some place they can trust. They also appreciate when it is fairly priced. In Connecticut, we have all of these things already.

But the repeal of minimum single bottle pricing put forth in HB 6361 could change all that by stacking the deck too far in favor of the national big box

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chain stores and the big brand manufacturers they work closely with, represented here today by DISCUS, the Distilled Spirits Council.

If we were to lose minimum single bottle pricing, which I argue is intelligent regulation, the buying power of national big box chain stores would allow them to sell key brands at cost, forcing local retailers to try to compete, thus diminishing their dollars aimed at boutique offerings. Too many small producers, importers, wholesalers (like us), and retailers would fail in these circumstances. That is not what you want to hear in a state that is looking to attract entrepreneurs, keep young people from leaving, and make Connecticut a desirable place to live and work.

This doesn't play well in the media, so the consumer is raised as the noble beneficiary by way of mythical lower prices. But in reality the end game for DISCUS and the manufacturers they represent is for every possible liquor outlet to become their virtual ATM, dispensing what they load it with. If you want to see what a depressing sight this is, just walk the aisles of the beverage section of the large supermarkets and big box chain stores in other states. What may look like diversity at first glance is mostly a flurry of labels from the few giant manufacturers designed to give the illusion of choice. National big box chains have the finances to have the large manufacturers create product labels exclusive to their stores, which command a higher margin. This is not meaningful choice, just skillful manipulation of the consumer: a real artisan winery, which may make as few as a couple hundred cases of a given wine, cannot possibly stock a big box chain with multiple stores in every state. The other strike against small wineries, distilleries and breweries is that big box chain stores do not like erratic inventory and SKUs that come in and out of availability, and will not favor them. So if the big box chain dominates a market, this is crushing for a small producer.

Most importantly, big box national chains don't stay in business by giving product away – they extract it in many different ways from the state and the consumer: in the form of efficiency (less employees paid less money);

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bullying suppliers; sending profits out of state; and raising prices when the competition is neutralized. Who makes up the difference? The Connecticut taxpayer, still thinking they got a bargain.

After witnessing the decimation of small pharmacies and hardware stores, I joined like-minded colleagues in the 2012 formation of the Connecticut Small Brand Council, on which I serve as Vice-President. We argue for the simple truth that a diverse economy is a robust economy. I am still inspired by Governor Malloy's words last May at the unveiling of Connecticut's 'Still Revolutionary' campaign. He stated: *"Still Revolutionary speaks to Connecticut's deep roots in the founding of this country and reminds us that we still have that independent, revolutionary spirit. For centuries we have been the home of literary greats, innovators and natural wonders — an incredibly diverse array of products and talent, all right here in Connecticut."*

I know we all agree with the Governor here. We cannot just be about lip service – we have to stand for something. We have to have backbone and foresight. Let's resist the urge to 'modernize', as proponents like to call these proposed changes, or Connecticut will be left with a much smaller economic gene pool: dependent on the whims, clout, and business decisions of fewer, larger big box stores. Is this our measure of progress?