

**Written Testimony of Slocum & Sons, North Haven, CT**

**Finance, Revenue & Bonding Committee**

*SB 946--An Act Concerning Revenue Items to Implement the Governor's Budget*

March 9, 2015

Dear Senator Fonfara, Representative Berger, and members of the Finance, Revenue & Bonding Committee. Please accept this written testimony on SB 946—An Act Concerning Revenue Items to Implement the Governor's Budget, and specifically, the alcoholic beverage provisions in sections 41 through 43 of the legislation.

Slocum and Sons has been in the fine wine and spirits distribution business in Connecticut for over 30 years. On behalf of our 100 employees and the loyal customers and consumers we serve throughout the State of Connecticut, we wish to express our grave concerns over sections 41 through 43 of the revenue implementer that would negatively impact the wine and spirit industry and could cost Connecticut hundreds of small business jobs.

First, we object to the repeal of minimum pricing as proposed in section 43 of the bill. While on its face this appears to be a consumer friendly provision, its consequence will lead to large, chain box stores selling any item below cost, causing many small "Main Street" retailers to go out of business. In addition to the significant loss of jobs at retail, these closures will mean the concomitant loss of jobs at the wholesaler level. Once large box stores control the marketplace, they will be able to raise prices at the expense of consumers. Additionally, important safeguards against underage drinking when sales take place between a package store owner and his or her customer will be sacrificed.

This proposal will actually *reduce* consumer choice, as smaller retailers who are able to somehow stay in business will not be able to compete on name brands with large box stores. We believe that current wine and liquor pricing is competitive as evidenced by the price of name brand wines and liquors in Connecticut versus neighbors such as New York, Massachusetts and Rhode Island, despite our higher taxes here in Connecticut. It is not logical to have a discussion about alcohol pricing in Connecticut without first addressing the combination of high sales and excise taxes, which were both increased in 2011 (a 20% increase in the excise tax). The result of these high taxes is that Connecticut consumers are paying more in taxes on alcoholic beverages than our neighboring states.

Furthermore, we object to raising the number of permits that may be owned by one person from 3 to 6 as proposed in section 41 of the bill. The increase from 3 to 6 will lead to business being done out of state by large chain stores and the opportunity for corrupt practices. Finally, increasing the hours of sale an additional hour seven days a week as laid out in section 42 of the

legislation will only add additional burdens to package store owners, our customers, many of whom are already working over 70 hours per week.

Make no mistake; the deregulation of the alcohol marketplace under this proposal will have a huge negative impact on our business and industry, without creating the alleged benefits of additional competition or lower prices. We ask the members of the Finance, Revenue & Bonding Committee to consider this proposal in light of the State's obligation to regulate the distribution, sale and dispensing of alcoholic liquor, along with the significant industry displacement and upheaval it will cause across the State should it go forward. Only large chain box stores stand to gain under this proposal at the expense of hundreds of "Mom and Pop" retailers throughout the State and wholesaler employees. We urge you to not adopt these provisions of the Governor's Revenue Implementer.

We look forward to continuing this discussion with the General Assembly in the days and weeks ahead.

Thank you for your consideration.

Slocum & Sons  
North Haven, Connecticut

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