



Wine & Spirits Wholesalers of Connecticut, Inc.

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**Testimony submitted by  
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Wine and Spirits Wholesalers of Connecticut, Inc.  
(WSWC)  
Judiciary Committee Public Hearing  
March 19, 2018**

COMMENTARY ON **Senate Bill No. 487**; AN ACT CONCERNING THE LEGALIZATION, TAXATION AND REGULATION OF THE RETAIL SALE AND RECREATIONAL USE OF MARIJUANA AND CONCERNING THE PRODUCTION AND REGULATION OF HEMP.

**S. B. 487**; In the more than 80 years since the repeal of prohibition, WSWC members have worked hand in hand with state and federal regulators to create a safe and orderly marketplace for beverage alcohol.

I will start by being clear that WSWC has no position on the underlying issue of marijuana legalization for recreational use. However, we do believe that if legalized in any way, marijuana should be regulated in a manner that is both efficient and enforceable. To that end, it is our belief that rather than starting from scratch, Connecticut would be well served to look at their alcohol regulations as the starting point for effective regulation of marijuana.

While by no means identical, marijuana and alcohol do have common characteristics. Both products have the potential for abuse. Over consumption of either product can have significant negative consequences in the short and long term. I think everyone is in agreement that both products should be kept out of the hands of minors. Similarly, no one should feel comfortable getting in a car driven by someone who has consumed large quantities of either substance. These similarities mean that

the regulatory goals for both products are inherently similar. Effective regulation is also a key component to eliminating the influence of organized crime, a goal often cited by marijuana proponents.

Given that so many of the goals of marijuana regulation are the same as those of alcohol regulation, doesn't it make sense to look to a system that has nearly a century of success as the starting point?

To begin with, penalties for allowing underage access or driving under the influence should be as strict as those for the same violations involving alcohol. Particular attention should be paid to driving under the influence of marijuana. Additional resources need to be spent to educate law enforcement on how to identify drivers under the influence of marijuana and an effective roadside test needs to be developed.

But effective regulation goes far beyond the narrow scope of these issues; it involves the very structure of an industry.

The ratification of the 21<sup>st</sup> Amendment not only repealed prohibition but also empowered the states to regulate alcohol within their borders. With this new regulatory authority every state adopted some form of a three-tier system for alcohol distribution. This system, which licenses producers, wholesalers and retailers separately and draws firm distinctions between the tiers was and is not arbitrary. It is designed to specifically address abuses that existed in the unregulated pre-prohibition marketplace.

In the pre-prohibition world the alcohol market was dominated by large producers who exerted massive amounts of pressure on retailers, encouraging unsafe and unethical methods of increasing alcohol consumption. The three-tier system is designed to prevent this exact scenario. By limiting businesses to operations in a single tier, no entity can dominate the marketplace from top to bottom—that is from production to consumer purchase.

The adoption of a three-tier system also created the safest alcohol marketplace in the world. News reports regularly highlight counterfeit or adulterated products in the marketplace in other countries, a problem

virtually unheard of in the United States. This is due to the absolute traceability of all products in the marketplace, a feature that also makes it extremely difficult for organized crime to function.

The system is also designed to act as a controlling factor on consumer consumption. Our licensing system and the penalties associated with violations of the system help limit access by minors as well as over consumption and abuse of the product. Admittedly, violations do occur but they are the exception rather than the rule.

Our regulatory structure also encourages corporate responsibility, industry members are expected to work hand in hand with regulators to limit underage access and abuse of the product. Every year producers, wholesalers and retailers spend millions of dollars on campaigns designed to educate consumers and discourage misuse of the product. Many of these campaigns are organized hand in hand with state and federal regulators. Product labels are strictly regulated regarding what they can portray and what claims they can make. Producers have devised a code of conduct regarding advertising and promotions. The growing marijuana industry would be well served to follow the example of the alcohol industry and initiate similar social responsibility programs.

The bottom line is that effective marijuana regulation presents challenges to policy makers. But these challenges are not unique. States have been successfully regulating alcohol since the repeal of prohibition and in the process have created a roadmap for effective marijuana regulation. We encourage policy makers to look to that road map and offer ourselves as a resource in the discussions of how to regulate a socially sensitive product.

**PLEASE PROCEED WITH CAUTION ON S.B. 487**

**Who is the WSWC?** The Wine & Spirits Wholesalers of Connecticut, Inc. was established in 1964 and since then has been the trade association representing wine and spirits wholesalers in Connecticut. The WSWC membership totals 56 and its members distribute the vast majority of wines and spirits sold in Connecticut. The members of the WSWC span a diversity of size, from very large to very small, but are all family owned businesses. Individually they employ as many as 230 employees and as few as one person working part-time. Collectively, they are a significant and integral part of Connecticut's economy. The members of the WSWC:

- Contribute in excess of \$200 million dollars in direct and indirect benefits to the state's economy
- Provide in excess of 1,700 direct jobs to Connecticut residents;
- Pay in excess of \$167 million dollars in wages;
- Pay in excess of \$60.2 million dollars in state excise taxes;
- Promote, market, sell, warehouse and deliver nearly 43,000 different brands; and
- Assist the Department of Revenue Services in the collection of Sales and Use Taxes in excess of \$141 million dollars annually.

The members of the WSWC are committed to ensuring that the best possible safeguards, to prevent the sale of beverage alcohol to minors, are in place and adults of legal drinking age consume beverage alcohol responsibly, while at the same time providing an efficient method of distribution, providing access to a wide variety of quality wine and spirits from all over the world.

Respectfully Submitted,

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