WINE AND SPIRITS WHOLESALERS OF CONNECTICUT, INC.

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TESTIMONY OF
WINE AND SPIRITS WHOLESALERS OF CONNECTICUT

In Opposition to:

S.B. No. 315 (RAISED) AN ACT ESTABLISHING AN OFF-SITE FARM WINERY SALES AND TASTING PERMIT.

The members of the WSWC appreciate the opportunity to provide testimony on Bill Number SB 315. This bill is the same bill (SB 297) which is before the General Law Committee and on which there was an extensive public hearing on March 6, 2014 (yesterday).

The members of the WSWC oppose the creation of an additional license which will place their suppliers into direct competition with them. While ostensibly Bill 315 seeks to confer yet another benefit upon "farm wineries", the State, under the US Supreme Court's decision in Granholm (2005) cannot discriminate in providing a benefit to in-state manufacturers and not the same benefit to out-of-state manufacturers.

Under this bill, Connecticut wholesalers, like the members of the WSWC, and the package stores who are their customers would be forced to compete for sales with their current suppliers, many of whom meet the definition of "farm winery." This further deterioration of the three tier system, at the expense and detriment of existing businesses is not warranted.

Over the past several years the "farm winery" permit has morphed from a "Connecticut farm" produced product to a product which is just like any other "manufactured" wine. By way of example of these changes include:

- A reduction from 50% to 25% of "estate" grown fruit.
- The inclusion of land wherever located within the state towards the "estate" fruit requirement.
- The ability to sell other manufacturer's wines.
- The ability to sell their products off site and at festivals.

Who are the WSWC Members? The Connecticut's alcohol beverage wholesalers, such as the members of the Wine and Spirits Wholesalers of Connecticut, are a key link in the 3-Tier System which controls the distribution of beverage alcohol in this country. They purchase beverage alcohol from suppliers and manufacturers and then market and sell those products to licensed retailers – restaurants and package stores. Connecticut Wholesalers:

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- are licensed and regulated by the state of Connecticut and the federal government;
- are responsible to insure that the wines, beers and spirits brought in to the state by manufacturers and importers are sold and distributed only to licensed retailers (package stores and restaurants);
- pay to the state in excess of $60 M in state excise taxes;
- assist the Department of Revenue Services in the collection of Sales and Use Taxes, in excess of $150M annually;
- provide in excess of 2,400 direct jobs to Connecticut residents; and
- contribute in excess of $275 M in direct and in direct benefits to the state's economy.

The members of the WSWC are committed to ensuring that the best possible safeguards to prevent the sale of beverage alcohol to minors are in place and adults of legal drinking age consume beverage alcohol responsibly, while at the same time providing an efficient method of distribution which provides access to a wide variety of quality wine and spirits from all over the world.