



TESTIMONY of TOTAL WINE & MORE

**Before the Connecticut General Assembly's General Law Committee
March 6, 2018**

IN SUPPORT OF:

H.B. No. 5036 AN ACT PROMOTING CRAFT BREWERIES AND DISTILLERIES AND PRICE FAIRNESS.

Senator Leone, Senator Witkos, Representative D'Agostino, Representative Smith, and members of the General Law Committee. My name is Tom Shea and I serve as Total Wine & More's District Manager for Connecticut, Massachusetts and Northern New Jersey.

Total Wine & More is pleased today to present this testimony in support of H.B. No. 5036 AN ACT PROMOTING CRAFT BREWERIES AND DISTILLERIES AND PRICE FAIRNESS that eliminate Connecticut's unfair and anti-competitive minimum bottle pricing restrictions.

This proposal provides much needed support for Connecticut's economy and treats Connecticut consumers fairly. Keeping liquor prices artificially high for Connecticut's residents while the state is making difficult cuts to balance the budget is wrong and should be rectified by the legislature this year.

The philosophy of Total Wine & More is all about the customer. Our stores are brightly lit with wide aisles that feature 8,000 wines, 3,000 spirits and 2,500 beers. Our team members are the best trained in the business and, while we offer all the leading national brands, we embrace local and regional products—featuring Connecticut wines, beers and spirits on our shelves and sampling stations. We support Connecticut manufacturers who produce these quality Connecticut products. Total Wine strives to give our customers that which they deserve: outstanding service, phenomenal selection and the best prices. An integral part of our core business is Total Wine's philosophy of engagement in the communities in which we operate and our support for charitable causes.

HB 5036 would support Connecticut breweries and distillers and eliminate artificially inflated prices that we are currently required to charge to consumers. It would allow retailers to sell alcoholic beverages based on their true and actual costs.

Price fairness does not exist in Connecticut, under current law, package stores may not sell any alcoholic beverage below a threshold "minimum bottle" price that has been arbitrarily established by the wholesalers, even when the package stores have paid significantly less for that product than the threshold price. The law artificially inflates retail prices paid by consumers and places Connecticut package stores at a competitive disadvantage with stores in our neighboring states, which do not impose these additional costs.

This creates a marketplace that is bad for consumers, who pay artificially high prices if they patronize Connecticut stores, and bad for businesses, which face competition from out-of-state retailers in bordering states who do not have to comply with these minimum pricing requirements.

Connecticut is the **ONLY** state in the country that imposes this “minimum bottle” pricing system. The current law benefits package store owners, especially those that do not face direct competition, by guaranteeing them a fixed profit margin. In fact, the minimum bottle pricing law can drive retail price differentials between Connecticut and our neighboring states of between \$5.00 and \$8.00 on a 1.75L bottle of liquor.

The State of Connecticut should not be in the business of maintaining a scheme that victimizes Connecticut consumers. We can't let inertia dictate a public policy that is so outside the mainstream of good competitive business practices and that actually depresses sales for local, Connecticut businesses that face stiff competition from retailers in adjoining states such as New York, Massachusetts and Rhode Island, where consumers are turning with increasing frequency to purchase their alcoholic beverages at more competitive prices.

CONCLUSION

We appreciate the economic conditions that the state is wrestling with, and the proposal discussed above to eliminate minimum bottle pricing provides a solution that will assist the state in funding critical services and operations, while at the same time improving the state's business climate and increasing consumer satisfaction.