

**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

26

Testimony submitted by

Jay Hibbard

VP Government Relations

Distilled Spirits Council of the United States

Before the General Law Committee

In support of H.B. No. 6361

An Act Concerning

Fair Alcohol Pricing

February 26, 2013



Senator Doyle, Representative Baram, Members of the Committee:

My name is Jay M. Hibbard, Vice President of Government Relations for the Distilled Spirits Council of the United States (DISCUS), a national trade association representing the world's leading makers and marketers of distilled spirits. Our member companies are:

- Bacardi U.S.A., Inc. (Miami, FL)
- Beam Global Spirits & Wine, Inc. (Deerfield, IL)
- Brown-Forman Corporation (Louisville, KY)
- Campari America (San Francisco, CA)
- Constellation Brands, Inc. (Victor, NY)
- Diageo (Norwalk, CT)
- Florida Caribbean Distillers (Lake Alfred, FL)
- Luxco, Inc. (St. Louis, MO)
- Moet Hennessy USA (New York, NY)
- Patrón Spirits Company (Las Vegas, NV)
- Pernod Ricard USA (New York, NY)
- Remy Cointreau USA (New York, NY)
- Sidney Frank Importing Co., Inc. (New Rochelle, NY)
- Suntory International (New York, NY)

I am testifying today in support of House Bill 6361 – An Act Concerning Fair Alcohol Pricing. This legislation is certainly aptly titled and could also be called an act to give Connecticut consumers a fair shake. The changes set forth in this bill would positively impact the ability for the free market to work as intended by providing greater competition and ultimately, we believe, lower prices for Connecticut's consumers.

H.B. 6361 would eliminate the minimum bottle pricing mark-up and allow retailers to sell our products at a price they determine rather than at a government-mandated or wholesaler established single bottle price. This change would also serve to

make Connecticut more competitive with its surrounding states, provide better pricing for consumers of beverage alcohol and increase revenue to the state. Allow me to focus on a few key points.

Minimum pricing laws requiring retailers to sell at a certain artificial minimum price restricts the free market, results in higher consumer prices and interferes with consumer brand selection. Because price restrictions limit the price at which a retailer may sell alcohol, they may result in higher prices than in a true free market system

As you may be aware, the three most popular spirits product sizes are 750ml, 1 liter and 1.75 liter. Using data from the December 2012 Connecticut Beverage Journal – the bible of alcohol pricing for the state which contains the entire brand selection available in Connecticut, along with the wholesale case price and the single minimum bottle price that we are discussing today – you can see from the table attached to my testimony that the difference in price between the case price per bottle and the single bottle price – the price below which no retailer can sell – can be dramatic. For example, on the number one selling spirit in the United States, the single bottle price of a 1 liter bottle of Smirnoff Red Vodka is 13.4% higher than the single bottle case price; the single bottle price of a 750 ML bottle of Crown Royal is 17.9% higher than the single bottle case price; and the single bottle price of a 1.75 liter bottle of Skyy Vodka is a whopping 24.8% higher than the per bottle case price. These are but a few of the examples I could cite. With mark-ups like those, it's easy to see why retailers are so vehemently opposed to any changes to the state mandated price supports which prevent competition in the marketplace.

Proponents of maintaining the current system also attempt to divert the discussion about minimum pricing by talking about excise taxes and Case One pricing. Let me briefly address those issues.

First, with regard to taxes, while perhaps not the highest, the excise tax rate in Connecticut is markedly higher than the rate of the surrounding states. This is further

compounded with the fact that Massachusetts, the state most often referenced in discussion, does not apply a sales tax to package alcohol sales. However, while the Distilled Spirits Council is 100% supportive of any reduction in the current beverage alcohol excise tax rate, the fact is much of the taxation that is applied to beverage alcohol is beyond the reach of state policymakers and only by completely eliminating the excise tax would there be any opportunity for a meaningful reduction in shelf price. You would probably agree that in the current budgetary environment that is not likely to happen.

Second, with regard to Case One prices, it may be true that Connecticut's prohibition on quantity case discounts means that the one case price in Connecticut may be as good as the quantity case price in adjoining states, that has little to nothing to do with the issue of minimum bottle price. The per-bottle price when bought in cases is meaningless – retailers cannot sell it for that price. They must sell no lower than the arbitrarily established single bottle price.

While I am not an attorney, I believe it is important to note that the final report of the Competitive Alcoholic Liquor Pricing Task Force stated, "Opponents of minimum pricing argue there might be a Commerce Clause issue because of the differences in cost definitions." Carrying this to a likely logical progression, the minimum pricing scheme may not withstand a legal challenge.

Opponents of eliminating the minimum mark-up scheme told you last year that the adoption of Sunday sales would result in the closing of hundreds of stores and not result in any additional sales. According to the Department of Consumer Protection there has been no such mass closing of stores and early indications are that sales and state revenues from beverage alcohol sales is up a modest 4-plus percent, precisely what proponents of the change indicated would happen. It is important to note that no other state in the country has a minimum bottle pricing scheme. None. And, many of those states have the same or no license cap or have more stores per capita than Connecticut and a thriving, competitive marketplace.

I would also like to address the revenue estimate should the General Assembly concur with the Governor's recommendations. We believe the Administration's estimates for new revenue to the state are conservative. Our economic analysis indicates that Connecticut may be losing as much as 12% of spirits, 15% of wine and 16% of beer volumes due to a lack of price competition. While a prediction of certainty is elusive, recovery of half of these lost sales opportunities from surrounding states could amount to \$200 million in retail revenue or nearly \$10 million in new excise and sales taxes.

In closing, let me say that if restrictions on retail pricing were removed, retailers would sell at whatever price they thought would cover their costs and afford them a reasonable profit and more efficient retailers would be more price competitive than their less efficient neighbors. Those are not my words, but those of University of Connecticut economist, Dr. Stanley McMillen, a member of the Competitive Alcoholic Liquor Pricing Task Force, who went on to say that reducing prices to consumers through increased competition encourages growth in an industry at all levels. We agree.

The changes set forth in HB 6361 are sensible, will provide expanded opportunities for Connecticut's businesses, enhance Connecticut's competitiveness, contribute to an improved economy – not to mention the accompanying benefit to the state treasury – and will benefit the residents, citizens and voters across the state.

Even major Connecticut news outlets have advocated for the elimination of the minimum pricing scheme including The Hartford Courant and the Journal Inquirer. Their reasoning has been sound and to the point – it is a positive marketplace change and good for consumers.

This legislation puts consumers first and we would urge the General Law Committee to positively recommend the changes contemplated by HB 6361 and allow Connecticut's retailers and consumers to benefit from this positive public policy initiative.

DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES

November 21, 2012

Rep. Kathy Tallarita, Co-chair
Mr. Edward Berthiaume, Co-chair
Competitive Alcoholic Liquor Pricing Task Force
c/o General Law Committee
Room 3500, Legislative Office Building
Hartford, CT 06106

Dear Rep. Tallarita & Mr. Berthiaume:

Having reviewed the draft report from Dr. Stanley McMillen, the Distilled Spirits Council offers the following comments for consideration by the members of the Competitive Alcoholic Liquor Pricing Task Force.

Dr. McMillen's draft report claims that 1) states that have post and hold laws effectively have minimum pricing laws similar to Connecticut's and 2) Connecticut's minimum pricing scheme does not impact consumers because depletion allowances granted by suppliers ensure that retailer prices will be competitive with surrounding states. We believe these conclusions in the draft are incorrect on both of these points.

Post and Hold Different From Connecticut Minimum Pricing Law

There is an important distinction between price posting laws and Connecticut's minimum bottle pricing requirement. First, post and hold laws say nothing about how much a product is to sell for at retail. While the post and hold laws would set an effective minimum *wholesale* price for one-month (generally), they say nothing about what retail prices should or should not be – unlike the Connecticut minimum pricing law. In fact, there is nothing inherent in a post and hold law that restricts retailers from selling a given brand below cost if they believed such a business strategy would be advantageous. Some states do have laws that preclude a retailer from selling below acquisition cost, but these laws are separate and apart from post and hold laws, do not apply in all states, and often have provisions that allow for discounting below acquisition cost in some instances.

More importantly, the minimum wholesale price that post and hold laws technically set would be the actual wholesaler price of the product (or, the cost to the retailer). This is not the case in Connecticut where the price paid by retailers to wholesalers need not bear any relationship to the cost of acquisition. The bottle price is a wholesaler set artificial construct.

Depletion Allowances Do Not Guarantee Competitive Prices with Surrounding States

Dr. McMillen's report states that "Depletion allowances granted by suppliers ensure that the distributor and the retailer will be price competitive with surrounding regions product by product." However, this is not necessarily true. A depletion allowance is no guarantee that wholesalers and



Rep. Kathy Tallarita, Co-chair
Mr. Edward Berthiaume, Co-chair
November 21, 2012
Page two

retailers will be price competitive with surrounding states. It is true that the existence of depletion allowances will encourage the wholesaler to sell more volume to retailers. Thus, one would expect the wholesalers to incentivize the retailers to maximize volume sales.

However, the retailer's business objective is to maximize profits not volumes. While high volumes might reduce cost of goods sold by maximizing volumes sold, they will not necessarily maximize retailer revenues. Retailer profit margins are determined by the price charged less cost of goods sold. Among other variables that consumers will consider when deciding which retailer to purchase from are retail price and convenience. A rational retailer could decide to maximize his profits by keeping prices and margins high and take advantage of consumers that cannot easily travel to surrounding states because of time and mobility constraints. Connecticut's minimum bottle price laws aid such retailers by guaranteeing prices that are above cost of goods sold.

Inconsistent Logic

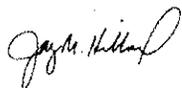
We also question the rationale behind the state's minimum pricing law. The only viable reason to regulate the price of alcohol is to keep prices high in order to reduce alcohol abuse. If the author believes that the minimum pricing requirement has no impact on state prices, then the entire rationale for the minimum pricing law is obviated; you simply cannot have it both ways.

Alcohol Abusers Not Affected By High Prices

It should also be noted, however, that while we believe Connecticut's minimum pricing laws do keep prices high and reduce in-state sales, they do nothing to reduce alcohol abuse within the state. First, there is no evidence that levels of alcohol abuse are lower in Connecticut than in surrounding states. Secondly, while high prices do tend to reduce consumption the research shows that it is the light to moderate drinkers that are impacted. The heaviest drinkers, a sub-set of which will be abusive drinkers, are little affected by higher prices. This point was made very clear by research done by the Yale School of Public Health ("Sin Taxes: Do Heterogeneous Responses Undercut Their Value," NBER Working Paper Series, Paper 15124, National Bureau of Economic Research, Cambridge, MA, July 2009).

We appreciate the opportunity to provide this additional input to the Task Force and look forward to providing any additional information that may be helpful in its deliberations.

Sincerely,



Jay M. Hibbard
Vice-President Government Relations

cc: Members of the Task Force

**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

September 19, 2012

Rep. Kathy Tallarita, Co-chair
Mr. Edward Berthiaume, Co-chair
Competitive Alcoholic Liquor Pricing Task Force
c/o General Law Committee
Room 3500, Legislative Office Building
Hartford, CT 06106

Dear Rep. Tallarita & Mr. Berthiaume:

I want to express my appreciation for the opportunity for David Ozgo and me to offer testimony to the September 12, 2012 meeting of the Competitive Alcoholic Liquor Pricing Task Force on behalf of the Distilled Spirits Council. I know it was a long day for all involved and we appreciate the chance to present our views on some of the issues that are before the group for consideration.

Over the course of the hearing, many of the speakers – me included – made specific reference to the impact that taxes have on the consumer price of beverage alcohol. In my testimony, I noted that approximately 54% of the average price of a bottle of spirits currently goes to pay a tax or fee. I also made reference to the current Connecticut excise tax and how it compares to the taxes levied by the surrounding states of New York, Massachusetts and Rhode Island. As you know, Connecticut increased beverage alcohol excise taxes by 20% in 2011, raising the rate on spirits to \$5.40 per alcohol gallon. From a state competitive standpoint, this compares to a per spirits alcohol gallon rate in New York of \$6.44; Massachusetts of \$4.05 and Rhode Island of \$3.75. While perhaps not the highest, the tax rate in Connecticut is markedly higher than the rate of the surrounding states. This is further compounded with the fact that Massachusetts, the state most often referenced in discussion, does not apply a sales tax to package alcohol sales.

During the course of our presentation, a question was posed whether a reduction in the state excise tax rate would result in a meaningful reduction in the shelf price at the consumer level. While retailers are free to establish their own price – at or above the wholesaler dictated minimum bottle price – our review indicates that a significant shelf price reduction would be unlikely.

There are a number of reasons for this but foremost is the fact that with the exception of the state established excise tax rate and the application of sales tax, as much as 76% of the total tax burden that is applied to beverage alcohol is beyond the reach of state



Rep. Kathy Tallarita
Mr. Edward Berthiaume
Page two
September 19, 2012

policymakers. Consider, for example, the Federal government's spirits tax rate is \$13.50 per alcohol gallon, which when combined with other Federal fees, accounts for the bulk of the total tax applied to the average price of a bottle of spirits.

Our review of the impact of excise tax rates indicates that the state of Connecticut would have to eliminate its beverage alcohol excise tax to have a meaningful impact on shelf price. As you can see from the attached chart we looked at three bottle sizes (750 ml, 1.0 Liter and 1.75 liter) and four top brands (Bacardi Light, Grey Goose, Jim Beam Black and Smirnoff) to determine the impact that would likely occur from 1) a roll back to Connecticut's pre-2011 excise tax (\$4.50/gallon); 2) matching Rhode Island's lowest-in-the-region excise tax rate (\$3.75/gallon), and; 3) elimination of the excise tax completely.

The chart is fairly self-explanatory, but it shows that the minimum bottle price, based on prices from the August 2012 Connecticut Beverage Journal, could only decline by at most 1.9% (the 1.75L size Smirnoff) under a roll-back scenario and by 3.5% (also a 1.75 of Smirnoff) if Connecticut matched the Rhode Island rate, although even under that scenario most prices would be expected to go down by less than 2%. It is only if the state eliminated its excise tax completely that there would be room for significant price reductions averaging between 5% and 10% in most cases. All of these numbers are predicated on the assumption that both wholesalers and retailers would pass on to consumers any tax reduction benefit that may occur.

Please do not misunderstand our position – **the Distilled Spirits Council is 100% supportive of any reduction in the current beverage alcohol excise tax rate.** However, given the budget implications that a significant tax reduction may present, we continue to believe that the fastest route to a meaningful reduction in the shelf price for Connecticut's consumers is the elimination of the minimum bottle pricing scheme. Those that focus their advocacy principally on a reduction of the state excise tax while ignoring the greater impact that elimination of the minimum pricing scheme would have are not being forthcoming with the Task Force. While certainly important, the extended debate about an excise tax reduction is the "flashy object" that easily distracts from the impact that would be felt from removing minimum pricing requirements. The overall pricing discussion was further confused by various references and proclamations that Connecticut's "case one" price is competitive with neighboring states, a point that is irrelevant when it comes to reducing the bottle price to consumers.

As I stated in my testimony, no other state in the country has a minimum bottle pricing scheme like Connecticut. While I did not address license caps and Sunday sales, many states currently have Sunday sales, no license caps, no minimum bottle pricing requirements and have more licenses per capita than Connecticut including Wisconsin, Michigan, Hawaii, New Mexico, California and Alaska. Additionally, Missouri and South

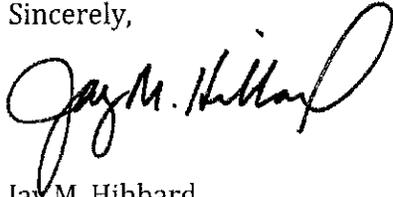
Rep. Kathy Tallarita
Mr. Edward Berthiaume
Page three
September 19, 2012

Dakota have a license cap that is greater than current law in Connecticut but they also have Sunday sales and no minimum bottle pricing scheme and more retailers per capita than Connecticut. I have every confidence that if retailers in those states can compete and thrive, so too would Connecticut retailers were they presented with a more competitive and consumer friendly market.

Allowing a retailer to sell at the cost-of-acquisition based on a case price rather than an arbitrarily established "minimum bottle price" could result in significant consumer savings and allow Connecticut's retailers to compete more openly in the state and also with out-of-state stores. Ultimately, this could be further assisted, as Mr. Ozgo noted, by allowing for quantity case discounts.

The challenge before the Task Force is daunting and we, as one interested party, stand ready to assist in your efforts in any manner that we can. I hope this information is helpful. Please do not hesitate to contact me should you have any questions. Thank you again for the opportunity to participate.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay M. Hibbard". The signature is fluid and cursive, with the first name "Jay" being particularly prominent.

Jay M. Hibbard
Vice-President Government Relations

cc: Members of the Task Force

HARTFORD COURANT

<http://www.courant.com/news/opinion/editorials/hc-ed-liquor-pricing-gets-better-20130215,0,6559168.story>

EDITORIAL February 15, 2013

End State's Liquor Price Restrictions

Governor is trying to cut costs for consumers, level playing field with Massachusetts

Once again, Gov. Dannel P. Malloy is attempting to bring in extra state revenue by giving consumers more reason to buy alcoholic beverages in Connecticut, thereby keeping both the sales and excise taxes in-state. His two-year battle with the well-entrenched package store lobby has seen some success, but so far the big prize — lowering prices — has eluded him.

If he wins this time, liquor purchasers and taxpayers will both benefit.

Last year, the state legislature approved Sunday sales of alcoholic beverages. Many package store owners grumble that the change meant no extra income, even a loss of revenue, and some are probably right: For many customers, six days' purchases were simply spread over seven days.

But allowing Sunday sales did slow the Sabbath exodus to nearby states, thus keeping more tax money here. And opponents of the law never convincingly explained why liquor retailers should be given a competitive break when other mom-and-pop operations have no such protection.

The major issue, however, remains price, not convenience.

Liquor manufacturers set suggested retail prices; in Connecticut, no store may sell below those prices. The law benefits small package stores by making it no cheaper to buy at big-box outlets.

Mr. Malloy wants to change that. Under his proposal, alcoholic beverage retailers, if they wish, may sell spirits and wine at the wholesale price plus delivery costs. That could cut the per-bottle price by several dollars, making it much more attractive to buy in Connecticut. (Beer is not included in the plan; it should be.)

Connecticut's main foe in liquor sales is Massachusetts, which has no minimum pricing, no sales tax on alcohol, and a lower excise tax. Plus, it's right next door — as untold consumers have found. To keep liquor sales here, our state must be more competitive.

Copyright © 2013, [The Hartford Courant](#)

Comparison of Connecticut Case Price, Legal Bottle Price and Actual Bottle Cost - December, 2012

Brand	1.75 Liter			1.0 Liter			750 MI			Bottle Price Mark-Up Over		
	Case Price	Bottle Price	Bottle Cost	Case Price	Bottle Price	Bottle Cost	Case Price	Bottle Price	Bottle Cost	1.75	1.0 Liter	750
Smirnoff Red	\$ 124.46	\$ 21.99	\$ 20.74	\$ 159.92	\$ 15.11	\$ 13.33	\$ 178.92	\$ 14.99	\$ 14.91	6.0%	13.4%	0.5%
Jose Cuervo Gold	\$ 192.46	\$ 34.99	\$ 32.08	\$ 255.84	\$ 21.99	\$ 21.32	\$ 210.92	\$ 19.99	\$ 17.58	9.1%	3.1%	13.7%
Johnnie Walker Red	\$ 209.46	\$ 34.99	\$ 34.91	\$ 310.92	\$ 26.11	\$ 25.91	\$ 214.92	\$ 21.99	\$ 17.91	0.2%	0.8%	22.8%
Johnnie Walker Black	\$ 359.46	\$ 59.99	\$ 59.91	\$ 459.48	\$ 40.99	\$ 38.29	\$ 358.92	\$ 29.99	\$ 29.91	0.1%	7.1%	0.3%
Captain Morgan	\$ 166.46	\$ 28.99	\$ 27.74	\$ 261.48	\$ 21.99	\$ 21.79	\$ 210.92	\$ 19.99	\$ 17.58	4.5%	0.9%	13.7%
Crown Royal	\$ 203.46	\$ 39.99	\$ 33.91	\$ 376.72	\$ 31.59	\$ 31.39	\$ 298.92	\$ 24.99	\$ 24.91	17.9%	0.6%	0.3%
Seagram's 7	\$ 119.46	\$ 19.99	\$ 19.91	\$ 172.48	\$ 15.99	\$ 14.37	\$ 166.92	\$ 13.99	\$ 13.91	0.4%	11.2%	0.6%
Tanqueray Gin	\$ 147.46	\$ 29.99	\$ 24.58	\$ 276.92	\$ 26.11	\$ 23.08	\$ 200.92	\$ 19.99	\$ 16.74	22.0%	13.1%	19.4%
Ketel One	\$ 217.46	\$ 39.66	\$ 36.24	\$ 345.48	\$ 28.99	\$ 28.79	\$ 238.92	\$ 23.99	\$ 19.91	9.4%	0.7%	20.5%
Ciroc	\$ 250.46	\$ 49.99	\$ 41.74	\$ 355.48	\$ 31.99	\$ 29.62	\$ 358.92	\$ 29.99	\$ 29.91	19.8%	8.0%	0.3%
Popov Vodka	\$ 95.46	\$ 15.99	\$ 15.91	\$ 100.48	\$ 8.99	\$ 8.37	\$ 94.92	\$ 7.99	\$ 7.91	0.5%	7.4%	1.0%
Baileys	\$ 192.96	\$ 37.99	\$ 32.16	\$ 323.92	\$ 28.99	\$ 26.99	\$ 286.92	\$ 23.99	\$ 23.91	18.1%	7.4%	0.3%
Jim Beam White	\$ 173.46	\$ 28.99	\$ 28.91	\$ 209.48	\$ 19.99	\$ 17.46	\$ 202.92	\$ 16.99	\$ 16.91	0.3%	14.5%	0.5%
Maker's Mark	\$ 293.46	\$ 51.99	\$ 48.91	\$ 381.48	\$ 31.99	\$ 31.79	\$ 286.92	\$ 26.99	\$ 23.91	6.3%	0.6%	12.9%
Sauza Gold	\$ 161.46	\$ 30.99	\$ 26.91	\$ 243.48	\$ 20.49	\$ 20.29	\$ 196.92	\$ 16.99	\$ 16.41	15.2%	1.0%	3.5%
Pinnacle	\$ 117.46	\$ 19.99	\$ 19.58	\$ 145.98	\$ 13.49	\$ 12.17	\$ 132.92	\$ 13.49	\$ 11.08	2.1%	10.9%	21.8%
Candian Club	\$ 107.46	\$ 19.99	\$ 17.91	\$ 208.92	\$ 18.49	\$ 17.41	\$ 178.92	\$ 14.99	\$ 14.91	11.6%	6.2%	0.5%
Bacardi Light-Dry	\$ 132.78	\$ 22.99	\$ 22.13	\$ 180.32	\$ 16.99	\$ 15.03	\$ 154.92	\$ 13.99	\$ 12.91	3.9%	13.1%	8.4%
Grey Goose	\$ 305.46	\$ 54.99	\$ 50.91	\$ 372.92	\$ 35.99	\$ 31.08	\$ 358.92	\$ 29.99	\$ 29.91	8.0%	15.8%	0.3%
Bombay Safire	\$ 230.46	\$ 39.99	\$ 38.41	\$ 368.92	\$ 31.99	\$ 30.74	\$ 294.92	\$ 24.99	\$ 24.58	4.1%	4.1%	1.7%
Dewar's White Label	\$ 209.46	\$ 35.99	\$ 34.91	\$ 286.70	\$ 25.49	\$ 23.89	\$ 226.92	\$ 21.99	\$ 18.91	3.1%	6.7%	16.3%
Absolut	\$ 167.40	\$ 29.98	\$ 27.90	\$ 322.92	\$ 26.99	\$ 26.91	\$ 225.80	\$ 19.98	\$ 18.82	7.5%	0.3%	6.2%
Jameson	\$ 257.46	\$ 49.99	\$ 42.91	\$ 381.48	\$ 31.99	\$ 31.79	\$ 286.92	\$ 24.99	\$ 23.91	16.5%	0.6%	4.5%
Chivas Regal	\$ 329.46	\$ 54.99	\$ 54.91	\$ 394.92	\$ 39.99	\$ 32.91	\$ 358.92	\$ 29.99	\$ 29.91	0.1%	21.5%	0.3%
Seagrams Gin	\$ 107.46	\$ 17.99	\$ 17.91	\$ 164.48	\$ 14.49	\$ 13.71	\$ 124.92	\$ 11.99	\$ 10.41	0.4%	5.7%	15.2%
Malibu Rum	\$ 161.46	\$ 26.99	\$ 26.91	\$ 249.48	\$ 20.99	\$ 20.79	\$ 202.92	\$ 16.99	\$ 16.91	0.3%	1.0%	0.5%
Kahula	\$ 203.46	\$ 34.99	\$ 33.91	\$ 303.48	\$ 26.99	\$ 25.29	\$ 238.92	\$ 19.99	\$ 19.91	3.2%	6.7%	0.4%
Beefeater Gin	\$ 179.46	\$ 29.99	\$ 29.91	\$ 298.92	\$ 24.99	\$ 24.91	\$ 238.92	\$ 19.99	\$ 19.91	0.3%	0.3%	0.4%
Skyv	\$ 143.46	\$ 23.99	\$ 23.91	\$ 204.92	\$ 18.61	\$ 17.08	\$ 148.92	\$ 15.49	\$ 12.41	0.3%	9.0%	24.8%

Comparison of Connecticut Case Price, Legal Bottle Price and Actual Bottle Cost - December, 2012

Brand	1.75 Liter			1.0 Liter			750 MI			Bottle Price Mark-Up Over Bottle Cost		
	Case Price	Bottle Price	Bottle Cost	Case Price	Bottle Price	Bottle Cost	Case Price	Bottle Price	Bottle Cost	1.75	1.0 Liter	750
Wild Turkey	\$ 218.46	\$ 36.49	\$ 36.41	\$ 255.42	\$ 22.49	\$ 21.29	\$ 235.19	\$ 19.99	\$ 19.60	0.2%	5.7%	2.0%
Stolichnaya	\$ 173.46	\$ 33.99	\$ 28.91	\$ 291.48	\$ 27.49	\$ 24.29	\$ 250.92	\$ 20.99	\$ 20.91	17.6%	13.2%	0.4%
Jack Daniels	\$ 229.46	\$ 41.99	\$ 38.24	\$ 313.92	\$ 27.99	\$ 26.16	\$ 262.92	\$ 22.99	\$ 21.91	9.8%	7.0%	4.9%
Canadian Mist	\$ 101.46	\$ 16.99	\$ 16.91	\$ 118.92	\$ 9.99	\$ 9.91	\$ 100.92	\$ 8.49	\$ 8.41	0.5%	0.8%	1.0%
Southern Comfort	\$ 161.46	\$ 26.99	\$ 26.91	\$ 247.68	\$ 21.99	\$ 20.64	\$ 202.92	\$ 17.99	\$ 16.91	0.3%	6.5%	6.4%
Patron	\$ 442.86	\$ 76.99	\$ 73.81				\$ 419.96	\$ 41.99	\$ 35.00	4.3%		20.0%
Svedka	\$ 137.46	\$ 22.99	\$ 22.91	\$ 154.92	\$ 13.99	\$ 12.91	\$ 132.48	\$ 13.99	\$ 11.04	0.3%	8.4%	26.7%
Black Velvet	\$ 89.46	\$ 15.99	\$ 14.91	\$ 142.92	\$ 12.99	\$ 11.91	\$ 98.92	\$ 9.99	\$ 8.24	7.2%	9.1%	21.2%
Paul Masson Brandy	\$ 113.46	\$ 20.99	\$ 18.91	\$ 135.92	\$ 14.11	\$ 11.33	\$ 130.92	\$ 10.99	\$ 10.91	11.0%	24.6%	0.7%
Jagermeister	\$ 200.46	\$ 39.99	\$ 33.41	\$ 285.48	\$ 23.99	\$ 23.79	\$ 190.92	\$ 17.99	\$ 15.91	19.7%	0.8%	13.1%
Hennessey VSOP	\$ 341.42	\$ 58.99	\$ 56.90	\$ 399.48	\$ 34.99	\$ 33.29	\$ 352.92	\$ 29.49	\$ 29.41	3.7%	5.1%	0.3%
Remy Martin VSOP	\$ 443.46	\$ 76.99	\$ 73.91	\$ 603.42	\$ 50.49	\$ 50.29	\$ 418.92	\$ 34.99	\$ 34.91	4.2%	0.4%	0.2%
McCormick Vodka	\$ 72.84	\$ 15.22	\$ 12.14	\$ 79.12	\$ 7.19	\$ 6.59	\$ 70.92	\$ 6.49	\$ 5.91	25.4%	9.0%	9.8%
E&J Brandy	\$ 109.26	\$ 20.99	\$ 18.21	\$ 130.92	\$ 10.99	\$ 10.91	\$ 105.00	\$ 10.99	\$ 8.75	15.3%	0.7%	25.6%
Leroux Brandy	\$ 143.46	\$ 23.99	\$ 23.91	\$ 144.60	\$ 12.39	\$ 12.05	\$ 127.80	\$ 11.29	\$ 10.65	0.3%	2.8%	6.0%
Yukon Jack	\$ 167.46	\$ 27.99	\$ 27.91	\$ 227.48	\$ 20.99	\$ 18.96	\$ 214.92	\$ 17.99	\$ 17.91	0.3%	10.7%	0.4%
Seagram VO	\$ 115.46	\$ 21.99	\$ 19.24	\$ 218.92	\$ 19.11	\$ 18.24	\$ 161.92	\$ 14.99	\$ 13.49	14.3%	4.8%	11.1%
Jose Cuervo Marg.	\$ 81.46	\$ 16.99	\$ 13.58				\$ 92.92	\$ 8.99	\$ 7.74	25.1%		16.1%
Gordon's Gin	\$ 117.46	\$ 19.99	\$ 19.58	\$ 166.92	\$ 14.11	\$ 13.91	\$ 123.92	\$ 11.99	\$ 10.33	2%	1.4%	16%
Skinny Girl Marg.							\$ 184.92	\$ 19.99	\$ 15.41			29.7%
Gordon's Vodka	\$ 113.46	\$ 18.99	\$ 18.91	\$ 165.48	\$ 13.99	\$ 13.79	\$ 130.92	\$ 10.99	\$ 10.91	0.4%	1.5%	0.7%
Average										7.2%	6.5%	8.5%

ON LIQUOR ISSUES

While a legislative commission appointed last year to study Connecticut's alcoholic beverage industry failed to make any recommendations, Governor Malloy has resubmitted legislation to repeal the state law setting minimum prices for beer, wine, and liquor.

Last year Connecticut achieved Sunday openings for liquor stores, also proposed by the governor, only because the liquor store lobby was desperate to save the minimum-pricing system and conceded Sunday openings so state legislators might not seem quite so much the tools of the liquor lobby, which they long have been. That is, the minimum-pricing system is worth a lot more to the liquor stores than forbidding Sunday openings was -- which in turn means that minimum pricing is a lot more costly to consumers.

While liquor is a sensitive product requiring regulation, it should be regulated in the public interest, not regulated to ensure profits for its purveyors, which is what the minimum-pricing system does. If public policy wants to inflate the cost of alcoholic beverages to discourage their use or to recover the social costs of their abuse, the mechanism for doing that is the tax system, in which the revenue flows to the government, not to the liquor stores.

There's no public interest in insulating liquor stores from the ordinary market competition other retailers face. Let liquor stores discount their product as much as they want and offer "loss leaders" just as supermarkets do. But stop propping them up as a matter of law just because there are stores in every legislator's district and they have a lobbyist. As long as liquor stores claim such privileges they'll be just another parasitic special interest.

Chris Powell is managing editor of the Journal Inquirer.