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The Connecticut Small Brand Council, Inc. (CSBC)

To preserve, encourage and expand a vast wine, beer and spirits product selection for Connecticut consumers in the marketplace while also growing jobs.

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Senator Leone, Representative Baram, Senator Wtikos, Representative Carter and the members of the General Law Committee:
The Connecticut Small Brand Council (CSBC) is an association of Connecticut distillers, wholesalers and retailers and the smaller brand products they sell. CSBC's membership works to support laws that expand the already vast selection of wine, beer and spirit products in Connecticut while also increasing the jobs that these small businesses provide to the framework of the Connecticut economy. The CSBC is an advocate for those companies that create the product, ship it , sell it and the consumer that buys it.

We are in **opposition to SB14 AN ACT ENSURING THE REGIONAL COMPETITIVENESS OF CONNECTICUT'S LIQUOR PRICES.** Our members did not see any increase in sales since June 2012 when Sunday sales went into effect. The revenue promised with this bill will not occur and will irreparably harm craft distillers, small wholesalers and package stores and ultimately the consumer. One fact stands out: from June 2012 to June 2013 overall sales in wine, beer and spirits went was down .31%. Why? Because people head over the border to save on taxes because those haven't changed and CT still has higher excise taxes than surrounding states and a higher sales tax (Mass and RI have no sales tax)

Repeal of minimum pricing:

- A Task Force was formed in 2011 comprised of members of all three tiers and Governor Malloy appointees to study our prices in relation to surrounding states. This task force was a result of 2011 legislative session. The net result was our sales and excise taxes are higher than surrounding states (MA and RI have no sales tax on alcohol). These are the reasons for any price discrepancy. Our prices, before taxes, are actually competitive with surrounding states.
- Repeal or reduce taxes if you want prices to drop prices and help consumers. Repealing minimum pricing only allows out-of-state big-box retailers to do predatory pricing and use loss leaders to drive out local packages stores. Once they dominate the market, pricing has no more competition and our businesses cease to exist.
- CT has one of the best and most vast selection of boutique spirits, wine and beer in the country and all those brands will be gone if big-box retailers are allowed to dominate the market. How does this help the consumer?

Big-box retailers as well as manufacturers supported this repeal because wherever they have no regulation on price, they can dominate the marketplace at the expense of smaller retailers like what occurred in Florida, Maryland, and Delaware. Repealing single bottle pricing will destroy the product selection available today in the market. Package stores will no longer buy individual bottles of boutique smaller market share products the market currently supports, since there will be no incentive to buy just a few bottles instead of a case. Most small to medium sized stores average 15% to 20% of their purchases by the bottle and not by the case. As a result, the dominant large market share national

brand products will displace those other products and those big chain box retailers will sell for cost which is a loss that they can sustain but no one else can compete against.

Big-box and chain stores will dismantle the pricing of these smaller brand products and make it incredibly difficult for these small manufacturers/wineries/brewers to be competitive in CT and those manufacturers will no longer sell their product here. Large market share national brand products will squeeze out shelf space with case displays and there will be bigger volume, long term purchases which is bad for variety, the consumer and small brand manufactures.

Connecticut's many independent small brand alcohol beverage manufacturers, wholesalers and retailers not only bring a vast selection of products to consumers but they also add and create greater revenue, opportunity and support within the local economic cycle than the big – box and chain stores. Distillers such as **Onyx Spirits Company in East Hartford, PEEL spirits in New Britain, Litchfield Distillery in Litchfield, Westford Hill Distillers in Ashford, Missing Link Wine Company in West Hartford, Gathering Harvests in Westport, New England Wine & Spirit in West Haven,** among our other members, will no longer be viable because their brands will no longer be competitive. The continued success of these native entrepreneurs and policy that recognizes their economic and social value in our communities and to the consumer is a key element in creating a good market for consumers.

We **support**:
H.B. No. 5323AN ACT REQUIRING COMMON CARRIERS TO REPORT THE TRANSPORTATION OF ALCOHOLIC LIQUOR INTO THE STATE. Out of state retailers are shipping to CT consumers and are not paying the necessary taxes. This bill will remedy that situation and require the carriers of their product to help in the process of forcing compliance of Connecticut laws.

S.B. No. 193 AN ACT INCREASING THE POPULATION THRESHOLD REQUIREMENT FOR THE ISSUANCE OF PACKAGE STORE PERMITS and TRANSIT. This bill will strengthen the current package store marketplace by increasing the population to store ratio. By increasing the threshold it will help to strengthen the value of current stores which have been harmed in recent years because of laws proposed and some passed that have lowered their value.

S.B. No. 195 AN ACT PROHIBITING PACKAGE STORES AND CERTAIN OTHER PERMIT HOLDERS FROM SELLING OR DISPENSING ALCOHOLIC LIQUOR ON EASTER. There is currently no benefit to the state in terms of revenue for stores to be open on Sunday and like with the Christmas holiday, stores should be closed.

The Connecticut Small Brand Council (CSBC),

President, Adam Von Gootkin Onyx Spirits, East Hartford, CT,

Vice President, Doug Rankin, Missing Link Wine Company, West Hartford, CT