



Written Testimony
National Association of Wine Retailers
Connecticut Senate Bill 1140
Joint Committee on Finance, Revenue and Bonding
April 29, 2019

The National Association of Wine Retailers (NAWR) supports SB 1140 and respectfully requests Committee members to support and pass out the bill. In support of the bill, NAWR would make the following points.

1. The Bill Addresses Real Needs of Connecticut Consumers

Current law makes receiving wine shipments from out-of-state wine stores, retailers, wine-of-the-month clubs and wine auction houses extraordinarily inconvenient and does not provide common carriers with confidence that their shipment of wines into the state would be seen as legal. As a result, hundreds of thousands of wines not carried by local retailers are effectively unavailable in Connecticut and may not be purchased by Connecticut consumers. SB 1140 remedies this problem for consumers.

2. The Bill's Wine Shipping Provision Have Been Tested and Found To Be Successful

Connecticut law already permits the state's consumers to receive wine shipments from out-of-state wineries in a well-regulated fashion that has proved successful. SB 114 merely extends that law to allow Connecticut consumers to receive shipments from out-of-state wine retailers under the same, successful regulatory format.

3. The Bill Includes Safeguards To Prevent Minor Access to Wine Shipments

SB 1140 requires 1) all packages be marked as containing alcohol, 2) an adult signature be obtained at the point of delivery, 3) that retailers report to the state wines they have shipped into Connecticut, and 4) requires retailers to submit to Connecticut legal jurisdiction.

4. The Bill Will Provide Significant New Revenue to the State

In 2017 wineries shipped more than \$33 million in wine to Connecticut residents resulting in more than \$2.1 million in tax revenue according to the *ShipCompliant 2018 Direct to Consumer Wine Shipping Report*. We estimate that within three years of passage of SB 1140, Connecticut consumers will receive between 100% and 125% of the

2017 winery shipments resulting in between \$2.1 Million and \$2.7 million in additional tax revenue.

5. The Bill Will Not Impact the Businesses of Connecticut Wine Retailers

Like consumers in every other state, Connecticut consumers are efficient and sensible: They will not purchase wine from out-of-state and pay for the often very expensive shipping costs if they can find the wine they want locally. It's only when wine lovers cannot find the wine they want locally that they will look to out-of-state sources and pay shipping costs. If the consumer can't find what they want in Connecticut, then buying it out-of-state is not a lost sale for Connecticut wine retailers.

6. Connecticut's Three-Tier System is Unaffected by SB 1140

Connecticut law requires that in most cases, wine sold by Connecticut retailers and restaurants be procured from CT wholesalers. There are exceptions. For example, winery direct to consumer shipments need not adhere to the three-tier system. In the case of out-of-state retailer direct shipping, the wines are procured from federally licensed wholesalers in other states, just as they must be in CT. Moreover, under SB 1140 CT retailers will continue to procure their inventory from CT wholesalers.

CONCLUSION

Given the clear consumer benefits of SB 1140, the safeguards built into the bill, and the tax benefits of the bill to the state of Connecticut NAWR believes this legislation meets all the requirements for good and beneficial public policy.

ABOUT THE NATIONAL ASSOCIATION OF WINE RETAILERS (NAWR)

NAWR is a national organization representing brick and mortar wine stores, Internet wine retailers, Wine-of-the-Month Clubs, Wine Auction Houses and associated businesses. The Association advocates for a well-regulated free market in wine sales that deliver positive impacts for its members, states and consumers. More information can be found at <http://www.nawr.org>.

CONTACT INFORMATION:

Tom Wark, Executive Director • 971-332-5057 • tom@nawr.org

Daniel Posner, President • 914-397-WINE (9463) • daniel@grapesthewineco.com