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TO: MEMBERS OF THE GENERAL LAW COMMITTEE

FROM: ROSS HOLLANDER, HARTFORD DISTRIBUTORS, INC. (HDI)

DATE: MARCH 6, 2018

RE: **OPPOSITION to Governor's Bill 5036 – An Act Promoting Craft Breweries & Distilleries and Price Fairness**

We respectfully OPPOSE Bill 5036, because we believe that this proposal makes too many wide-sweeping changes to our long-standing and successful 3-Tier alcohol distribution system. Before this hearing, we explained our opposition to Governor Malloy.

HDI directly employs 200+ full-time employees; and we also provide work to several Connecticut vendors and small businesses.

HDI's full-time employees all receive at least \$15 per hour, and we also provide good health insurance and retirement benefits. Most of our employees are members of the Teamsters Union.

We have always prided ourselves with being a good employer, a good corporate citizen, and a generous contributor to many local charities.

We are primarily concerned with the proposal contained within **Section 1 of Bill 5036**, which allows the local craft breweries to sell an unlimited amount of beer from their brewery premises. Over the years, the craft brewers have already been afforded important advantages in the marketplace to the disadvantage of wholesalers, restaurants and package stores. These local breweries can already essentially act as free-agents outside of the 3-tier system by selling directly to consumers from their premises (9 liters to each consumer); they can offer tasting events and parties; they can distribute their own beer to package stores and restaurants, without working with Connecticut beer wholesalers.

Over the years, HDI and other Connecticut beer wholesalers have not opposed these advantages being granted to the local craft breweries; because we always want to promote the success of other Connecticut businesses. However, we believe that the proposal to allow these craft brewers to sell an unlimited amount of beer goes too far. A local craft brewer would have all of the authority of a manufacturer, a wholesaler, and a retailer, all wrapped into one. As far as we can tell, each of these small breweries only has a small number of employees; and it is unlikely that their employees are receiving pay and benefits anything like the pay and benefits that HDI employees receive – particularly our Teamsters employees.

This proposal in Section 1 of Bill 5036 will take work away from HDI and our dedicated employees, and we must oppose this proposal.

Another potential downside of this proposal is the potential major change to the current excise tax collection system – where licensed beer wholesalers pay excise taxes on the beer that is brewed for ultimate sale in CT. Under this proposal, the state would presumably be forced to rely on small local breweries to track and pay all of the excise taxes – currently paid by wholesalers; and all of the retail sales taxes --currently paid by package stores and restaurants. Tax payments could suffer when wholesalers and retailers are taken out of process with unlimited sales at Brewery premises.

Thank you for considering our OPPOSITION to Bill 5036.