

DIAGEO

TESTIMONY IN SUPPORT OF HOUSE BILL 6859, AN ACT CONCERNING CASE BOTTLE QUANTITIES FOR CERTAIN ALCOHOLIC LIQUOR

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Good afternoon, Senator Leone, Representative Baram and members of the General Law Committee. My name is Dwayne Kratt and I am the senior director for state government affairs at Diageo. I work with more than 600 colleagues at our North American headquarters which is located in Norwalk, CT. Diageo is a leading player in the alcohol beverage industry with premium brands in all three categories: beer, wine and spirits.

I apologize that I am not able to attend today's hearing due to a scheduling conflict but I submit this testimony in strong support of House Bill 6859, An Act Concerning Case Bottle Quantities for Certain Alcoholic Liquor.

Why are we requesting this legislation?

In 2014, we introduced a special commemorative 750 ml Seagram's 7 bottle which was packed as a 9 bottle case instead of the customary 12 bottle case. Also in 2014, we began to pack our 200 ml Crown Royal bottles in 44 bottle cases rather than the customary 48 bottle cases. In both instances, the redesigned bottles required us to change the packaging and made it impossible to meet the case configuration required under Connecticut law.

Under current law, both of these containers are prohibited from being sold in Connecticut because Connecticut law defines what constitutes a case of spirits and only spirits. A handful of other states also define a case but those states also allow the regulatory authority to grant a waiver for odd size cases.

Why does the law exist in the first place?

Since this provision applies only to spirits, it is not readily apparent why this law exists. We presume that this law exists to prevent quantity discounts. Without this law, a supplier conceivably could offer for sale a 100 bottle case and suggest a lower per bottle charge to retailers for that case than a customary 12 bottle case. To that end, we recognize the rationale for the law.

What does the legislation do?

HB 6859 would amend Conn. Gen. Stat. §30-1(6)(B) as follows:

A case of alcoholic liquor, other than beer, cordials, cocktails, wines and prepared mixed drinks, shall be in the number and quantity, OR FEWER, of units or bottles as follows:

By simply adding the two words "or fewer", we would have been able to sell the commemorative 750 ml Seagram's ml bottle and we will be able to sell the 200 ml Crown Royal product in a 44 bottle case.

We also strongly believe that HB 6859 should be amended to allow the Commissioner of the Department of Consumer Protection the discretion to grant an odd case configuration upon request. It is difficult to conceive of the downside to this provision. As mentioned earlier, the

handful of other states that do define a case size by statute also allow the regulatory authority with the discretion to grant an odd case.

An additional benefit of HB 6859 will allow retailers to avoid paying the "split case fee". Under current practice, retailers are charged a split case fee by the wholesaler if they order less than a case.

Finally, the legislation updates the standard spirit bottle volume sizes that are permitted for sale in the United States by the federal Tax and Trade Bureau. While many of us may still refer to a 750 ml container as a "fifth", federal law no longer recognizes that classification.

Thank you again for raising this legislation and giving it your consideration.