

Senator Fonfara, Representative Berger and the members of the Finance Revenue and Bonding Committee - the Connecticut Beer Wholesalers Association respectfully request that you oppose changes outlined in Section 41–Section 43 of *Senate Bill -946 AAC Revenue Items To Implement the Governor's Budget that make changes to the current alcohol laws.*

The Connecticut Beer Wholesalers Association represents the interests of seven beer wholesalers in this state. Its member wholesalers are predominantly locally owned, multi-generational family businesses that provide good jobs to Connecticut Residents. The changes proposed in Senate Bill 946 if implemented would result in a changed retail environment that will eventually impact Connecticut distributors' business as well.

Below we have identified the reasons the Association opposes this proposal:

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#### **Section 41 - Increasing the Number of Retail Permits:**

Section 41 proposes to increase the number of permits that an owner can hold from three to six retail permits. As you may recall, just a short time ago the General Assembly increased the number of permits. This proposal favors the chain stores by allowing them greater ability to control the Connecticut retail liquor environment, and this is a significant concern to distributors. A chain store will eventually desire to receive its products directly from the manufacturer, resulting in the erosion of our business and the good jobs that we provide the men and women that live and work here. The expansion of chain stores in Connecticut will simply lead to the closure of small liquor stores, and once that occurs the distributor tier as well.

#### **Section 42 - Extending the hours of alcohol sales:**

This section proposes to extend the hours of alcohol sale from 9pm to 10pm and until 8pm on Sundays. Again, this is another attempt to change the marketplace away from package stores to an environment that favors the continued growth of chain stores in Connecticut.

#### **Section 43 – Repeal Minimum Pricing:**

Section 43 proposes the repeal of the state minimum pricing - allowing a retailer to sell at cost. Proponents believe that this will result in lower liquor prices for consumers while yielding additional state sales tax revenue. This assumption is flawed on numerous fronts.

- A bi-partisan task force convened in 2012 concluded that Connecticut's wine



and spirits pricing was not as low as neighboring states due to the state tax structure (both alcohol excise and sales tax) and not as a result of the minimum pricing law.

- We request that the legislature first examine Connecticut's tax structure with regard to alcohol. We would further request that the committee assist consumers by reducing the alcohol excise tax or eliminate the state sales tax.
- Due to their financial strength, chain stores will sell at cost and just drive the small liquor store - owners out of business. Once that plays out, prices will rise, and selection for Connecticut consumers will diminish to just those high volume items the chain stores wish to carry.
- This proposal will also negatively impact the continued growth of Connecticut's craft beer industry. It is liquor stores that provide the best opportunity for craft beer sales, not the big chain stores. This proposal will result in limited availability in the marketplace of this very popular product to consumers.

The three proposals potentially do greater harm to Connecticut's economy than the 3.3 million dollars anticipated if implemented. We believe that the most significant differential in cost to Connecticut's consumer vs. neighboring states is largely due to Connecticut's uncompetitive tax structure, and not the minimum bottle law. Alcohol is a unique product, and we believe that Connecticut's current alcohol policies strike the appropriate balance for consumers, retailers and distributors.

