

WINE AND SPIRITS WHOLESALERS OF CONNECTICUT, INC.

Peter A. Berdon
Executive Director and General Counsel
peter.berdon@bymlaw.com

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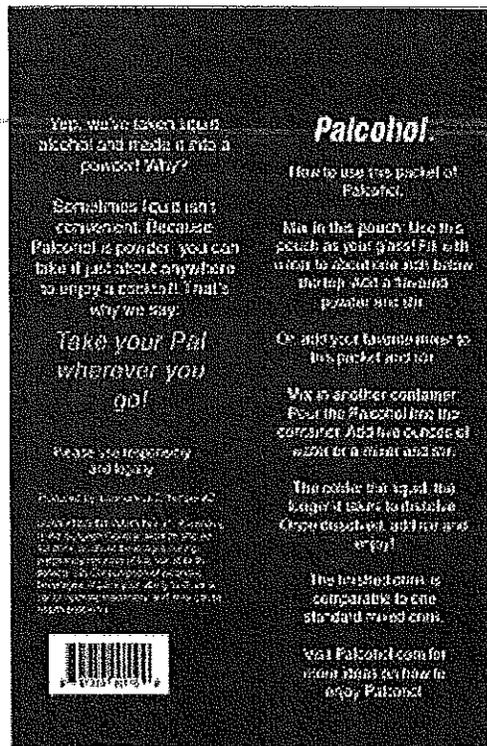
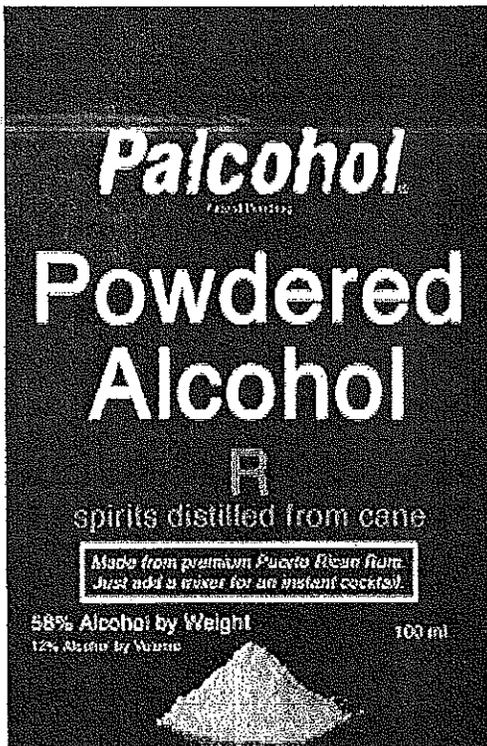
TESTIMONY OF WINE AND SPIRITS WHOLESALERS OF CONNECTICUT

RE: Proposed SB 386 An Act Prohibiting the Sale of Powdered Alcohol

The WSWC and its member companies strongly support the adoption of Proposed SB 386 An Act prohibiting the Sale of Powdered Alcohol.

The Dangers of Powdered Liquor

Is Connecticut about to add eating or snorting powdered booze to the list of ways kids get drunk? Popular Science has called it "Fluffy like confetti and just as liquorous as the bottled stuff". First and for a long time, alcohol was just liquid, then it was whipped, solidified and vaporized, and now is powderized.



Privately-owned Arizona based company Lipsmark announced a year ago that it planned to release six versions of Palcohol - including vodka, rum and four cocktails - to be sold in a pouch that is the equivalent to 10% to 12% abv when mixed with 5 ounces

of water and coming to stores in spring of 2015. While the makers of Palcohol have toned down their website as controversies have grown, their initial marketing pitch was about ease of concealment and use as an intoxicating food additive:

“What’s worse than going to a concert, sporting event, etc. and having to pay \$10, \$15, \$20 for a mixed drink with tax and tip. Are you kidding me?! Take Palcohol into the venue and enjoy a mixed drink for a fraction of the cost.” And: “We’ve been talking about drinks so far. But we have found adding Palcohol to food is so much fun. Sprinkle Palcohol on almost any dish and give it an extra kick. Some of our favorites are the Kamikaze in guacamole, Rum on a BBQ sandwich, Cosmo on a salad and Vodka on eggs in the morning to start your day off right. Experiment. Palcohol is great on so many foods. Remember, you have to add Palcohol AFTER a dish is cooked as the alcohol will burn off if you cook with it...and that defeats the whole purpose.”

University of Colorado physician Kennon Heard, who works in medical toxicology, says the product looks like other slickly packaged vices that have proven dangerous to youths — or anyone who doesn’t understand what’s in it. He compares the product to painkillers marketed as if they were candy and to high-potency marijuana brownies often sold in appealing packages. “This has a higher potential to be accidentally or intentionally misused. It could be very easy, for example, for people not to understand how much alcohol they are going to ingest,” Heard said. “Based on the similarities between this and other products I don’t see any reason to think there will be a different outcome.”

Product Appears to Be Moving Forward With Federal Approval

According to the product’s critics like New York Senator Chuck Schumer, it flew under the radar of FDA approval. In April of 2014 the products received a label approval by the Tax and Trade Bureau of the U.S. Treasury which regulates alcohol beverages. This label approval was rescinded within three weeks and Palcohol stated: “We have been in touch with the TTB and there seemed to be a discrepancy on our fill level, how much powder is in the bag. There was a mutual agreement for us to surrender the labels.” If this “discrepancy” is resolved within the federal bureaucracy by Palcohol’s legal team, the product could quickly appear in the market.

States Act to Ban It Before Its Release

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Because alcohol laws generally only apply to liquids, the legal status of powdered booze is uncertain. In Netherlands, powdered alcohol can be sold to minors under the drinking age because it is not a liquid.

The National Conference of State Legislatures notes that Alaska, Delaware, Louisiana, South Carolina and Vermont have already banned powdered alcohol. Several others are considering doing so, including Colorado, Minnesota, Ohio, and New York.

"The public health risk of powdered alcohol is too great for our state to ignore," Ohio Rep. Jim Buchy said in a press release announcing the bill. "We have to do our part in putting forth reasonable laws that protect our children and prevent the availability of drug forms that have a higher potential for abuse."

"I think being proactive and jumping out in front of the problem is probably the right thing to do," said Chris Johnson, executive director of the County Sheriffs of Colorado. "It really doesn't have any place in our society, powdered alcohol. We have enough problems with the liquid kind ... "It can be a very dangerous thing," he said.

"We're simply trying to get ahead of the curve," said Utah state Rep. Steve Eliason, a Sandy Republican who plans to run a bill banning the product during the upcoming legislative session. Eliason said the product would be difficult to track because it's much more discreet than traditional liquid alcohol and could be combined with food. Trying to control it and keep it out of the hands of kids would be "just a regulatory nightmare," Eliason said.

The WSWC and its member companies urge the Connecticut legislature to take the responsible course of action and ban powdered alcohol.

Who is the WSWC? The Wine & Spirits Wholesalers of Connecticut, Inc. was established in 1964 and since that date has been the trade association representing wine and spirits wholesalers in Connecticut. The WSWC membership totals 53 and its members distribute the vast majority of wines and spirits sold in the state of Connecticut. The members of the WSWC span a diversity of size from very large to very small, but all are family owned businesses. Individually, they employ as many as 230 employees and as few as a one person working part-time. Collectively, they are a significant and integral part of Connecticut's economy. The members of the WSWC:

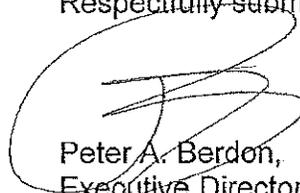
- contribute in excess of \$200 million dollars in direct and in-direct benefits to the state's economy;
- provide in excess of 1,700 direct jobs to Connecticut residents;
- Pay in excess of \$167 million dollars in wages;

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- pay in excess of \$60.2 million dollars in state excise taxes;¹
- promote, market, sell, warehouse and deliver nearly 36,000 different brands; and
- assist the Department of Revenue Services in the collection of Sales and Use Taxes, in excess of \$141 Million Dollars annually².

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.

Respectfully submitted,



Peter A. Berdon,
Executive Director/General Counsel

¹ FYE June 30, 2014.

² \$141 million is the total sales and use taxes estimated to be collected on the retail sale of wine, spirits and beer in 2010. Spencer Kane, Cain Associates, LLC, Economic Impact, March 2012. Each year the Department of Revenue Services requests that wholesalers furnish sales made to retailers to determine if individual retailers are fully accounting for all sales.