

Testimony of  
Brescome Barton Inc.  
on  
HB 5036  
“An Act Promoting Craft Breweries  
and Distilleries and Price Fairness”  
March 6, 2018

Mr. Chairmen, Ranking Member and members of the General Law Committee, Brescome Barton, the largest wholesaler of wine and spirits in Connecticut, respectfully **opposes** two provisions contained in HB 5036- the elimination of post and hold price posting and the elimination of the minimum bottle law for wine and spirits in our state.

Currently, Connecticut law requires liquor and wine manufacturers, wholesalers and out-of-state shippers of these goods to post their bottle and case prices each month with the Department of Consumer Protection. Wholesalers may amend prices within four days to meet a lower price offered by another wholesaler. Posted prices supports transparency and may not be changed during the month they are in effect. Eighteen other states have similar laws mandating the posting of prices for the following month. We strongly believe the elimination of “post and hold” in our state would diminish the state’s regulatory control over the sale of alcohol which would negatively impact hundreds of small businesses and be detrimental to public health and safety. Today’s system of published pricing plays a necessary role in maintaining the delicate balance between an open marketplace and the need for the state to regulate the sale of alcohol. Where published pricing has been eliminated, it has led to a disorderly and discriminatory marketplace, leading to loss of jobs, revenue and taxes through anti-competitive practices. The United Kingdom offers a prime example of a market which is currently overwhelmed with public health and safety concerns, all directly related to deregulation and the uncontrolled pricing of alcohol being promoted by big box stores through pricing wars. The UK currently is attempting to reestablish pricing controls. Research clearly shows that per capita alcohol consumption and social problems are directly related. Volume and other pricing discounts increase consumption and related social problems. Connecticut’s regulatory system has kept consumption rates and problems at a lower level than the “open market” European system.

Brescome Barton, Inc. also opposes the provision in this bill to eliminate minimum bottle pricing for wine and spirits in this state. The Governor's proposed budget for FY19 estimates this provision would produce \$2.5 million in added revenues through additional sales. What the legislation fails to consider is the economic impact on the more than 1,000 package stores in Connecticut, many of which are small "mom and pop" shops serving local neighborhoods. It is estimated that as many as 600 package stores could close should this proposal become law. Such closures would result in fewer jobs in this challenged economy, vacant retail space, lower property taxes and another blow to the state's unemployment fund. In the past few years, the legislature has opened up Sunday sales, extended hours of service and increased the number of stores a permittee may own. These changes clearly have benefited consumers. Passage of this minimum bottle pricing proposal, and the elimination of post and hold, will have a counter effect by fostering a dramatic consolidation in the industry leading to higher liquor prices in the future.