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Senator Leone, Senator Witkos, Representative D'Agostino, Representative Smith and members of the General Law Committee, the Connecticut Alcohol Retailers Exchange (CARE) submits the following testimony in support of **HB 5036 AN ACT PROMOTING CRAFT BREWERIES AND DISTILLERIES AND PRICE FAIRNESS**. There are other issues including expansion of locations that can sell beer that we would like to address by way of **SB 307 AN ACT CONCERNING ALCOHOLIC LIQUOR**.

The Connecticut Alcohol Retailers Exchange, Inc., (CARE) advocates for the modernization of certain Connecticut alcohol laws for the benefit of Connecticut consumers. Alcohol beverage laws should be reasonable in their regulatory purpose and while protecting consumers and business interests, they should also be there to allow for market competition benefit the consumers that are the ultimate beneficiaries of the products. CARE members employ thousands of CT residents and service hundreds of thousands of customers throughout the state.

**HB 5036 AN ACT PROMOTING CRAFT BREWERIES AND DISTILLERIES AND PRICE FAIRNESS.** CT demographics are changing and with that the marketplace, and we believe that laws and regulations should also adapt with the right changes to bolster sales and keep the industry competitive.

- Connecticut distillers are a flourishing industry and our members support their ability to be able to sell full cocktails. Each of our member's stores encourage the sale of local craft beer, CT wine and CT distiller products. This change is the right one to help distillers. CARE members are proud to stand with them in helping them to continue their growth.
- We support the expansion to off-premise retailers the ability to fill growlers. Restaurants can currently sell growlers and we support that they can but hope that the same benefit can be permitted at package stores because tastes change and right now consumers want more local beers and there's a natural nexus between the craft beer sold in kegs, cans and bottles in our stores and the growlers that would allow fresh beer to be poured.
- We support the change to the definition of cost to the actual cost paid per bottle by the retailer to the wholesaler and support any changes allowing for more flexibility by retailers in negotiating any rebates or discounted goods. Like in most industries, a business that sells for less than their cost will likely not be in business for long but using the floor of actual cost paid will allow retailers more flexibility in pricing. That flexibility will allow all package

stores to adjust their prices according to market trends and the consumer will be paying competitive prices. Like all package stores in Connecticut our employees work hard to offer the best products to their customers. Our members are also hard working employees that live in their communities and go to work each day with the same work ethic to provide the best service and products to their customers. However, consumers want competitive prices and don't want to pay more than they have to for the products they enjoy. Furthermore, there is revenue to be made by the change in the definition of cost as more CT residents will purchase in-state instead of going to our neighboring states where the prices are more competitive.

#### **SB 307 AN ACT CONCERNING ALCOHOLIC LIQUOR**

- Our association supports changing the definition of grocery to allow for beer sales at more locations. There will be increased revenue from this venture as many gas stations, convenience stores and larger food super stores will be able to sell beer. In 2011, SB 864 tried to expand the definition to just convenience stores and the fiscal note said there would be revenue of \$2.5 million to DRS and \$1.7 million to DCP over the biennium with roughly \$517,000 cost to DCP and the Comptroller combined. Adding large food super stores would bring in even more revenue to this fiscal note and be great for the CT consumer. Consumers are buying their groceries in immense numbers from large non-membership super food stores and they should be able to, like their grocery store counterparts, be able to buy beer when they are buying their groceries. And, CT consumers should be able to buy beer from their local convenience store and gas station just as they can any local package store.
- Although a new definition of cost is the most ideal change we can suggest on pricing, an alternative would be amending current law, where one product per month can be sold per package store for less than 10% of what the minimum price is. The sales volumes for those products are significant in the months that the products are sold with some stores saying the sales double in those months. CARE would like to increase the number of products that can take advantage of this to 20 products or SKUs per month.
- Allow CT retailers to sell online to out of state residents without abiding by the minimum pricing law. Currently out of state retailers are selling products to CT residents cheaper than CT retailers can sell because of the minimum price CT retailers must follow. CT retailers should not be limited to CT pricing laws if they are selling out of state where they will abide by the state laws of where they ship.
- Currently, only 10 bottles of wine can be offered during a wine tasting. There should be no limit on this the amount of wine allowed to be displayed and poured at tastings.

CARE and its members thank you for considering our testimony.