



WINE AND SPIRITS WHOLESALERS OF CONNECTICUT, INC.

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**Testimony submitted by
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Wine and Spirits Wholesalers of Connecticut, Inc. (WSWC)
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In **OPPOSITION** of S.B. 1037; An Act Concerning Solid Waste Management.

Over the past several legislative sessions there has been much discussion and many proposed bills about expanding the bottle bill to, among other things, include wine and spirit containers, including “miniatures” or 50ml bottles, commonly referred to as “nips”. Senate Bill 1037 is yet another attempt to expand the existing law without any attempt to address its underlying flaws that have resulted in Connecticut’s Bottle Bill to be the least effective in the nation. We therefore **OPPOSE** S.B. 1037 and offer a better way.

We **SUPPORT** a complete overhaul of our failed bottle deposit system in favor of a container stewardship model similar to that used in Oregon and that has been proposed by the American Beverage Association. Such a system includes all beverage containers **INCLUDING** all wine and spirit containers, as well as “NIPS”. Such a system is not a piecemeal or a band aid approach but is a long term solution where every beverage container producer is held accountable financially and otherwise. The cornerstone of the model is still a container deposit and refund system, but unlike the S.B. 1037, includes all stakeholders on a fair and equitable, cost sharing basis. The Wine and Spirits Wholesalers of Connecticut enthusiastically supports this model and will fully participate in its governance and operation.

I will now attempt to explain why we are OPPOSED to S.B 1037 and the difficulties, unfairness and unintended consequences to our economy, the wine and spirit industry and the environment if wine and spirits bottles were to be included in the current bottle bill structure.

In every state that has a bottle bill, including Connecticut, every time the bill was expanded, the wholesaler/distributor of the product effected, offset their costs, by virtue of the unredeemed deposits being kept by the wholesaler/distributor. In Connecticut, since 2009, all unredeemed deposits escheat to the state, leaving no money in the system to help the wholesaler/distributors recoup some of their costs. Connecticut stands alone in this regard. To ask distributors of products that, heretofore, have not been part of the bottle bill, to shoulder the cost of compliance with no offset is unprecedented and unfair. Though S.B. 1037 does eventually return some of the escheats revenue back to distributors, it does so at such a low percentage; 18% then 20%, that wine and spirits distributors would be unfairly crippled with operational costs that earlier distributor participants in the bottle bill were compensated for.

Industry costs associated with compliance with the Bottle Bill. The costs to manufacturers/suppliers as well as wholesalers/distributors and many small retailers will be in the tens of millions of dollars:

Wine and spirits are currently delivered by rear loading trucks. In order to comply with the bottle bill and collect the empty containers, all trucks would have to be changed to side loading trucks, (similar to beer trucks) at a cost of @\$125,000 per truck.

Physical plants will have to be expanded to accommodate the collection and sorting of empty containers. Unlike, beer, soda or water containers, wine and spirit containers come in a variety of sizes, shapes and weights, making it much more difficult and cumbersome to pick up, store and, for the consumer, redeem. (An empty standard, 750ml bottle of wine weighs 1 pound). Under our current law, no supermarket has to take back and redeem a container of a beverage they do not sell. Supermarkets do not sell wine or spirits. There is also no “reverse vending redemption machine” that currently exists, capable of accepting wine, spirit or miniature containers.

Infrastructure, such as loading docks and truck loading systems will have to be changed and reconfigured to accommodate the additional function of recycling. Labor costs associated with this new process will increase dramatically.

For non-domestic wine products, wholesalers will have to open each case of wine and individually label each bottle. In Maine, this process added a 34 cent additional cost to each bottle of wine.

Carbon Footprint: The requirements under this law will result in each wholesaler/distributor doubling the amount of time their trucks are on the road and burning fuel. Besides the economic cost to the industry, there is a cost to the environment.

Bottle Bill States: There are only 10 states in the country that have a “Bottle Bill”. Of those 10 states, only 2 states include wine and spirits containers as part of their law; Iowa and Maine.

None of our neighboring states have bottle bill laws which include either wine or spirit containers. As a result of this fact, cross border fraud and redemption of out of state bottles will be epidemic. Rhode Island, New York and Massachusetts, and especially the towns in those states that border Connecticut, will be flooding our state to redeem bottles bought elsewhere to get their ten cent refund.

In addition to our state having to redeem bottles purchased in other states where no deposit was paid, the nature of the wine and spirit industry in Connecticut, makes it impossible to ascertain which “empties” were sold by which wholesaler/distributor and therefore, “Who owes the refund amount to whom?” Unlike other beverage industries, wine and spirits wholesaler/distributors **do not** have territories. Sometimes one product is sold by multiple distributors. (i.e. Jameson Irish Whiskey is sold by 5 wholesaler/distributors in Connecticut). If a wholesaler/distributor only has 20% of the market on that brand and yet picks up 30% of the empties, they are paying out more deposit money than they took in, putting them at a competitive disadvantage.

The language used in various sections of S.B. 1037 is unclear. Lines 21-31 seem to again define wine and spirits as “Non-Carbonated Beverage” but offer an exemption clause if there is a determination made in 2023 that 80% or more of the wine and spirit containers used in a specific recycling process. The bill is not clear as to what would occur if the 80% threshold was not attained in subsequent years. Also, the definition of “Beverage Container” in lines 32-38 is confusing as to how the definition applies to “two and one-half liters or less of a noncarbonated beverage except for a spirit or liquor, or fifty milliliters or less of a spirit or liquor;”

Is the Deposit Initiator (Distributor) responsible for the UPC barcode being placed on the container? It would be nearly impossible for the wholesalers to individually label each and every container they sell.

“NIPS AND THE LITTER PROBLEM”: There is no denying that the proliferation of the sale and consumption of miniature bottles of spirits or “Nips”, has been a contributor to our state’s litter problem. Though some data would show that nips are no more a litter problem than many other beverage containers, including some that already have a deposit/ refund, the perception is otherwise. Those of us that are part of the wine and spirit industry take that fact very seriously and want to contribute to the solution.

In the Summer of 2019, members of all three tiers of the wine and spirit industry; supplier/manufacturers, wholesaler/distributors and retail package stores, formed a non for profit corporation called “Three Tiers For Connecticut, a 501(C) (3) public charity, dedicated to creating environmental and conservation programs and structures with meaningful local initiatives and projects. In July of 2019, we launched a three part, 5 year campaign to promote and effectuate state wide litter clean up and responsible recycling, especially with regard to wine and spirit containers, particularly “nips”.

The campaign is five year commitment to coincide with the Global Sustainable Development Goals, Specifically 14.1, to “Eliminate all land based litter by 2024.”

The campaign’s three parts:

- 1¶ Work with and fund the environmental non-profit Live Green CT’s “Start In Your Own Back Yard” program to conduct 20 community clean-ups per year for five years. 9As a result of the Pandemic we were only able to have 2 clean -ups but will be resuming in Summer 2021)**
- 2¶ Purchase and distribute 100 trash and/or recycling bins per year, for 5 years, working in conjunction and at the direction of DEEP and local municipalities.**
- 3¶ Create and fund a five year Public Service and Public Education Campaign on litter and responsible recycling with an emphasis on “Nips” called “Don’t Trash CT, Nip it in the Bin”**

WE URGE YOU TO OPPOSE S>B. 1037 AND THE EXPANSION OF THE EXISTING BOTTLE BILL AND TO SUPPORT A COMPREHENSIVE BEVERAGE CONTAINER STEWARDSHIP MODEL TO INCLUDE WINE AND SPIRIT CONTAINERS.

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.

Member Companies:

Connecticut Distributors, Inc., Stratford, CT; Hartley & Parker Limited, Inc., Stratford, CT; Eder Bros, Inc., West Haven, CT; Allan S. Goodman, Inc., East Hartford, CT; Slocum & Sons, Inc., North Haven, CT; Northeast Beverage CT, Orange, CT; The Winebow Group, Wallingford, CT; Opici Family Distributing, Milford, CT

Respectfully Submitted,

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