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HB5021

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the next few speakers so that you have some warning as to when it is your opportunity to speak.

Once again thank you for coming. Your testimony is very helpful in helping us do our job and evaluating the legislation before us. And we will be considering it whether it's written or live and that goes for the members of this committee. And I look forward to a lively debate. Thank you.

SENATOR DOYLE: Thank you, Chairman Taborsak. And I would just like to point one other thing. Some of you may think three minutes is a short amount of time and it's maybe even harsh but of course the legislators of the committee can ask unlimited questions so anybody that presents testimony that provides or intrigues the question of a legislator you may get more time than you anticipated.

So you may think three minutes is short but if a particular legislator has questions for you, you may end up there quite a bit longer. So again - - and questions are of course it's a sign of a legislator's interest so it may be better off if you get questions. So again at this point we're going to start with the public officials.

The first public official is Commissioner William Rubenstein of the Department of Consumer Protection. The next list of public officials, number two is Representative Bets, Representative Jutila, Representative Miller, Representative Urban, Senator Kelly. All right, Commissioner. Good morning, Commissioner.

COMMISSIONER WILLIAM RUBENSTEIN: Good morning, chairs, Senator Doyle and Representative Taborsak, ranking member Senator Witkos and Representative Rebimbas and distinguished

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members of the general law committee. I'm here today to offer testimony regarding House Bill 5021, AN ACT CONCERNING COMPETITIVE ALCOHOL -- ALCOHOL LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITEES.

What I'd like to do today is rather than offer my own direct testimony other than to answer your questions as we go through, I would like to deliver to you the testimony of Governor Malloy on this bill. He's asked me to present his testimony to you directly and I will.

Regardless of how any of us feel about Connecticut's liquor laws there's no denying that most are complex and longstanding. Many date back to the days of prohibition with countless provisions and nuances that have been added along the way. Now in putting together a package of liquor law reforms it is not my aim to completely do away with or rewrite the system.

Alcohol is a unique product and transparent and accountability -- accountable system of sale is important. However as the years have gone by and other states have continued to modify their own laws to reflect modern day realities our statutes have collected dust.

Not only do Connecticut businesses lose hundreds of millions of dollars every year to our neighboring states but the consumers who do shop here are paying exorbitantly higher prices as the examples attached to the testimony provided to the committee demonstrate.

How long are we going to allow the parking lots in Massachusetts, New York and Rhode Island to fill up with Connecticut license plates every weekend? How long are we going to watch our residents cross the borders to buy in other

states the exact same products that they could be buying here in Connecticut from local Connecticut retailers?

And how long are we going to continue to cheat the consumers who do shop here with exorbitant prices and inconvenient hours? We should not wait any longer. The bill before you would do the following for Connecticut consumers and Connecticut businesses; bring hours and days of sale in line with our neighboring states, allow package stores to sell a wider variety of complimentary products, give convenience stores that sell a large quantity of grocery items the opportunity to serve beer as well, get our shelf prices in line with neighboring states but allowing wholesalers to offer quantity discounts and by removing minimum bottle price posting that unfairly inflate prices to consumers, and to create a medallion system for current package store owners that will add real value to the investment they've already made in their business.

That's what this proposal does. And I want to highlight a few things that it doesn't do. It does not harm Connecticut's three tier system of distribution. It does not allow for the sale of wine or spirits inside grocery stores but rather allows for grocery stores owners to operate a separate package store if they so choose and only if they purchase a medallion from an existing package store owner.

And it does not completely remove the cap on how many licenses one person may operate as some states have done. Of course there are many more things that it doesn't do but I wanted to mention a few to make the following point, while this proposal is expansive it is far from extreme. Other than a new medallion system there is not a single concept or idea contained

in this bill that is not current practice in one or all of the three states we border.

These changes do nothing except catch us up with our neighboring states in an effort to keep Connecticut dollars here in Connecticut. But the package only seems extreme when compared to our own outdated system.

In addition my Office has continued to discuss this package with representatives from every level of Connecticut's liquor industry and also with members of the general law committee and the General Assembly at large. That positive dialogue has led to a number of suggested modifications to the original bill as proposed.

I suggest my Office and the Department of Consumer Protection with your input and guidance work with your staff in the days ahead to construct substitute language based on these compromises. Attached to the testimony you will find there's a list of proposed changes for your consideration.

The conversations that led to these suggested changes have demonstrated one thing very clearly while progress is always possible change can still be hard. If it weren't Connecticut wouldn't be the only state other than Indiana that bans the off premise sale of alcohol on Sundays. By the way earlier this year Indiana's General Assembly didn't act on their Sunday sales bill but many are hopeful it will pass next year.

This may very well be Connecticut's last chance not to be dead last in this regard. I know that there are people here today who are concerned about change and how this bill might impact them. I want to briefly respond to a few of the concerns we've heard.

First there is nothing in this bill that purposely favors large retailers over small. In fact even if this bill becomes law there would still be more protections in place for smaller operators in this State than in any other single industry in Connecticut. Those protections include a controlled pricing structure and a limit how many stores one person can own.

There is simply no other product we handle in a similar way including the sale of guns. Does this bill increase competition on the retail level? Yes. But I refuse to believe that Connecticut's many small package stores are only in business today because of the protections provided by the State.

They are in business because of the hard work and commitment of their owners and because of the unmatched level of customer service that they can -- that can only be found in a small retailer. Connecticut residents including myself will continue to patronize stores where we get the best service. Second, the changes in this bill can and will grow jobs in this State.

Recapturing approximately 570 million dollars in sales each year that we're losing over our borders will help not just package stores but other businesses as well because we will be keeping shoppers in Connecticut. Third, there are those who believe lowering sales and excise taxes will bring us in line with neighboring states' prices.

Again, as the attached examples dictate even completely doing away with these taxes wouldn't close the gap on most items. That being said I absolutely agree that Connecticut's tax rates must remain competitive with the region.

If this bill passes and we can see that the impact has a -- and we can see the impact it has on the overall sales in the State I will commit to working with the General Assembly to review the taxes on these items. The bottom line is this, our laws are outdated and they artificially increased the price of alcohol to Connecticut consumers. This proposal is proconsumer. It's pro mom and pop and pro dollars being spent within Connecticut.

By allowing Sunday sales, by lessening distribution and sale restrictions and by amending permit regulations we're going to help Connecticut regain its competitive edge in this industry and we're going to give consumers a break at the same time.

Thank you for hearing my testimony. I respectfully ask you to support this bill. Those are the words of the Governor. I'd like to briefly go over the attachment A to the Governor's testimony which are the suggested bill revisions that were the product of many discussions with many -- at every level of the industry.

And so the first suggested bill revision involves -- involves price posting. Right now the bill removes price -- price posting at the wholesale level by including the minimum bottle posted price and the amending period. What the revisions will do will reinstate price posting for wholesalers but without minimum bottle and by allowing a wholesaler amendment period or rather without the wholesaler amendment period.

The suggested changes will also reinstate much of the language in section 12B regarding price discrimination among different permittees. And the suggestions also include a channel pricing system so that wholesalers can react in their

volume discount policies to distinguish between the special needs of on premise retailers and off premise retailers.

The second set of suggested bill revisions have to deal with the -- the number of package store permits in this State and who can own them. The permit bill language moves the cap from two to nine permits that can be held by a single entity.

The suggested revisions would pair that back and raise the cap from two to six with a gradual phase in over the next three years. In addition the suggested revisions will restore the one permit per 2,500 cap of any -- of the number of permits in any given town so that the number of permits in any given town will not increase above those that would be available today.

Thirdly with regard to retail pricing, the current language removes rules that set minimum retail pricing. The suggested revision would -- would place back in a sales below cost provisions that would prohibit the sales below actual costs excepting two circumstances.

One, where there are lower posted wholesale prices available in the marketplace a retailer would be able to -- to sell it at the lower price that his competitors are now purchasing at. And we will also permit retailers to choose up to five items but only up to five items -- that is individual stock keeping units, per month per store that may be sold below cost but only no more than ten percent below cost which would allow pricing flexibility and marketing opportunities for retailers and alleviate concerns over excessive below cost pricing.

And finally with regard to quantity discounts the current language removes any restrictions on

wholesalers offering quantity discounts to retailers. The suggested revisions would -- would work with industries and legislatures to define a structure for quantity discounts that - that protects competitive opportunities for retailers and makes sure that -- that any volume discounts and quantity discounts are provided on a fair basis to retailers.

So those are a summary of the suggested bill revisions that are attached to the Governor's testimony. And I'd be happy to answer any questions that you may have.

SENATOR DOYLE: Thank you, Commissioner. Any questions from committee members? Representative.

REP. REED: Thank you, Mr. Chairman. Just quickly it occurs to me that the medallion system could be turned into financial instruments, bundled and sort of accumulated by a third party who would then resell them. And I'm just wondering what your office is creating as a program to keep that from happening.

COMMISSIONER WILLIAM RUBENSTEIN: The -- the proposal requires that medallions be purchased for use. It is a requirement that upon the purchase or the opportunity be a contract to purchase a medallion that a permit application at a particular location be made within six months or the permit would be forfeited back to the State.

That's a cap and check on people either accumulating these medallions in order to -- in order to remove competitors from market or accumulating these medallions for the purpose of speculation.

REP. REED: Just one quick follow up. It appears to me because it's a six month trigger and then

there could be a resale and then a six month trigger for the new -- the new individuals who bought them that there was a lot of room to maneuver within that.

Just -- just a feeling that your office might want to drill down on that a little bit and take a look because I'm sure there's some speculators out there who are looking at our new medallion system if indeed it passes.

COMMISSIONER WILLIAM RUBENSTEIN: I mean what we tried to do was balance the commercial needs of the package store owner that owns medallion in order to have an orderly market in which to sell the medallion but make sure that the concerns you have about speculations don't occur.

We think we've achieved that balance in the bill but I'm sensitive to the point that you raised and it is something that we will cue to.

REP. REED: Thank you, Commissioner. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair and good morning, Commissioner. Looking at attachment B that's attached to the Governor's testimony looking at that chart I was just interested in having a little bit more information regarding some of these items. Were there any items in the months -- and it looks like this is for the month of February.

Were there any items in these -- well the minimum pricing in Connecticut and this particular liquor store that you identify here as Yankee Spirits. Was there any items -- liquor items in the Connecticut liquor store

that was at a lower price than the one at the Yankee Spirits?

COMMISSIONER WILLIAM RUBENSTEIN: That wasn't the focus of the exercise so -- I mean, you know -- so I'm not sure a comparison is done the way that you suggest. I mean the concern when this chart was being developed and being looked at was -- was the, you know, trying to compare the effect of having a inflexible minimum price in Connecticut that's set by wholesalers vis-a-vis a retailer set price that's unconstrained by a wholesaler control in Massachusetts.

These are not meant to be a study of price comparisons but an indication of the kinds of savings that Connecticut consumers can achieve if we eliminate the artificial minimum pricing.

REP. REBIMBAS: Thank you and I appreciate your response. And I understand the intent of the chart. I was just curious if that was also looked at because that would be helpful then for this committee to determine where the discrepancy really lies as to what is being represented.

Also regarding attachment A under item one for price posting, if you could just tell me the understanding as to what the purpose would be in order to allow posting for wholesale -- wholesalers but yet eliminate the minimum bottle posting.

COMMISSIONER WILLIAM RUBENSTEIN: The posting for wholesalers would give a stability to retailers to understand what their purchase costs are in the following month and hold that price steady for a month because that's the posting.

Minimum bottle posting is an artificial price posted under the current system by wholesalers

which restrict -- that don't set the purchase price that a retailer can purchase for.

What it does is set the minimum price at a retailer can resell for which we believe should be a decision made by the retailer given their own business structure.

REP. REBIMBAS: And currently -- under the current law what are the requirements regarding posting? Who posts? Who must post?

COMMISSIONER WILLIAM RUBENSTEIN: There are two levels of posting. There's a manufacturer, the suppliers must post. That's the price that they charge the following month to wholesalers and wholesalers must post to set out the prices that they will charge to the retailer the following month.

REP. REBIMBAS: So under the current proposed legislation then there's an elimination of the requirement for manufacturers to post. Is that correct?

COMMISSIONER WILLIAM RUBENSTEIN: That is not correct.

REP. REBIMBAS: That's not.

COMMISSIONER WILLIAM RUBENSTEIN: The manufacturers will still be required to post.

REP. REBIMBAS: Commissioner, since there's been considerable legislation that we passed last session regarding some changes to our liquor laws in the sense of probably even creating some certain situations where there would be more sales for whether that's baskets -- gift baskets et cetera.

Has there been any type I guess pressure in the sense of on your department, the Department of Consumer Protection to regulate or enforce any of the current laws that were passed from the past legislation and the laws that were already on the books. So in other words did you have enough staff and manpower to properly see that that was implemented and or enforced?

COMMISSIONER WILLIAM RUBENSTEIN: The short answer is yes. The background to that is that the main change with the advent of gift basket license permits for certain entities we'd gotten less than a handful of applications for those kinds of permits.

REP. REBIMBAS: What kind of an impact would a proposal such as this have on your department regarding monitoring it, investigating it, and enforcing it?

COMMISSIONER WILLIAM RUBENSTEIN: The bill doesn't -- does not change the -- the regulatory and accountability commitment of the State to ensuring things like restrictions on sales to minors and restrictions on intoxes, making sure alcohol's only sold to permittees.

We believe these changes will not impact our ability to guarantee those -- that -- those regulatory objectives or accountability. We've already been developing ways in which we can streamline the way in which we do enforcement. You know our enforcement efforts to date have been very effective, not completely at goal but we have over the past several years for example reduced the number of noncompliance with our sales (inaudible) laws, our -- we've been able to garner a fair amount of grants that enable us to do that.

We've reconfigured the -- you know we constantly look at the statistics and figure out where is the best bang for our enforcement buck in terms of likely places of potential violations and are therefore able to be smarter in the way that we enforce.

We're not expecting that any of the changes that are in the proposed bill will diminish or blunt our ability to effectively enforce those regulatory objectives.

REP. REBIMBAS: Thank you. And if I may, Mr. Chair, just a few follow up questions. Removing the cap from two to six gradually phasing into the number of permits allowed for liquor package store, what is the understanding behind that?

COMMISSIONER WILLIAM RUBENSTEIN: The gradual phasing portion?

REP. REBIMBAS: The reason for the increase.

COMMISSIONER WILLIAM RUBENSTEIN: The reason for the increase is to allow those package store owners who choose to to develop more efficiency in their operations by being able to -- to spread their cost over a larger number of stores while recognizing that what we'd like to retain in Connecticut is package stores being operated largely by smaller operators.

REP. REBIMBAS: Thank you for your testimony. No further questions at this time.

SENATOR DOYLE: Thank you. And please keep your thoughts to yourself, please. Senator Leone.

SENATOR LEONE: Thank you, Mr. Chairman. Good morning, Commissioner. I know we have a lot of ground to cover so I won't go in too many directions but I did want to understand a little

bit more about the concept of medallions and how we came to that. Have -- did we look elsewhere outside of states for where the medallion system has been used and it has been proven to be successful or not successful?

COMMISSIONER WILLIAM RUBENSTEIN: The medallion system is -- is unique as far as I know for liquor regulation in any state. It's a new proposal. It's the one proposal in this package that has not been adopted in other places. There are models out there for state granted franchises such as the medallion systems New York City taxicab is the one that most people are familiar with.

But what it is is it's a way of protecting the investment that package store owners make in their store. Right now permits are not personal or property rights of any package store owner. Under the medallion system a package store owner who has invested in operating a package store now would have a personal property right in that business, would make it a much more valuable commodity. More stability in terms of the ultimate value of the package store.

SENATOR LEONE: And there wouldn't prevent any of the smaller package store owners from purchasing more than one so that they could compete with the big box stores. Would that be correct?

COMMISSIONER WILLIAM RUBENSTEIN: They -- under the proposal they'd be able to purchase up to six medallions which would be effective -- up to six permits. And this is certainly -- there's a bunch of things that the package stores can do if they wanted to be larger in size, one of which is to individually buy additional medallions and have additional businesses.

But there's also an opportunity for small package stores to change somewhat their structure of ownership so that they can joint venture into -- into larger groups of stores under six under these regulations.

SENATOR LEONE: Excuse me, is it six or nine the cap for medallions?

COMMISSIONER WILLIAM RUBENSTEIN: The current -- the current proposal is nine. The bill before you has nine. The suggested revisions that I outlined today that the Governor has been in discussions with various member groups would cap that at six instead of nine.

SENATOR LEONE: Okay. So it's a reduction. Okay. And -- and you mentioned the taxicab medallion service, how has that moved along? I mean what's the value of -- what was the value of a medallion when it was first enacted and what's the value of it now?

COMMISSIONER WILLIAM RUBENSTEIN: I haven't looked at the dollar numbers. What I understand from popular press is medallions are a very valuable commodity in the City of New York.

SENATOR LEONE: Okay. Thank you. I'll follow up at some other time but I'll defer so other folks can ask questions. Thank you.

COMMISSIONER WILLIAM RUBENSTEIN: Sure.

SENATOR DOYLE: Thank you, Senator Leone. Senator Kissel.

SENATOR KISSEL: Thank you very much, Chairman Doyle. Commissioner, great to see you.

COMMISSIONER WILLIAM RUBENSTEIN: You too.

SENATOR KISSEL: Just a couple things very briefly because I know we have a lot of folks that want to testify. In the Governor's testimony he states that he wants to recapture approximately 570 million dollars in sales each year that we are losing over our borders.

Over the years as this issue has been debated in this building program review and investigations has done a study, Office of Fiscal Analysis. There has always been a debate as to whether we're actually losing dollars across the border and in turn losing tax revenues as well. And I'm wondering what the 570 million dollars is based upon.

COMMISSIONER WILLIAM RUBENSTEIN: There -- there's a study out there that studies this precise issue which is (inaudible) Connecticut which we can provide to the committee. But there are several studies over time which always put the number in hundreds of millions of dollars whether it's, you know, each study comes out at precisely 570 million, you know, is not the case but it's a significant amount in hundreds of millions of dollars in lost sales.

Program review who looked at this issue in 2009 was primarily focusing on what the increased revenues to the State would be, that is the tax portion of lost liquor sales as opposed to other sales. And they pegged a number at eight million dollars in lost revenues to the State. If you start to extrapolate that out you get up to hundreds of millions of dollars in actual lost sales easily -- very easily.

SENATOR KISSEL: Thank you. Because back at that time I was lucky enough to be cochair of program review and investigations and as part of one the studies that they had done I had asked for them to look into that subject.

So I'm glad that that hard work that that staff did is coming back to form the basis for this analysis. The other thing is when the Governor came to Enfield and spoke at the town hall announcing that he wanted to do some bold changes one of the things that he suggested I recall was trying to allow new merchandise in package stores to try to open it up, stack foods and things like that.

But I haven't -- I don't really see that in here unless I'm missing it. Is that sort of off -- off the table right now?

COMMISSIONER WILLIAM RUBENSTEIN: No. There is a section in the proposed bill which expands the part of the statute that limits what package -- what kinds of products package stores can sell.

So the new language allows package stores to increase the kind of its goods to include complimentary fresh foods -- fresh fruits for drinks, wine and cheese -- I mean rather cheese and crackers, snack foods, nuts, and chips that are currently not being permitted to sell. So it expands in meaningful ways the kinds of products that can be sold in package stores.

SENATOR LEONE: And my last question is sort of, you know, the Governor in the last 24, 48 hours has come up with some revised suggestions to the underlying bill. It seems like the Package Store Association has come up with some counterproposals.

I'm sure there's a lot of other groups out there as well. One of the issues that's always been of paramount importance up in north central Connecticut for an awful lot of folks is the Sunday sales issue.

And right now is it you position that the Governor wants unlimited Sunday sales because I believe that what the Package Store Association is willing to do is to sort of open it up for one shift, maybe 11 to five or 11 to six or 12 to six or something like that. And are there ongoing negotiations regarding that aspect of the proposal?

COMMISSIONER WILLIAM RUBENSTEIN: The Governor proposed what he thought was appropriate. I was surprised and actually delighted to read in the paper this morning that the Package Store Association was coming around on the issue of Sunday sales. But I don't believe there have -- there have been discussions yet on that issue.

You know it came out in the paper this morning. That's when I read it.

SENATOR LEONE: Thank you, Commissioner. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Senator Witkos.

SENATOR WITKOS: Thank you, Mr. Chairman. Good morning, Commissioner.

COMMISSIONER WILLIAM RUBENSTEIN: Good morning.

SENATOR WITKOS: I wanted to touch base on this -- your testimony in that it's -- it touches all aspects of alcohol regulations in the State but one of the things that I found interesting that was not really mentioned or mentioned in a fleeting moment was that well we'll talk about the taxes, excise taxes, sales tax at a later date.

And I'm of the opinion that consumer price drives a lot of behaviors to consumers. Living in a town that's very close to the border people

will drive half hour, 45 minutes to save two cents in a gallon of gas. And I think that's one of the reasons why folks drive to the north or to our west to -- to save money. And we're not -- we have the unique opportunity to look at addressing those concerns while in the whole encompassing part of this bill.

And I happened to look at our excise tax for beer at 20 cents compared to Massachusetts at 12-- at 11 cents. And also in Massachusetts they had a -- as you know a ballot question back in 2010 that their citizens said we want you to repeal the alcohol tax, sales tax in Massachusetts.

And those folks saw a five to ten percent increase in sales. So it certainly shown if we're comparing to our neighbors and that's stated several times in your testimony that we're -- we want to be competitive with our neighbors, that removing taxes will allow for a better product to be sold.

And more people tend to gravitate towards their own state. So would you entertain possibly having some further discussions as the bill moves forward as to putting some -- some type of a tax reduction in this bill?

COMMISSIONER WILLIAM RUBENSTEIN: The Governor has consistently said that Connecticut tax structure must be competitive with the tax structure of its neighbors across a wide variety of areas. The Governor's testimony said that alcohol -- alcoholic beverage tax rates are something that ought to be looked at.

I think his preference was to implement the changes in the marketplace operations, see where that ultimately plays out in terms of both volume and business and then discuss what is the

appropriate balance of the tax rate vis a vis our neighbors.

You know I will point out that our beverage tax with regard to distilled spirits for example is higher than it is in Massachusetts, it's lower than it is in New York. So there's a balance to be had.

SENATOR KISSEL: Well the balance would be also no sales tax on this as well. You know we can speak to say what we want to do but then when it's in the written language it's a different story, Sir. And no offense but this is very confusing to a lot of folks, the bill but if people -- it's very easily understood to say we're going to cut your taxes. Boom.

I mean there's not many people that have a hard time grasping that concept that we're doing away with alcohol sales tax or we're reducing your excise tax from 11 cents or the four dollars and 50 cents on the liquor to two dollars and fifty cents. I mean that's not that difficult to understand. I wanted to follow up on Senator Leone's question regarding the medallion program.

I'm aware that in Connecticut we examined the medallion system for taxi services many years ago and Connecticut opted not to follow through with that.

And one of the reasons why I heard, and I just wanted to ask you if you had heard the same thing, was that a medallion is a piece of property that if the entity were to be sued somebody could actually take that medallion because it's a piece of valued property wherein your liquor permit cannot be -- somebody can't sue you as a package store owner or a restaurant

owner and get your permit. Is -- have you heard anything similar to that?

COMMISSIONER WILLIAM RUBENSTEIN: Well you know --

SENATOR KISSEL: Or speak to that.

COMMISSIONER WILLIAM RUBENSTEIN: It's unclear what the circumstance of the suit would be but the value of any business owned by a package store owner would be subject to -- to a judgment in any other way. Now the permit can't be transferred because it's not the personal rights.

But the business itself, that is whatever the bill or inventory would be equally subject to the judgment as would the medallion. You know, on top of that the medallion would for a judgment creditor might have less value. Of course remember this a requirement when you buy the medallion that you have to then apply for the permit.

So it's only valuable to somebody who actually wants to operate a package store in the State. That being said, you know, there is a difference between a nonpersonal right in permit and property right in value.

SENATOR KISSEL: We currently have -- this document I'm referring to was given at least to the chairs and the ranking members on the committee from your agency, that there are 1,228 package stores in the State of Connecticut right now. We have available -- under the current statutes and regulations we have the availability to expand by another 171 packages stores.

If we moved the medallion system how would that impact those numbers? Is it anybody, any entity, one individual owner can own up to six

and we would remove this limit or would it be those that currently have a permit, they'd be allowed to own up to six medallions? I'm trying to understand the scope of the growth.

COMMISSIONER WILLIAM RUBENSTEIN: So the number per medallions that we'd issue would be one for each currently held permit which is one thousand two hundred -- and I think you said 28. I think that's the right number. The 171 available permits that are not extant at the moment would be not -- would not have a medallion attached to it.

So anybody that wanted to open a package store in town that had cap room for those extra permits would have to buy a medallion from an existing package store owner or they wouldn't be able to. So what will happen is that the number of package stores will freeze at the number -- the number of permissible permits will freeze at the cap is the number that there are now because there won't be any more medallions available than the 1,228 that are currently available.

Any -- each permit will require a separate medallion to operate. And no owner of any medallion or any permit can own more than six. You look confused so I'd be happy to clarify you a little more.

SENATOR KISSEL: No, I'm not confused. You know, we are in a heavy regulated industry and I -- I just have some reservations that we would freeze that number and, you know, right now it's governed by population.

And unfortunately we've seen our population decrease over the past few censuses and what happens if it goes in the other direction? I'd

hate to see us have, you know, being held to a specific number.

COMMISSIONER WILLIAM RUBENSTEIN: What we've learned from last census is that while -- regardless of what happens statewide in population or population shifts within towns.

And so the number of permits available in each town under the current formula has shifted in the last census where some towns increased the number of permits and some towns now had more permits than they would otherwise be entitled. But that's -- that's the nature of pegging the permit caps to population.

SENATOR KISSEL: And that's my other concern that if we, you know -- you were asked earlier and testified that part of the reason for this is efficiencies so that if somebody wants to, you know, they can own more than two package stores.

This creates efficiencies within their own business that eventually we may see towns that don't have package stores that there may be folks that it's been a family business for a long time and they sell their medallion to a larger corporation and they just decide well we're going to hold onto that medallion but we're not going to continue operating that store. And I think after a while you start seeing competition go by the wayside and I'm just concerned about that.

COMMISSIONER WILLIAM RUBENSTEIN: Well the medallion system would solve that problem because it would not permit anyone to purchase a medallion and not seek a permit within six months and operate -- and operate a store. If they failed to seek the permit in the permissible period of time they would forfeit their medallion to the State and the State would then be in a position -- the

department would be in a position to auction off that forfeited permit to a bidder. Yes, Sir.

SENATOR DOYLE: Thank you. Representative Tallarita.

REP. TALLARITA: Thank you, Mr. Chairman. Thank you, Commissioner for being here today. And I want to thank the Governor's Office for his testimony and his courage to stand up to an industry that I believe is highly regulated in our State. And that leads me to my question. Is -- do you know off hand if there's any other State that regulates their liquor laws the way Connecticut does?

COMMISSIONER WILLIAM RUBENSTEIN: Well since prohibition and the constitutional delegation of liquor authority to states, the states have all gone their separate ways in terms of how they regulate liquor. There's some common elements and common themes. But Connecticut is one of the last states to change some central behaviors in their regulatory process, Sunday sales being one of them. We are one of two states now that don't permit Sunday sales for all premise consumption.

REP. TALLARITA: Thank you very much. Just a couple of other issues that are in the bill that were not touched upon in testimony here. The -- the Sunday sales portion that would be not mandatory. It is optional. Correct?

COMMISSIONER WILLIAM RUBENSTEIN: Yes.

REP. TALLARITA: The Sunday -- allowing the package stores to go from nine to ten P.M.' Again, optional not mandatory.

COMMISSIONER WILLIAM RUBENSTEIN: Yes.

REP. TALLARITA: And with the restaurants allowing them to go from one A.M. to two A.M. that is again not mandatory but optional.

COMMISSIONER WILLIAM RUBENSTEIN: That is correct.

REP. TALLARITA: Okay. And we had -- I had heard some people talk about with the restaurants being -- going from one AM to two A.M. I had heard that their insurance rates were going to go through the roof, they weren't going to be able to support that. Have you heard anything to -- about that happening?

COMMISSIONER WILLIAM RUBENSTEIN: I have not heard that but you know as with all cost structures everybody makes their business decision based on what their cost structure would be and whether or not it's economically profitable.

And as you point out the extra hours of operations are not mandatory. They're permissive. Each restaurant will determine whether or not it's economic for them to -- to open extra hours or not.

REP. TALLARITA: So again this bill would allow business to run business the way they see it being profitable for them.

COMMISSIONER WILLIAM RUBENSTEIN: Yes. That's one of its principal goals. Yes.

REP. TALLARITA: Thank you. And just to touch upon what Representative Rebimbas had asked about the Governor's price comparison here. We do have -- we did do a price comparison last year when this bill -- when the Sunday sales portion of this bill was up before us and I would be happy to share that with your Office and also with the members of this committee.

And it was pretty extensive and there were some -- some beers and some products that were on that comparison that actually were a little bit cheaper in the State of Connecticut. So I'd be happy to share that with you. But again, thank you for your testimony today.

SENATOR DOYLE: Thank you. Representative Baram.

REP. BARAM: Thank you, Mr. Chairman. Good morning, Commissioner. A couple of questions. First with regard to medallions, when somebody forfeits a medallion and it's auctioned off by the State who receives the money from the auction?

COMMISSIONER WILLIAM RUBENSTEIN: That would be the General Fund. The incentive in the proposal is to have the purchaser of the medallion actually operate a package store in the State. And so this is the incentive for them to follow through on their obligation.

REP. BARAM: As you may know when somebody sells a package store just like a piece of real estate there are oftentimes contingencies for zoning, permitting, financing, even employment agreements with the prior owner. Would the individual package store owners still have total discretion to negotiate the sale of his or her package store in whatever manner they want even if they have this medallion?

COMMISSIONER WILLIAM RUBENSTEIN: Yes.

REP. BARAM: And the purchaser of the medallion, is it your understanding that they would only apply to the State for transfer of the medallion after they had satisfied all of the contingencies like zoning, financing, what not or does the purchase of the medallion take place first?

COMMISSIONER WILLIAM RUBENSTEIN: The statute before you provides for an opportunity to enter into a contract for sale of the medallion that could be contingent upon a suitable location and permit process.

REP. BARAM: And is that why the statute I believe allows for an extra six month period if somebody needs that extra time to get everything lined up.

COMMISSIONER WILLIAM RUBENSTEIN: That's one of the purposes. The idea is to have the process flexible. What we want is people to use these medallions in permitted locations and the statute sets up a system that asks people to ask the holder of the medallion to move forward promptly with the application that does not penalize the medallion holder either for slowness in the regulatory process or in the uncertainty of zoning or other contractual requirements.

REP. BARAM: If hypothetically somebody purchased a medallion and for many different reasons decided not to go through with the purchase of the package store maybe a personal tragedy or issue, whatever. Is there a way for them to give the medallion back to the State to auction and receive the monies from that auction to make them whole for what they had paid for it?

COMMISSIONER WILLIAM RUBENSTEIN: The proposed language would allow them to actually resell the unused medallion to a package store owner -- to somebody else who is willing to -- so that auction that you're considering -- that you're thinking about would actually take place in the private sector not the public sector.

REP. BARAM: So the auction of the medallion is really a last step where the State receives the funding

from the purchase of that medallion. So it's truly a forfeiture.

COMMISSIONER WILLIAM RUBENSTEIN: We do not want the medallion back.

REP. BARAM: Another area I wanted to ask a couple of questions to clarify and that has to do with gas station, convenience stores. If you could correct me if I'm wrong, I thought current law had a formula based upon grocery sales that allowed for sale of beer and from reading the Governor's proposed bill it appears that stores now are viewed for square footage -- how much square footage is for groceries, how large is the convenience store. So my question is does volume of grocery sales have anything to do with whether or not you're entitled to a beer permit?

COMMISSIONER WILLIAM RUBENSTEIN: There are two ways in which you can obtain a beer permit under the proposed statute. One of which is if you are a grocery store -- that is you are primarily engaged in the sale of groceries which is the current test. You're entitled to a grocery beer permit.

If your primary sales are not groceries and many of these large convenience stores don't meet that definition because they sell things other than groceries, tobacco sales is a big part of it. They don't meet the primarily sales. But yet -- so the new convenience store permit would allow those businesses that -- that are -- are significantly devoted to the sale of groceries that are small enough in size yet big enough in size to have the added opportunity to sell beer along with these additional grocery items even though they don't meet the current technical definition of a grocery store.

REP. BARAM: And that -- is that because they meet -- they would meet the new definition of size of the store?

COMMISSIONER WILLIAM RUBENSTEIN: That's correct. The proposal would be to limit convenience store operators to convenience stores that are not bigger than 5,000 square feet. These are your mom and pop convenience store kind of operations but yet -- but yet devote a significant amount of their square footage to sales of groceries, that is convenience stores that have a minimum sales area of 1,500 square feet or so.

I think it's 1,500 in the statute and 400 square of that, that is a significant investment and commitment to the sale of groceries -- dedicated to the sale of groceries.

REP. BARAM: Would the square footage requirement usurp local zoning if for instance a local zoning board decided they did not want for whatever reason beer to be sold at a gas station convenience store. Could they in effect negate the statute even if the convenience store met the other criteria?

COMMISSIONER WILLIAM RUBENSTEIN: Local zoning rules would still need to be complied with and so in order to get a permit you'd not only have to meet our statutory definition but you have to be a suitable location in terms of zoning.

So there are towns right now who limit where and what kinds of permittees can be had in the town. For example some towns have restrictions in terms of square footage of the size of the building, distance between package stores, the kinds of on premise entities that are permissible in their town. This will not usurp your local zoning option that that requires.

REP. BARAM: A number of constituents have contacted me expressing concern about the idea of gas station convenience stores selling beer because of the proximity for somebody driving, filling up with gas and then buying something and perhaps opening it in the car and drinking. Did the Governor's Office or your office do any studies to determine whether any such dangers or increased occurrences are related to convenience stores at gas stations where beer is permitted to be purchased?

COMMISSIONER WILLIAM RUBENSTEIN: I haven't seen such studies but intuitively it would seem to me that the same exact problem could -- would be of concern in any off premise location where people drive to pick up their beer or liquor whether it's a grocery store. People are driving to the parking lot and purchasing beer in the same way.

REP. BARAM: My last question, I'm a little confused. I'm assuming that many of my colleagues are confused. It seems that the proposed legislation allows for various types of discounts, ten percent discount, no bottle price to allow the retailer to sell a particular bottle for whatever price they want and then there's this volume discount.

I'm wondering if briefly if it's possible to kind of put different discount factors in line to explain exactly how -- how this all works. And with regard to the volume discount would it be possible for package stores to form a co-op where they could get together as a group and qualify in the same way a large retailer like a supermarket should be able to achieve that -- that volume discount. I believe they do that in Massachusetts.

COMMISSIONER WILLIAM RUBENSTEIN: Let me start at the -- the last question and then I'll move

backwards. With regard to buying co-ops, you know Connecticut has and is committed to a three tier distribution structure which has a wholesale level to it which by law are not permitted to have any interest in the retail operation.

Buying co-ops essentially as they operate everywhere in every line of retailer are essentially wholesaling operations that would not be permitted to have a set of retailers also operate a wholesaling operation. That's not to say that it's not an opportunity in this bill as we expand the number of permits that can be owned by a single owner, for smaller package stores to change their form of ownership into a joint venture and do joint purchasing as they are doing joint operating forming essentially their own mini six store chain. That's a possibility.

I'm not suggesting that people want to do it or would do it but that might be an opportunity for people to take advantage of those kinds of things. With regard to the pricing question that you had which was pretty broad based, currently under price posting wholesalers are not permitted to offer volume discounts of any kind. And they set a price below which a retailer may not resell any product that is different than the actual acquisition cost by the retailer.

What the bill would do would remove the wholesaler restriction, the wholesaler setting the price -- the floor price upon which a retailer can sell and we will set that floor at actual cost -- cost available to others in the marketplace at the time or this five product, you know, special that people can run to sell at some little bit -- little margin ten percent below cost if they so choose. So that would

replace the wholesaler setting the floor. The floor would be set by retailer cost or cost options or marketing considerations for these five products.

With regard to volume discounts what we would envision is volume discounts -- and we're committed to identifying some more guiding principles for what volume discounts could be permitted but volume discounts are already currently in every other industry regulated by our antitrust laws in the federal it's the Robinson-Patman Act, in the State it's the Connecticut Antitrust Act, section 35-45. And it does not permit and it would not for liquor permit volume discounts that harm competition.

So in all areas and it would be true in including liquor, volume discounts could only occur really in two sets of broad circumstances one of which is where the volume is reasonably available to most players in the market, that is we're not requiring you to buy a hundred cases where most players really can't find more than ten.

Or where the volume discount is tethered precisely no more -- no less -- or no greater than the actual cost savings in the mode or method of manufacturer delivery. So in the supermarket industry if you're buying a train load of merchandise you might be able to get a discount because the train is cheaper than the truck.

But other than that you're not permitted to provide a discount which would be greater than that cost savings. So we would expect those same kind of rules and the Governor said he's willing to flesh those out in a little more detail in revised language which would set volume discounts which would provide incentives

for people to save money and find efficient ways of coming to market but not in harm in any way the competitive opportunities of our package stores.

REP. BARAM: Thank you very much.

SENATOR DOYLE: Thank you. Senator Musto.

SENATOR MUSTO: Good afternoon.

COMMISSIONER WILLIAM RUBENSTEIN: Good afternoon.

SENATOR MUSTO: Thanks for coming out. It sounds like there are some good things in the bill. One of my concerns that I've had, if we're going to start talking about how we're really going to lower prices and save consumers, money shouldn't we be talking about the distributor system here in the State of Connecticut, especially the beer distributor system which seems to have some monopolistic elements, a territory system, et cetera that are potentially raising prices.

It doesn't seem like either the liquor distributors or beer distributors are giving up a heck of a lot in this bill. And I was wondering what the thought was on why it's so focused on the retail level and not on the system as a whole.

COMMISSIONER WILLIAM RUBENSTEIN: Well there are -- there are -- there are parts of the bill that impact the way in which wholesalers have to compete with each other differently than they compete with each other now. But, you know, what we're trying to do is to unlock in basic ways the opportunities for retailers to set their own path in terms of how they compete. And that is to decide for themselves what hours of operation might be most convenient to their customers and operate during those times.

And to decide for themselves what prices and margins and services they would like to offer to their consumers in exchange for those prices. And those were the principle -- that was the principle focus and genesis of most of the proposals in the bill. And so we were -- that's where we focused.

We didn't see any need to get there, to upset the expectations currently invested -- invested expectations of all three levels of the system. And we've left those largely untouched in terms of how they interrelate to each other, in terms of the complete separation of these tiers.

SENATOR MUSTO: You raise two questions, first the investment based system. Could you tell me what you're referring to?

COMMISSIONER WILLIAM RUBENSTEIN: What -- to the extent a wholesaler has invested for example in developing his business and buying its trucks and hiring its people and having a -- a business operation that employs people one has to be careful when you're looking to change that system whether or not you are unfairly and too quickly and in too great a way altering the nature of that business.

So that's what I was referring to. And I wasn't suggesting anything you proposed did that, I just said those are considerations not only mindful in -- at the wholesale but this proposal's very, very mindful of that at the retail level.

SENATOR MUSTO: I think we might disagree on that a little bit as far as the -- as far as --

COMMISSIONER WILLIAM RUBENSTEIN: Will you give me the opportunity to expand on that.

SENATOR MUSTO: Sure. But can I finish my sentence first?

COMMISSIONER WILLIAM RUBENSTEIN: Yes. You may. I'm sorry.

SENATOR MUSTO: Okay. I think we disagree on that. I think this bill is overly dependent on the retail levels as far as trying to find savings and I'm not sure that it -- it adequately takes into account even with this medallion system which I'm skeptical of as well, I'm not sure it adequately takes into account the investments that small businesses created in their own communities. And so that -- that's my primary concern with this.

The stated goal of this bill is to lower -- cut prices for consumers. I don't see why we're not looking at levels. Why we're really just looking at retail levels and -- which -- and I'll certainly make sure you have as much time as you want to expand. The other thing that you asked or I think you mentioned is that you weren't really looking at the three levels.

And again, I mean if we're looking to change the system my question would be why didn't we look at all three levels rather than just really the retail level? So I guess those are two questions. You can expand as much as you wish and then if you could just answer, you know, again, what was the rationale for not looking at all three levels?

COMMISSIONER WILLIAM RUBENSTEIN: Sure. And you raise really not only an important issue but it's an issue that is really central to a lot of people in this room. It's quite palpable that this -- what you raised is an issue of great important concern.

So let's kind of start with kind of bedrock principles of our economic system which I think everybody in this room agrees with is that markets operate ultimately for the benefit of consumers.

And that is to make sure that consumers get the goods and services that they want, that they get the goods and services that they want at the lowest -- at the best -- at highest quality in the form that they desire it and better at the lowest possible prices. And we -- when we do that the benefit rebounds back of course to a healthy economy.

So that's kind of the -- we -- I think an operating principle that we all agree on. And so what we tried -- what the Governor tried to do in this proposal is to reflect this bedrock principle without undermining either the regulatory oversight and accountability of what we do but also with the mind towards understanding that we don't want to upset the entire apple cart of the way in which we've come to market to -- to alcohol and particularly understanding that important piece of delivery of these goods and services to consumers or our package stores, our retailers, our other permittees, our grocery beer permittees, our off premise permittees and the like. So change -- if you're going to change something though it always creates a degree of anxiety.

And the anxiety in this room as I said is palpable. And -- but I -- what I want to be very clear about is that the proposals, especially the ones -- including the changes that we outlined today do not shift ground in ways that really undermine our package stores when you -- we look at the package as a whole. So first, you know, let's -- the existing

system, you know, provides package stores with significant advantages in the marketplace that other retail entities across the board do not enjoy in this State.

And those advantages currently that exist for package stores are largely retained in this bill. Unlike many retailers in other areas we have protections for our local retailers from national and international competition particularly through the internet, except in some small areas regarding wine.

Package stores in Connecticut unlike any other retailer in the State of Connecticut is not threatened by competition from national, international internet businesses. There's a statutory limitation on the number of competitors. And with the medallion system that limitation will absolutely enhance for spirits and wine.

That's not enjoyed by any other type of retailer in the State. And there's a statutory limitation on the size of chains. Another advantage that local retailers in -- for liquor enjoy but other retailers throughout the State do not enjoy. Even under this proposal the number of common ownership stores can increase from two to only six, hardly the kind of large chain that we see in other industries and are concerned for other small businesses in the State.

And the three tier system works for retailers. And they work for retailers because they protect package stores from competition by wholesalers or distillers. They protect retailers from large competitors being able to cut nationwide deals directly with distillers. And these protections are all retained.

So the current level of protection which is unique to the liquor package stores aren't enjoyed -- not enjoyed by other retailers in the State are retained by this proposal. I want to add to that that the proposal goes further to assist these package stores. Okay.

So one of the proposals as was earlier pointed out allows package stores to increase the product mix that they currently sell so they can have other profit centers and other ability to attract consumers into their store whether it's by selling, you know, crackers and cheese or complimentary fruits or snack products.

That's an advantage that they have not enjoyed to date and they will enjoy under the new proposal. Secondly, you know, for the first time package store owners under the medallion system will have a personal property right in their business.

That's a value to package store owners and I dare say when we look back on this package store owners when they decide to exit the business will reap a substantial value that they now cannot unlock from the businesses they spent years and years developing and investing in.

And then significantly by allowing package store owners to be competitive in terms of their hours, in terms of how they come to market, in terms of pricing, we're going to stop the hemorrhaging the loss of sales across our State borders.

We're going to retain those sales in Connecticut and those sales are going to be made by Connecticut package stores that are not currently available to them because they cannot be price competitive, they cannot be convenience competitive. The bill does that.

It adds that additional advantage to existing package stores. And the third point that I want to make here is that I have faith in our package store owners. They're good business people. They know how to compete. They know how to compete with each other. The small shops know how to compete with the big shops.

I live in a town -- the Town of West Hartford and we have, you know, whatever, 20 package stores thereabouts, of varying different sizes and varying different qualities. We have everything from -- from the mom and pop on the corner that has a small store that caters to the local walk in trade of the neighborhood to Crazy Bruce's to wine stores that cater mostly -- mostly to wine connoisseurs. And each of these select different ways in which they decide to come to market.

They exist competitively side by side. I can go into a large package store in my town and buy for price. I can go into a small wine store and get the service and expertise of the different wines that I want. I can walk -- I can go to a small package store on my corner by walking and not getting in my car.

And citizens in my town do all those things and I think they do those things in all other towns. So I have faith our package stores know how to compete with each other if we give them the opportunity and tools to make those decisions for themselves.

And then finally the last thing that I want to say here is that the experience in other states when you move from -- into a more price competitive environment or when you move to Sunday sales -- if we look at our neighboring states that moved to Sunday sales a half decade

ago or more and we look at the number of package stores that were operating in that state prior to Sunday sales coming in and how many were operating -- I think the numbers I looked at were 2010. The numbers are identical. They have not lost a single permittee in terms of numbers in those states.

That's not to say there aren't ultimately winners and losers in every industry. But the number of opportunities out there remain the same. They don't -- we don't cannibalize these businesses. They thrive. They've thrived in other states. I have every confidence they will thrive here. So when we look at this -- to answer your last question, Senator Musto, when we look at that we said on balance is the three tier system operating sufficiently?

Do we have strong enough players at each level that we think the market is operating sufficiently fairly that what we want to do is just take out some -- a couple of central elements from an overly regulated -- in an overly regulative way and allow our -- the strength of our businesses to figure out how to come to market and the best way for consumers. And that is the guts of the proposal.

SENATOR MUSTO: Thank you. It seems to me that liquor stores -- and I know this because as an attorney I've helped them, can sell their stores now without any doubt. They have to still get a permit personally but you still have a location, a sign, a clientele, 1,500 feet from a school, whatever the requirements are.

There's restriction that's going to be lost as well which is the 200-- 2,500 person limit in municipalities. But you're right liquor is different in a lot of ways and we treat it differently under the constitutional provisions

you've cited. But one of the things that is different is they -- liquor store owners get a much more expensive permit than most stores get when they decide to open. And you know, Wal-Mart doesn't have sting operations come in because it's a controlled item like liquor is, you're selling a pair of pants or a shirt.

So we treat liquor store owners differently as well. I mean they're subject to a lot of regulations that other industries are not as well as some protections that other industries are not. But what I still haven't heard is what the -- you mentioned briefly in your first -- answer to my first question that distributors were giving up something. There were some changes. What changes are in the distributor system that are in this bill?

COMMISSIONER WILLIAM RUBENSTEIN: So the primary one that I'll point out to you is the way in which wholesale pricing provisions will work. So currently what happens is wholesalers will post a price and then you get to see what price every other wholesaler posts. And if a wholesaler posts a lower price than they posted they can lower their own prices to meet that price.

What that does is tend to stabilize prices because every wholesaler knows that they can post a high price and if one of their competitors decides to post a lower price then and only then will they lower their price. Under the system that's currently proposed you won't have that amending period.

And so without that amending period each wholesaler is at risk for whether or not they're posting the right price. We expect that to be a downward pressure on price which would therefore move -- therefore move the price, you know, downward to retailers and ultimately downward to

consumers. So that's a change that's significant that removes a bit of the current pricing tower that are priced currently at the hand of wholesalers. So there's one example.

SENATOR MUSTO: Any other significant examples?

COMMISSIONER WILLIAM RUBENSTEIN: You know I'll get back to you on that. I don't have them in my head right now.

SENATOR MUSTO: And how does that -- how does that --

COMMISSIONER WILLIAM RUBENSTEIN: That's a significant one but I'll provide you with others.

SENATOR MUSTO: No. Okay. That's fine. Thank you. I mean the bill's here, you know, I can read it. But how does that affect the beer places positing issue?

COMMISSIONER WILLIAM RUBENSTEIN: Well the posting will be the same.

SENATOR MUSTO: Are beer distributors competing with each other in their territories?

COMMISSIONER WILLIAM RUBENSTEIN: Well they compete with each other on an inter brand basis, yes.

SENATOR MUSTO: I'm sorry.

COMMISSIONER WILLIAM RUBENSTEIN: On an inter brand basis.

SENATOR MUSTO: Excuse me. Excuse me. Excuse me. Excuse me. Please.

COMMISSIONER WILLIAM RUBENSTEIN: Right. Do they not?

SENATOR MUSTO: I -- maybe I'm wrong. The way I understood it is beers have territories that are essentially monopolistic.

COMMISSIONER WILLIAM RUBENSTEIN: Well.

SENATOR MUSTO: I mean you can say they compete Coors and Bud for example but if -- if I own a liquor store in say Fairfield County and I want to buy a case of Budweiser I have one distributor I can go to. Is that incorrect?

COMMISSIONER WILLIAM RUBENSTEIN: No. That's correct.

SENATOR MUSTO: Okay. So if I post the case of Bud as a distributor at five dollars a case versus six dollars a case versus seven dollars a case, there is -- it doesn't matter what anybody else posts a case of Bud at because if I'm a liquor store owner -- I was a distributor now I'm a liquor store owner, sorry. But if you're a distributor and I'm a liquor store owner I have to buy a case of Bud from you at five, six or seven dollars or I just don't but it.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

SENATOR MUSTO: Okay. Thank you. I think that's the end of my questions. I appreciate it.

COMMISSIONER WILLIAM RUBENSTEIN: Okay. Thank you.

SENATOR DOYLE: Thank you. Representative D'Amelio.

REP. D'AMELIO: Thank you, Mr. Chairman. Commissioner, I'm trying to understand the medallion system currently when you purchase a liquor store you're purchasing that permit -- you're applying for a permit to become a new permit holder but you're purchasing the location

or the entity that's there currently. Am I correct in saying that?

COMMISSIONER WILLIAM RUBENSTEIN: No. Well if there are no permits available in the town in which you're purchasing the only way you can get a permit is to fill the shoes of an existing permittee.

There are several towns in Connecticut that have available permits within -- within the statutory cap where you wouldn't have to purchase a business at all you'd just need to find the right location and apply for a permit.

REP. D'AMELIO: Okay. You have a permittee though. How does the medallion system change that? You know you refer to it like as a personal property asset. Do you still have to have a permittee, like one individual that's going to be responsible for multiple locations?

You know what I'm getting at is if a corporation were to come in and start buying these medallion systems how would they function? Is there one designated person that has to be responsible for upholding the laws of the State of Connecticut regarding liquor or -- or, you know, does it change?

COMMISSIONER WILLIAM RUBENSTEIN: The requirements to have a permit as a backer or a permittee will remain exactly the same. The only change is that in addition to all the requirements that we have for a permit and all the checks and balances on who the permittee is and whether or not they're a suitable person and whether or not it's a suitable location.

In addition to that in order to have that permit you also need to have a medallion associated with it. So it doesn't change at all the -- who

can be a permittee under the statutes other than you need to also in addition to all the requirements hold a medallion.

REP. D'AMELIO: I'm still trying to grasp it though. If a corporation -- if a corporate entity wanted to buy a medallion, you know, they have a chain of stores -- six stores in the State of Connecticut. Does -- you know, if they operate like under a board of directors do they have to designate one person to be responsible for the medallion or not? Like be a permittee or will the corporation itself be the permittee?

COMMISSIONER WILLIAM RUBENSTEIN: A corporation now can currently be a backer for a permit, that is the owner of the business and they must designate an individual to be the permittee. Under the medallion system the backer, the owner could now be a corporation under current -- could also -- would have to also own the medallion but the requirement of having an individual permittee would be made.

REP. D'AMELIO: Thank you for clarifying that.

COMMISSIONER WILLIAM RUBENSTEIN: Thank you.

REP. D'AMELIO: You know what I'm trying to grasp also is right now, I come from the City of Waterbury and the majority if not all the liquor stores there are owned by mom and pops. You know I don't remember any of them going out of business recently anyways. By changing the current system that we're having -- that we have could a medallion or a permit be purchased in Waterbury and move to Bridgeport.

COMMISSIONER WILLIAM RUBENSTEIN: Yes. If there is room on statutory cap in Bridgeport. So for example -- I think currently there are 19 permits that are currently available in the City

of Bridgeport within the current statutory cap of one for every 2,500 people.

There's 19 permits that are unclaimed. Under the medallion system if somebody wanted to open an package store in Bridgeport they would need to find a medallion from some other package store owner. They might go to Waterbury to a package store owner who's thinking about retiring and believe that they could get more money for their medallion in Bridgeport than they could get in Waterbury and that package store, they would monetize the value of their investment in a much greater way.

REP. D'AMELIO: So it's your belief then the medallion system will definitely benefit permit -- or an owner of a package store now because it'll become much more valuable.

COMMISSIONER WILLIAM RUBENSTEIN: Without a doubt.

REP. D'AMELIO: But what would it do to the person trying to enter into the business. I mean, you know, are we going to create a system where you're going to have to have deep pockets to even enter into this industry by, you know, creating this medallion system in your opinion?

COMMISSIONER WILLIAM RUBENSTEIN: You know in many parts of the State we already have exactly that system because we're -- in most towns we are already at the statutory cap of number of permits. And so the only way in which in all those towns currently you can get into the business is by -- by buying the business of an existing permittee, keeping it in location or moving it to another approved location within the town borders. So in large measure, you know, in a lot of places we already have that system where in order to be in the business in some places you need to buy a business.

REP. D'AMELIO: Just one other question. I just want your opinion on this because I'm under the impression and I'm -- you know, obviously all of us here are speaking to a lot of different folks. You know we're going to create an atmosphere or a new, you know, different type of industry within this -- you know, within our liquor laws here where we're going to have the Home Depots and the Costcos of the world where the individual, you know the small retailer won't be able to survive anymore.

And that's a big fear amongst everyone in this room. How in your opinion like if you -- you know I'm trying to look through this legislation and the testimony you provided, how are we not creating that type of an atmosphere.

I mean you just described West Hartford you know you have so many different choices available to you. And I think that is because of the system that we have now. Everybody's kind of on a level playing field. So whoever provides that better service is the place you go to.

But if we start, you know, dwindling the numbers of people that we're able to access these products through then we're going to be stuck with whatever you know, big retailers out there and the service that they provide us once these small mom and pops are gone. I'm just curious to see how -- how that won't happen through this system.

COMMISSIONER WILLIAM RUBENSTEIN: So the proposal that you have and the suggested revision actually keeps the playing field level and imparts choice among how to come to market to retailers whether they are better off being a price competitor, being a service competitor,

being convenience competitor and allows all those options.

But, you know, at bottom what -- what the proposal does is cap the number of common ownerships at six so that prevents Home Depots on every corner. It prevents -- and the way in which liquor comes to market it prevents large chains as they do now from doing direct deals with manufacturers, the suppliers at levels that can't be achieved if you're dealing through a middle man.

The law -- the law currently and the law under the proposal would make that -- there are lots of checks in place. As I said we're not looking at a Home Depot problem. We're not looking at what might -- some people might consider to be the demise of local pharmacies with CVS chains, CVSSs on every corner.

You're not going to have chains on every corner. The number of stores that can be operated under by a single entity are limited and the opportunities to take advantage of some of those -- what we see as unfair pricing advantages just don't occur under the proposal.

REP. D'AMELIO: One more question, Commissioner. I'm looking at the attachment A.

COMMISSIONER WILLIAM RUBENSTEIN: Yes.

REP. D'AMELIO: And in C includes channel pricing and positing for on versus off premise retailers.

COMMISSIONER WILLIAM RUBENSTEIN: Right.

REP. D'AMELIO: You know I've heard that term channel pricing and it just escaped my mind on what it is. Can you explain to me what that is again?

COMMISSIONER WILLIAM RUBENSTEIN: So liquor wholesalers sell to two basic kinds of retailers, those who sell for off premise consumption, package stores and clerks of beer and those who serve for on premise consumption, restaurants for example.

So those are two separate channels that don't really compete with each other for the ultimate consumer because the consumer who's buying for off premises by and large is not looking to drink on premise and vice versa. I'm not saying that they don't do both but largely they're separate channels. And so the channel pricing proposal here would allow the wholesaler to adjust its volume discount understanding the needs of the two different channels.

So if a volume discount to the off premise channel made sense in terms of number of cases that you purchased it's possible for a restaurant channel that discount structure may change based upon the number of bottles that you purchase. It allows the flexibility of the wholesalers to understand the needs of the on premise channel, you know in a way differently than the off premise channel. So that's what channel pricing means.

SENATOR DOYLE: Thank you. Representative Esposito.

REP. ESPOSITO: Thank you, Mr. Chairman. Good afternoon, Commissioner.

COMMISSIONER WILLIAM RUBENSTEIN: Good afternoon.

REP. ESPOSITO: It's been a long morning.

COMMISSIONER WILLIAM RUBENSTEIN: Well it's afternoon even.

REP. ESPOSITO: I've got a number of questions and I really don't even know where to start. But right now can a permittee own more than one store under current law.

COMMISSIONER WILLIAM RUBENSTEIN: Two off premise currently under current law. Two.

REP. ESPOSITO: So with the medallion system that will change and he can own up to six.

COMMISSIONER WILLIAM RUBENSTEIN: Yeah. The medallion system is actually separate than that. You know, so the six proposal whether you have a medallion -- whether you adopt the medallion program -- proposal or not the proposal is to allow one owner to operate up to six stores.

REP. ESPOSITO: Under the new system.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. ESPOSITO: Proposed system.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. ESPOSITO: On the question of increased taxes and sales volumes you mentioned early on in your testimony that we'll have to do something with the tax structure itself in addition with the convenience of selling on Sunday to bring the sales back into Connecticut.

I'm kind of confused as to -- if we're going to try to lower the taxes how will we generate the revenue that's being proposed from this by -- because we'll be lowering the taxes not just on the border sales but throughout the whole State.

COMMISSIONER WILLIAM RUBENSTEIN: You do a do a disservice to Senator Witkos for confusing me with him. But I didn't suggest that we'd make

an adjustment to the tax. I was responding to a question from Senator Witkos.

And what the Governor said about taxes is we should first see, you know, what the volume of business that transfers back into Connecticut and then adjust the -- the -- have a discussion about what the tax structure should be in order to remain competitive with other states.

REP. ESPOSITO: Well I'm sorry. I didn't mean to say that it was you that made the statement.

COMMISSIONER WILLIAM RUBENSTEIN: Oh, I'm sorry.

REP. ESPOSITO: But it was in the Governor's statement. It was --

COMMISSIONER WILLIAM RUBENSTEIN: The Governor said he'd be willing to look at that --

REP. ESPOSITO: Right.

COMMISSIONER WILLIAM RUBENSTEIN: -- at some point. Yes.

REP. ESPOSITO: So I have to question then whether we're going to be getting as much revenue gain out of this proposal as is being put forth. So that's one thing. And on the six month rule for the transfer of the medallions, you said after six months it reverts back to the State but yet as I read through the -- through the proposal they can apply for a six month extension. So now that six month rule is up to 12 months.

COMMISSIONER WILLIAM RUBENSTEIN: The basis of the proposal was to try to assure -- to assure that medallions were used for the purpose of running off premise operations, for the purpose of running package stores. And we also recognize

that we're not looking to make this a necessary forfeiture statute.

So the way in which we do that was to say look, if you're going buy a medallion we want you to come forward promptly and apply for a permit. We understand as has already been suggested that sometimes the vagaries of business deals don't allow you to be as prompt as we might otherwise like and so we have an opportunity to grant you an extension for good cause beyond that six month period.

In addition the period of time in which we are -
- you are under regulatory review doesn't count. So the idea is to -- to impel people to act promptly but also to give them every opportunity to do what with the medallion what they want to do with the medallion which is open a package store. So that's the balance.

REP. ESPOSITO: I think as we stated earlier -- someone stated earlier that they might consider shortening that period so it makes them be a little more willing to reopen a store rather than just hold onto the permit until it gets to be a price where they can make money on that.

COMMISSIONER WILLIAM RUBENSTEIN: You put your finger precisely on at least what the goal was.

REP. ESPOSITO: Does the backer or the permittee need to be a resident of the town or the State under current statute?

COMMISSIONER WILLIAM RUBENSTEIN: No.

REP. ESPOSITO: So that goes -- one of the questions that was just asked that someone from an out of state corporation can be the backer and a permittee as well and not even live in the State and have no -- no real --

COMMISSIONER WILLIAM RUBENSTEIN: The same is true under current system. That's correct.

REP. ESPOSITO: Well maybe we should change current law also. Is there a cap now on convenience store, grocery store permits?

COMMISSIONER WILLIAM RUBENSTEIN: Yes.

REP. ESPOSITO: And does it fall under the same guidelines as a package store or liquor store permit?

COMMISSIONER WILLIAM RUBENSTEIN: There is no numerical cap for grocery beer permits. Convenience stores can only qualify if they qualify as a grocery store permit.

REP. ESPOSITO: All right. So it wouldn't impact on the number of permits per town like we do right now, the one per 2,500 for the liquor store permits.

COMMISSIONER WILLIAM RUBENSTEIN: One per every 2,500 is for package store permits only.

REP. ESPOSITO: And -- forgive me. I was trying to be brief but I've got a lot more questions but I'm not going to go into them all but it was asked earlier and if I understand the question right that you think that you'll have enough resources within DCP to control and monitor the sale of liquor at more outlets than is currently -- than you currently serve it to now by expanding the liquor or the grocery and beer permits to convenience stores and gas stations.

To me, I mean it's going to be -- it's going to expand it so much that I can't really see how the department is going to be able to monitor such an influx of people selling beer which --

it's just so many things coming into one. I think we should have taken more time to really study what all the aspects are going to be.

Sunday sales as a standalone is one thing easy to look at but when we start getting into the -- all these other avenues, Commissioner, and I think it's going to be burdensome upon your department to have to monitor all of this. But that's my opinion.

COMMISSIONER WILLIAM RUBENSTEIN: All right. Let me -- let me just say this. Every regulator would like more resource to do everything that we do. And I would never turn it down if it came my way. But I want to, you know, assure the committee that we have -- get increasingly good at what we do in terms of assuring compliance.

I will also say that our package store and grocery beer permit operators are responsible, that they try to do the right thing but they're not perfect. But we've found ways in which we can provide the oversight on a random basis based upon some intelligence that we have in terms of where problems are likely to occur and when problems are likely to occur that we feel confident that we can continue the regulatory oversight in -- as effective of a degree as we have been doing.

REP. ESPOSITO: I think with that I'll stop now and let someone else have a chance and so we can go on. Thank you.

SENATOR DOYLE: Thank you. For the second time, Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chairman. And good afternoon now, Commissioner. I just wanted to clarify a few points for me because the wonderful thing about public hearings is we have

an opportunity to hear from a variety of different perspectives.

And what I try to do is really weigh the consumer interest versus the business interest and most importantly for the State of Connecticut, the small business interest which is the backbone of the State of Connecticut. And I think we would all agree with something along those lines. Under the current proposed legislation how many more gas stations and convenience stores that otherwise did not qualify for a beer permit would be able to qualify?

COMMISSIONER WILLIAM RUBENSTEIN: We take under the definition that's currently in the proposed bill we're looking at a few hundred additional permittees.

REP. REBIMBAS: And currently under the proposed bill there's nothing that prevents a gas station or a convenience stores to do whatever modifications may be necessary in order to qualify under this proposal. Is that correct?

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. REBIMBAS: In looking at the medallion system I'm trying to understand the real purpose behind it because although I've heard testimony that it's supposed to give a sense of a property value for a package store there's so many different provisions in there that it may possibly revert back to the State that maybe there won't be any value to it.

Again that all goes to supply and demand. There may be potential lawsuits so again there may or may not be an end value for it. Is there any transfer of inheritance related to the medallion system. So in other words if that package store

owner passes away, not looking at the permittee rules and regulations is there an inheritance right to the medallion?

COMMISSIONER WILLIAM RUBENSTEIN: The property right in the medallion would pass the way any other property right would pass. And whether that's by sale or by devise it would pass but it would carry with it an obligation to operate a package store. And so if it were transferred say by devise, by inheritance to someone is interested in operating a package store they would like many other assets that are inherited be monetized by sale to somebody who would like to use it.

REP. REBIMBAS: And would the structure of the six months still apply to that if it was by devise?

COMMISSIONER WILLIAM RUBENSTEIN: The structure of the six month would apply with the opportunity to extend for good cause and good cause might be that there is a need to dispose of the proper probate process but yes.

REP. REBIMBAS: My concern is throughout the probate process sometimes there's considerable delays for a variety of different reasons where probate aren't finalized until many years possibly even down the road. How would that be affected by this?

COMMISSIONER WILLIAM RUBENSTEIN: You know I -- you know it's an issue that I haven't thought through. As the intent is not to get a forfeiture but the intent -- the goal is to get these -- these medallions used for the purpose of operating a package store. An opportunity takes a situation like that into account. It would probably be advisable.

REP. REBIMBAS: You had indicated that under this new proposed legislation there would be an opportunity for discounts. Is that correct?

COMMISSIONER WILLIAM RUBENSTEIN: There would be an opportunity --

REP. REBIMBAS: For the manufacturer, wholesaler to provide discounts.

COMMISSIONER WILLIAM RUBENSTEIN: Yes. Yes. Volume discounts. Yes.

REP. REBIMBAS: And would that be equal across the board to all retailers or would it be at the discretion of the wholesaler or manufacturer to choose which retailers they provide those discounts to?

COMMISSIONER WILLIAM RUBENSTEIN: The proposal was to add stacking and language that would make -- that made it unclear whether or not you could discriminate individual to individual as opposed to set a uniform set of volume discounts.

The intention here is to set a uniform set of volume discounts that are reasonably available to most operators. And that would be consistent with existing requirements of section 35-45 in General Statutes which apply generally to the price discrimination of market commodities.

REP. REBIMBAS: And also just clarification on the amending period. Under current statute what was the period of time before a price could be amended or changed?

COMMISSIONER WILLIAM RUBENSTEIN: Was it five days?
I think five days.

REP. REBIMBAS: Five days. And under the new proposal what would it be?

COMMISSIONER WILLIAM RUBENSTEIN: There would be no amending process.

REP. REBIMBAS: There would be no amending period.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct. The retailer -- wholesaler would be at risk of coming up with his best price or suffer the consequences in the market for failing to provide their best price. Yes.

REP. REBIMBAS: One of the concerns I have regarding that, it's my understanding that that time for posting is necessary for the retailer then to plan accordingly in passing that possible discount onto their consumers.

With no allotted period or requirement of period I don't see how a business can function and properly then being able to identify the new price, being able to actually plan for the purchase possibly of the new price if they don't have the inventory already in place and then still be able to then turn around and provide it to the consumer.

COMMISSIONER WILLIAM RUBENSTEIN: Let me clear up a confusion that I may have imparted in conversation here. The -- when you asked me about an amending period what I was referring to is the period after the initial positing when somebody could amend downward the price.

What I think you're addressing now is how far in advance before the price is operating in the market is that available to the retailer. And that rule would stay the same. I think it's on the eighth day or the tenth day of the month proceeding the month in which the price will be operating.

So that if for example you wanted to have a price in January you would post your price at the beginning of December that would be operative in January so that retail would have plenty of time for that planning as they do currently in the existing law.

REP. REBIMBAS: Do you have a number of account for how many package stores have actually exercised this last law that allowed them from being open from eight to nine o'clock.

COMMISSIONER WILLIAM RUBENSTEIN: It varies. And we don't have that -- we don't go out and survey the actual hour of operations. What we're concerned is if people are operating at greater hours not lesser hours. So we don't track that.

REP. REBIMBAS: Because it's my understanding having met with several package stores throughout the State of Connecticut that many have exercised not to open until nine and I see under the new proposed legislation it actually allows them to open until ten. Do you know what the -- what the understanding or the purpose of that -- who demanded the extra hour?

COMMISSIONER WILLIAM RUBENSTEIN: I don't have an answer to the question in the way you phrased but what it's driving is -- is a recognition of what happens in all our neighboring states.

And wanting to be competitive and also this notion that we ought to be empowering our retailers to make those kinds of business decisions for themselves whether it is beneficial to their consumers and therefore profitable to them to be open these hours.

REP. REBIMBAS: And I appreciate all the testimony that you're providing and I guess what I'm looking at is the consumers -- I think many of

us can probably agree that many people have been in contact with us and for the consumers purpose a lot of the things we've heard over the years is that they do want convenience, they do want package store to be open on Sundays. I have yet to have someone come up to me and say that there's a problem with the price of alcohol, that they want cheaper alcohol.

I do know that based on the economy people have probably modified their purchasing abilities but that's certainly not something that we can address. My concern with this medallion system is that it's a system put in place not asked for, my understanding, from the package stores of a certain value where the concern is if we now have big box whether it's the Stop and Shops, the Wal-Mart's of the world or Costcos of the world with the ability now to open up a liquor store next door if they were to purchase a medallion, it does not allow for the competition of these small mom and pop package stores which is predominately the ones we have in the State of Connecticut.

And they don't have their business because they want to be rich off of this business. They want a business because they want jobs, they've created jobs and they want to maintain some kind of economy ability to work and survive and provide for their families. They're not going to be able to compete in order then to be able to purchase additional medallions when you've got big box stores that have a strong interest in it.

We already have it in the State of Connecticut. We have Costco. Again, consumers who want cheaper liquor possibly want to look there. But they're going to their package stores. It's for the service. It's for the convenience and many other things. And it would just be completely

unfortunate to put many of these as a result of the proposed legislation in a position unable to actually be able to function in the business community in the State of Connecticut.

Because although we should be mindful of what the other states around us are doing but the reality of it is the cost of doing business in the State of Connecticut whether that's taxes or everything else that's put onto these businesses as a result of being in business in the State of Connecticut is not necessarily the case for these other businesses. So it's really tough to be able to look at a proposal and see the intent and the effect that it's going to have on the business community because the reality of it is insurances will be more costly if your open later.

There is a sense of loss of revenue with the potential convenience stores, gas stations, big box retailers out there having the ability to open the package stores and an inability for these package stores to even be able to afford to purchase these medallions that are out there.

So again it's our responsibility on this committee to be able to then balance consumers, business, and small businesses. And I just want to thank you for your testimony and identifying a lot of these things in the Governor's bill and the possible changes or suggestions for changes and certainly will be mindful of that. So thank you for your time.

COMMISSIONER WILLIAM RUBENSTEIN: Thank you.

SENATOR DOYLE: Thank you. Representative Taborsak.

REP. TABORSAK: Thank you, Mr. Chairman. Thank you, Commissioner for your testimony. I just have a few clarifying questions. Through testimony and

through talking to members of the public it seemed as if some people are a little bit confused about to what extent under current law grocery stores, box stores can get into the sale of liquor.

And I think they're -- it's understandable that people might not know the ins and outs of these laws. And from what they see, they go to a grocery store, there's beer. There's no wine. There's no liquor. But that doesn't tell the full story of what -- what the law actually is right now.

Am I correct in understanding that if a grocery store in the State of Connecticut now doesn't have a grocery store beer permit that same entity could still -- could consider whether or not to open a package store and obtain a package store permit?

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. TABORSAK: That is correct. Right. So it's -- it is the case in our State right now that grocery stores and box stores can get into the sale of liquor, wine and spirits if they choose to not seek out a grocery store beer permit? That is correct.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. TABORSAK: Thank you. I wanted to clarify that. The -- and just to take that a small step forward, are you aware and if you don't have this information off the top of your head I would understand -- of -- if there's a number or if you could estimate how many grocery stores in the State of Connecticut now opt to have a liquor package store permit rather than a beer store -- my apology a grocery store beer permit.

COMMISSIONER WILLIAM RUBENSTEIN: I don't have that number.

REP. TABORSAK: But there are some that have chosen, is that correct to I think get package store permits?

COMMISSIONER WILLIAM RUBENSTEIN: You know, I don't know because we just don't track the data that way.

REP. TABORSAK: It's understandable.

COMMISSIONER WILLIAM RUBENSTEIN: But it certainly -- certainly is within the existing rules something that could occur.

REP. TABORSAK: Right. Right. And not to confuse anyone, we're not saying that under a scenario where a grocery store decided to go into the package store business, they would not be able to under current law have that package store within the four corners of their grocery store, within that building. They would not be able to do that. That is abundantly clear.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. TABORSAK: But they would be able to obtain a permit to have a package store even in the same plaza that their grocery store may be out now.

COMMISSIONER WILLIAM RUBENSTEIN: That's correct.

REP. TABORSAK: So essentially they do have a choice under the current law whether they want to get into beer or package stores. I just wanted to clarify that because I think some people understandably may not be aware of that.

Another clarification just about the bill actually, section 11 deals with the current law

which requires a separation -- a physical separation between an entity's package store and their grocery store area. Is it -- am I correct in understanding -- well actually I guess I'll just ask you this openly. Is it the intent of the Governor's bill to change that requirement or is that separate entrance requirement something that will be continued?

COMMISSIONER WILLIAM RUBENSTEIN: The intention is to maintain the separate entrance requirement.

REP. TABORSAK: Thank you. That's actually all that I have. Thank you.

SENATOR DOYLE: Thank you, Mr. Chairman. Any further questions from the committee? Seeing none, thank you very much Mr. Commissioner. Thank you for your patience in answering our questions.

COMMISSIONER WILLIAM RUBENSTEIN: Thank you.

SENATOR DOYLE: And then the public, I thank you for your patience but if you do appreciate that that's the Commissioner of the Department of Consumer Protection and it's the decision of the committee chairs not to limit questions of committee members. Another committee in a similar circumstance that has decided to limit questions of committee members.

It was our decision not to limit the questions of the committee members because it's their responsibility to vote in this legislation. So I do appreciate your patience. And I think you've thought -- you may have thought it was a long time but it was informative for the committee. So thank you very much.

Now at this point we are alternating from public to the elected officials and appointed officials. So the first person from the public

We don't offer entertainment or cater to the outside public.

The combination of the smoking ban, the education of drinking and driving, the overall decrease in alcohol sales along with the downturn of the economy have all taken a heavy toll on the industry. These things cannot be changed but the cost of the permit can be corrected and I ask your help in doing that.

I have spoken with the Commissioner of Consumer Protection, William Rubenstein as well as the prior Commissioner, Jerry Farrell and they both did not have a problem with coming forward with this. However it's got to be done through the legislative process. Correcting the cost of our license is long overdue and can be done through the legislative process and that's the reason for this bill and why I am here. I again thank you for your time and I'd be glad to answer any questions you may have.

SENATOR DOYLE: Thank you, Bill, for adhering to the three minute rule. I appreciate it. And thank you for your patience. Any questions from committee members? Senator Witkos.

SENATOR WITKOS: Thank you, Mr. Chair. Bill, I want to also thank you for bringing this bill to our attention. We hear so often that people should pay their fair share and for bowling alley café permits to pay the same as a large venue like the XL Center to use them as an example certainly is not equity there. So hopefully we can do something to address that issue this session. Thank you.

WILLIAM DeDOMINICIS: Thank you.

SENATOR DOYLE: Any further questions from committee members? Seeing none, thank you very much. All

right the next speaker -- we're now -- again we're alternating, is Representative Betts. Is Representative Betts here? Oh, he's here. You've got time. Just in time, Representative. So the next speaker will be Carroll Hughes then Representative Ed Jutila, then Jay Hibbard, then Representative Phil Miller, then Gary Davis, Representative Urban, Mark Espinoza. Representative Betts. Thank you.

REP. BETTS: Thank you very much, Mr. Chairman. And just to assure you I have Mike Nicastro who's President and CEO of the Connecticut Chambers of Commerce and we will have a combined testimony under three minutes.

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So I just wanted to assure you that. I'm here to support the liquor package owners and I have talked to many of them like you have and they are absolutely convinced that the adoption of this proposal will put them out of business. And I think obviously that's something we have to really take into consideration as we evaluate this.

The two questions I asked myself when taking a look at the Governor's proposal was this, first is it the role of state government to pick winners and losers in a liquor industry. If the answer is yes, then this means that the State government and not consumers will determine which business will succeed and which will lose.

And the second question I asked myself doesn't this -- doesn't the impact of this proposal remind you of last year's debate when we had our local independent retail pharmacies tell us that they would be forced to close because of new prescription policy imposed by State government.

As it is proposed in H.B. 50-21, State government once again will be favoring big business over small business. First independent retail pharmacies and now the mom and package -- mom and pop package stores. Small businesses are now seen as the underdog in these battles and in my opinion now is the time for the legislature to stand up for the underdog.

I would like to offer an alternative strategy in terms of trying to deal with the question of price competition with the neighboring states. You may have better ideas and obviously we're all welcome to that but the one I will offer to you is that we repeal the 20 percent excise tax that was adopted last year and replace the estimated nine million dollars that we are expected to receive from that and replace it by taking nine million dollars from the Connecticut Public Campaign Fund to replace that.

You may have better ideas but I think that getting rid of that tax is very important and would allow us to be a little bit more price competitive. As you evaluate the merits of H.B. 50-21 I ask that you keep in mind the one goal we all share together, and that is to make Connecticut a great place to own and manage a small business. And I'll turn it over now to Mike Nicastro.

MICHAEL NICASTRO: Senator Doyle, Representative Taborsak, thank you. My name is Mike Nicastro, President and Chief Executive Officer of Central Connecticut Chambers of Commerce. We service about 1,500 businesses, trade associations and smaller chambers.

I won't reiterate a lot of what was just said but we are very concerned with 50-21. One of the biggest items that sticks out to us is the concept of permittees and increasing those

numbers whether it's six, nine whatever the number is you can make that arbitrary. But it does smack of the setting of the stage of what has happened and history bears it out.

The small -- the small pharmacy, the small store, it certainly does bear that out. So what we would say to you is -- and let me wrap this up for you because we did promise to stay under the three minutes. The -- this past fall you had a special session. The major discussion of that special session was small business, small business, small business. Two weeks ago we hosted an event for DECD and all they did was talk about small business and how to help small businesses. Unfortunately this 50-21 is counterintuitive to everything that you talked about in the fall.

SENATOR DOYLE: Please. Please.

MICHAEL NICASTRO: And I would ask that you simply look at what the goal is here and to avoid the situation is -- and I think we need to modernize laws but have to avoid the fire, ready, aim outcome. So I thank you and I'll take any questions.

SENATOR DOYLE: Thank you. And again, audience, please legislators are listening. Please we appreciate the content. Any questions from any committee members? Seeing none, thank you very much. All right. the next speaker is Carroll Hughes, then it's Ed -- Representative Ed Jutila, Jay Hibbard, Joe Miller, Gary Davis, Representative Urban, Mark Espinoza, Senator Kelly, Tim Devanney. Carroll Hughes.

CARROLL HUGHES: Thank you very much, Senator Doyle, HB 5021 Representative Taborsak, the members of the general law committee. My name is Carroll Hughes and I represent the Connecticut Package

Stores Association. They currently are 1,228 licenses.

We represent at least -- actually as of last week we went up 150. We're up at almost 900 package stores that have joined the association. The store employ approximately 10,000 people. I have a breakdown of the number of stores that hire everywhere from two up to 25 members, those are employees of those stores. The proposals in this bill, and it's not Sunday sales, I've suggested we endorse that.

It would seem to be a driving force here of the engine on this train to accommodate certain people mostly in the food stores that are already open and think they're going to do a huge business here. So we've endorsed one today similar to the last -- seven out of the last eight states that have gone to Sunday sales including Rhode Island of being open on a schedule of 11 to five, 12 to six, 12 to five whatever it is.

I've talked to certain public safety people. They think that's a very adequate response in their considerations on this bill of opening on a Sunday which they've opposed in the past. There are certain sections of this bill and I can go into details on medallions and how that works and things but the most critical parts of this bill are obviously who you're putting into business now.

You're not helping me as Commissioner Rubenstein said. We try to be careful in making the changes. They're putting at least 2,000 permittees in gas stations, small delis, convenience stores. It's no longer -- it's anybody who has groceries proposed in their store. You don't have to sell any.

You just have to have a prop in the store. The -- also putting the discounts in and they basically want us to sell totally below cost at all time. I've heard this latest proposal of five SKUs that they're going to do.

There's only 15 brands of spirits that sell regularly in the State of Connecticut. The big box stores, the Wal-Mart's, the Costcos, all those, they have about 200 SKUs in their store.

I have a package store in Newington that has 15,000 SKUs in the store. So their models are very different. Their models are predatory in some cases. I will give you much detail if you ask me a question about why a food store shouldn't be in the business. We know their marketing practices. We know their percentage of selling to minors in small convenience stores and other types.

We know all the intrinsic things that you need to know. And you certainly know all the ability of these people to severely compete with stores on an unfair advantage. These small stores -- everybody -- the one thing we all agree on, there's more stores than you need in the State of Connecticut. I know that.

There are probably double the number of stores that exist in other areas but you're putting another 2,000 in business here in terms of convenience stores.

So it's kind of disingenuous here to say that we're trying to balance this off and just deal with competition at the local level. So there are many things that I can support in here in this bill that I think were well done and shame on us we didn't think about it beforehand.

But it is an economic model that -- I'm not criticizing the Governor or anybody else who came up with this because it's going to do exactly what it's planned to do, we just disagree with how you get there and whose livelihoods and whose jobs. And we think we'll lose almost 8,000 if this bill passes like it is. And I'll give you the details of how we think that would operate. Thank you.

SENATOR DOYLE: Thank you, Mr. Hughes. Any questions? Senator Kissel.

SENATOR KISSEL: Thank you very much, Chairman Doyle. Carroll, it's nice to see you. I just want to thank you. I know for a number of years you and I have disagreed regarding the issue of Sunday sales and the fact that at this point in this short legislative session you offered to take some steps in that direction. I understand the concern about one shift and trying to sort of negotiate a time 12 to six or 11 to five or something like that.

I would encourage you to continue your negotiations with the administration because obviously with the Governor weighing in on this proposal it's changed the entire dynamic in this building. But primarily if not solely that was the issue that really was brought home to me in north central Connecticut. And I would be the first to say that it wasn't even unanimous, that people have strong feelings depending on whom you speak to.

But I think that's -- that your offer to set aside Sunday sales and work on the other parts of the bill I think is a big step forward in this discussion and I do share some of your concerns regarding unintended consequences of changing the entire playing field when it comes to the relationship of small businesses to the

larger businesses. And if you wanted to just very briefly expand upon that, you had said the whole SKUs and one of the concerns you had with opening up the marketplace especially -- Representative Rebimbas was talking about convenience stores and things like that.

If you could just sort of explain because I've always been of the belief that our ratio of individuals to liquor store permits is very thin. If you go to Massachusetts it tends to be double. So if you want to shore up folks that are in this (inaudible) there should be not necessarily less competition but we can't spread ourselves so thin that businesses are so much on the margin that they're going to tip over and fall off and essentially go out of business.

And what you're telling me is that the -- one of the impacts of this proposal by the administration is that we will vastly increase the numbers of players out there for certain product and that will have deleterious and extremely adverse impact on package store owners that have been in our communities for decades. So if you could just explain briefly on that that would be great.

CARROLL HUGHES: Yes. And I want to say, you know, food stores very importantly -- there are some food stores in this room that have had package stores -- in their family have had package stores for 25, 30 years. They can still get them. A nice food store can go get a package store permit.

If Balduccis in Fairfield County didn't want to have beer and they wanted to have a package store permit, they can buy one. And these are quality operators. These are guys in a lot of cases that are homegrown Connecticut citizens.

They're not headquartered in Amsterdam and taking from the country.

They're people who put a business in and they care about what it looks like. I knew when I started talking to the Governor's Office that I was probably either the last one in to the package or the only one left out because most of it's taken from package stores. And it's like a train. There's 14 lobbyists in this bill. I doubt very much if you're going to hear from more than two or three today.

There are things in this bill where people are getting substantial items. The beer at gas station one is the one. That -- that is -- why would you put that in if you're trying to make the package store more competitive? Why would you give the food stores more permits and they're the only ones that have two permits of different kinds.

Nobody else has that. I can't own a restaurant if I'm a package store or a café. They will be the only ones having that. Why? Because they don't want to bother going through the model that Highland Park Market has or the model that Stu Leonard has in Newington. He doesn't bother us. He has a package store down there.

Wal-Mart has a package store in Berlin right next door to him. These guys, the big chains want to come in here and say we don't want to go through that. We don't care what the other food stores have done, we want it all.

We want two permits and we're not about to change and take our 92-- 92 of our 94 stores as Stop and Shop would say. And we're going to have two -- we're going to have as many permits as you guys will allow but we're not giving up any of our beer and any of our other markets.

Other predecessors of food stores have said that, we're going to give it up. And what makes it very impure in this bill is you're letting a beer wholesaler territory remain. How can we compete? The Governor assured me -- and I like that the antitrust laws are going to apply now to the liquor industry. We -- those apply to us but now what they've done here is leave beer wholesaler territory.

So I've got people in Tolland County, Hartford County, and Windham County, the same Anheuser-Busch dealer. The Town of Colchester is up against three of them. So that means Colchester which buys from -- buys from Levine which is in New London County, may have a lower price.

So if I'm a Stop and Shop store in Colchester, I'm going to have it delivered to my warehouse which ships out to all the others. You never had to worry about this before because the price was always the same. Now the price has to be different or there will be an antitrust, the Robinson-Patman Act which the Commissioner just mentioned, that's what he's talking about.

So there will be a different price. So if I'm a chain gasoline store and they all are. They're all 25, 30 units, 15 units. And they're all over the State. They're in everybody's different counties. So that means if I'm in Litchfield County my store up there and the price is lower, I'll buy it there as the chain, have it shipped out to my warehouse and then I'll reship it to all my outlets in somebody else's territory.

I screw the small cafes, the bars, the private VFWs because they're stuck in the territory. My package stores are generally stuck in the

territory. So that's one of the most discriminatory things I see in the bill.

Those can't stand if you're going to have a competitive system. They cannot be tolerated. And the 30 day credit I've been quiet about that but we have 30 day credit. We can't go to anybody else and you'll have to buy C.O.D if you don't pay your bill because of some inordinate circumstances. We're open -- we're going to be open and I agreed to it, holidays, Memorial Day, July fourth, Labor Day.

Two of those days -- one of those days is phenomenal almost all the time, July fourth. The product will come in in droves on Memorial Day weekend. You have to buy it 30 days or 15 days ahead of time. You know how many cold, wet Memorial Day weekends there are? And I'm going to get that product stuck on my shelf.

But then under this bill on the discounts, if I have a product left in my store more than three months I can sell it -- six months, excuse me -- I can sell it for 30 percent below cost. And I have to pick out five items every month -- I won't. The big competitors will do this one -- that I have to sell for ten percent below -- can sell ten percent below cost.

If I get a discount -- the last proposal I saw unless it's changed is if I get a discount, the discount that's out there that somebody buys is now considered cost. So if I could access the discount, the discount becomes the lowest price, not what I paid for it, what somebody else paid for their goods.

That starts off what I'm going to call the calamity of confusion which means nobody is going to figure out what the price is for that day. Nobody is going to. And all due respect

to Commission Rubenstein. He's putting 2,000 outlets in business, maybe more and he's telling me his liquor control inspectors are going to be functioning as they do right now. It can't happen that way.

My police that I happen to represent, they do 14 stores a night, maybe 15 and they're there from the buying time. They don't start at eight in the morning. They start when kids are buying. They start at four o'clock in the afternoon.

They continue until eight or nine o'clock at night. They hit about 14, 15 outlets with the one -- the skill buyer. They're going to have 24 outlets in that town that they have to go to.

You can't get to everybody in time. So there's -- there's factors here and if we're only going to sell below 30 percent and that's a consistent figure -- the industry in Connecticut right now I'm told -- and this I get from wholesalers -- it's about a 1.3 billion business. One point three billion.

If everybody's going to sell the spirit component of that and that's probably -- spirit and wine is probably eight of that number they tell me -- maybe 800 million dollars. If you take that number and you reduce that by 30 percent that means you better multiply that 30 percent by the sales tax because that's what you're going down. That's the real worker here. It's not the excise tax.

The real producer of revenue here is the sales tax because you sell a bottle for 30 dollars, it's six percent of 30. It's not six percent of ten. Where the -- where the taxes equal, where it's \$1.14 actually the sales tax is a little less than, \$1.12 or whatever it is on excise tax on spirits. And so you've got to get to about

15, 16 dollars before you equalize the two but after that your -- your big worker on the high end stuff is the sales tax. So --

SENATOR DOYLE: Okay. Let's ask some questions now.

SENATOR KISSEL: I appreciate that answer.

SENATOR DOYLE: Let's ask some questions here.

SENATOR KISSEL: I'd -- just let me, Mr. Chairman with your indulgence. Again, I need to stress that I think it's a huge step today to wake up and learn that the Package Store Association is willing to make accommodations on Sunday sales. That's been the primary issue in my district for years. On the other issues I share some of the concerns that were expressed already.

I did not agree with what took place regarding small pharmacies last year and I've seen the impact that it's had on them. I don't want to see the same impact on small mom and pop package stores in Connecticut so I share that concern with you.

And to the extent it's possible to continue negotiations with the administration and the leadership of this committee and not only did I agree with some of Representative Rebimbas's concerns, but Senator Witkos when he said that when you look at cross border sales I think our tax structure is a huge driver regarding that as well. And Massachusetts citizens were allowed to override their proposed sales tax increase.

And if my constituents were able to do that -- the bottom line is this, we need to be a nimble State, we need to be a thoughtful State. We should try to come up with ways, try to get people from Massachusetts, Rhode Island and New York to come to Connecticut to go shopping and

if we could figure that one out I think we'd all be better off. So thank you for coming this afternoon. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Representative Tallarita.

REP. TALLARITA: Thank you, Mr. Chairman. Thank you, Mr. Hughes. I too was grateful when I woke up this morning and saw that the Connecticut Package Store Association wrote that --

CARROLL HUGHES: I started all your days so well here.

REP. TALLARITA: You know it's the first time in a long time we've been on the same side so I do welcome that. But one of the concerns that I've had is in talking with package stores over the last three years but over these last few months is they were being told that that was mandatory.

And that was one of the things that I was coming in here today very upset with -- that they were being told by the Connecticut Package Store Association that being open on Sundays was mandatory, that being open until 10 P.M. was mandatory.

And I just wanted to -- to say that, you know, I was really upset to hear that. But I'm glad that, again, you're on board with the -- with the Sunday sales. I've asked this question of you before, I asked it last year. You were -- you had agreed to give us a membership list of the people that you do have that are active members of your Connecticut Package Store Association. You -- you did not provide that to us.

I don't see any written testimony here from you today so I -- I would really like the opportunity to see who your membership is. I

know that we've heard numbers in the newspaper that, you know, you were going to have 1,500 package stores here today. We don't have 1,500 package stores in the State of Connecticut. So that was a disturbing number to me. Also the 8,000 jobs.

I don't see where we're going to lose jobs when we're staying competitive, when we're trying to keep dollars here in the State of Connecticut to allow stores to be able to do more business, to hire people on Sundays.

If they're going to be open one more day a week obviously they're either going to have to hire someone or someone is going to have to work that day. So I don't see us as losing jobs.

I see us as gaining jobs. And the other thing that I did want to -- you had said that you had talked to law enforcement and that law enforcement was -- had been against this proposal in the past. I've spoken with many chiefs of police, many police officers and they police these places seven days a week, 24 hours a day.

So this has never been in my conversation with police officers a policing issue. So that's just all I really wanted to say.

SENATOR DOYLE: Thank you. Representative Reed.

REP. REED: Thank you, Mr. Chairman. Hello, Carroll.

CARROLL HUGHES: Hi.

REP. REED: The headline is Carroll Hughes for Sunday Sales after all these years.

CARROLL HUGHES: I've got to read that.

REP. REED: What can't you live with? So I'm hearing gas stations, the small convenience stores and also beer distribution feels like, you know, that has a life of its own. So that's over here.

But what can you live with as we negotiate because all of us want to be fair to the small business owners but we also want to transition the package store owners to where they're going.

So that's part of letting them sell cheese and crackers and to kind of open up, you know, the panoply of products they can offer and be more boutique like. What can you live with? How can we make this work?

CARROLL HUGHES: I'm going to reiterate some of the things I've said to the Governor's staff along - - and quite honest I want to compliment the Governor's staff. He's put some of his best people on the issue. We have a cordial relationship. We talk all the time in the hallways.

I see the Governor socially. He's pleasant. He doesn't put my picture up on the wall. So it's -- everything is going okay in that respect. Okay. And -- and I do appreciate that. We've gone through the bill by detail and then I get surprised once in a while like -- and again the wholesalers gave me a real start last Friday, they agreed to some items which startled us a little.

I think -- again I've said we approve discounts as long as they're straight up and we know what they are there's no three goods under the table. And that whole section in there, they're extracting the whole section which says inducements and other factors. You know what inducements are?

It's the grocery stores getting free labor in their stores from root salesmen, from salesmen for beer companies, for liquor companies that they get this stuff. They're the ones that do this. Every -- it's the guy in the supermarket and you go in and say hey, where are the peppers and he says I don't work here.

Well there's about 30 of them in there that don't work there. And that's my concern. So I agree to discounts but not all that other stuff they're extracting because some things are beyond the reach and they lead to the skullduggery of the people owning the facility and especially in those food stores.

That's where they do it the most. So we could buy discounts if they're out there, if everybody's reachable. Last Friday it was 25 cases. I heard ten here today. First time I've heard that. And I don't know what that's under the circumstances of. Then I've heard that if you get a discount then you determine the cost.

So the guy goes out, gets his discount, thinks he's going to make a little money and then what you do, you mandate him to pass the discount through where he's already selling all of the other items at cost. That's my problem. Okay. It's -- it's not how it's going to be. It's how they out there are going to utilize it. It's always they.

You know, unintended consequence it was said -- it's like I always say in this building what happens is before the ink is dry in this building on a bill somebody out there on the street knows what they're going to do with the changes you've made. Sometimes surprising to me even in industries that I represent. So I could buy that.

We -- we were buying the Sunday sales and the holidays. That's a big deal. They're giving up 58 days there. It's probably about 400 hours to them. And if that they only went to -- that's like one position, 400 hours. Some of them have eight employees for that day or five or six. It's huge.

I don't know they make that cost up on the other side. They may find ways of doing it. They may post a seasonal schedule. They're allowed to do that. So I don't think that's necessary to do anyway. We looked at the competitive nature. I think the prices will be brought down by discounting.

I think the cost needs -- I don't want stores selling below cost when there's people out there that can sustain that below cost for periods of up to a year or whatever until the stores are gone. The medallions is a mixed bag. Let me explain what it is. Right now we have a permit. I can't assign value to something. You can't assign value.

If I dumped a load of diamonds in this room and I dumped truckloads all down the Berlin Turnpike and all out through the east or west on Route 44, do you think diamonds would have any value by the end of the day? If everybody had them? Of course not.

I can't assign value. Value is based on supply and demand and some other intrinsic characteristics. So the more of the item there is, the less value of it is from what the market is.

Remember I said there's double the permits in Connecticut. We've got 2,600 people per permit. Massachusetts is 68. Around the country it's

somewhere around five or six thousand. And these are people -- kids, these are people who don't drink, these are -- you know, some of them, maybe a third are adults that actually drink.

So the medallion is going to be sold. What cruelty is this? They turn in a permit so the guy is going out of business and all of a sudden he loses the ability to even survive. I turn in 20 permits I tell him -- sell them to 20 suckers who are going to go out and further destroy the marketplace. So that has to be changed. But it has value.

The concept is in the right place it's just we have to look at it. That won't have value my guess is for five, or six or seven, maybe ten years just because of what I said in terms of supply and demand.

REP. REED: Okay one quick follow up.

CARROLL HUGHES: Yeah.

REP. REED: So if the medallions were to have value -
- because I mean the thinking is if the package store owners have medallions --

CARROLL HUGHES: Yes. Permits and medallions.

REP. REED: -- it has value intrinsically. Somebody else can't open up a package store unless they buy your medallion. They have to have a medallion -- a ticket to ride is a medallion. Okay. So could you -- could you live with four medallions instead of six?

CARROLL HUGHES: You know what, we've thought about that and if you went in gradually I suppose there are people in this room, package stores

right here who would buy another one. Believe it or not I think they would.

They might buy in two years from now or so, they might buy another one. I think you're reaching the limits of where it starts to be dominated at that point. Remember now we're -- I don't want the food stores in business with package stores.

We're really giving the boxes another two permits. You know what, the way they're doing it now I could live with that. Do you really think I'd be in here saying that it's good, that the box stores are better than the food stores? And there's a reason for that. Everybody goes to a food store. Not everybody goes to a package store.

Everybody goes to a gasoline station. Not everybody goes to a package store. So the locations and the traffic patterns move dramatically to other locations and all these twixes and tweens come -- come together at the same time.

So it's not helping me that you're putting new competitors in business. And I'm saying this, the food stores want to go out and they want to do the -- the way predecessors have done it, they can do that. And they probably are going to sell a less -- they're going to sell at cost. My people are not going to be able to sell at cost.

But some stores are going to survive like some small inner city stores, they can never buy discounts. Their items are never going to be discounted; half pints, pints, you know, quarts of this. They have traffic patterns and they have sales that they don't have to compete with anyone.

In fact where most of the permits have decreased over the years, it's all in the central cities. Bridgeport has 20, New Haven has 15 available, Waterbury has -- those stores are probably safer than my stores in West Hartford. That -- I hope the ones Mr. Rubenstein goes to.

REP. REED: Thank you, Carroll, very much. Thank you, Mr. Chairman.

CARROLL HUGHES: Thank you.

SENATOR DOYLE: Thank you. I just have a quick question to follow up on the medallions. If -- if the bill was crafted, you know, hypothetically to what you supported, you know, in itself could you support the concept of medallions?

CARROLL HUGHES: Yes.

SENATOR DOYLE: Yeah. Okay. Thank you. Any other questions? Any other colleagues? Representative Taborsak.

REP. TABORSAK: Thank you, Mr. Chairman. How you doing, Carroll?

CARROLL HUGHES: Fine, thank you.

REP. TABORSAK: Can you tell us a little bit about just where we rank as far as with other states in our spirit sales, wine sales and beer sales if you know.

CARROLL HUGHES: Yeah. I will. I can give you the ones you have to know here all the time and that is Massachusetts. I think there it's about 2.6 we're at about 2.3 or 2.4 and the difference between that believe me -- believe me, is not 570 million dollars. Our best estimates are that we're probably with the two major stores,

the ones the Governor visits and I agree with him 100 percent.

Thirty five percent of the cars that are in that parking lot are Connecticut vehicles. And I've said this before, they're in there seven days a week. They're in those stores.

REP. TABORSAK: Where are we per capita as far as -- where do we rank? I mean do you have those ranks? I mean --

CARROLL HUGHES: We're way above per capita. We're huge.

REP. TABORSAK: Are we top -- are we top ten in wine and spirits?

CARROLL HUGHES: I think we're up in the top 12 or 15. Nobody is beyond New Hampshire. New Hampshire is over four -- this is spirits now I'm talking about. You know, nobody really rates beer as much as they do spirits because it's the highest priced item. Wine is difficult because of the variations in the tax. Other than New Hampshire I think Connecticut ranks in the top ten or 12.

What's going to happen here if this goes through, when you do discounts -- when you discounts and discounts become the norm -- the store in Newington I was talking about has 15,000 SKUs that store will have to reduce to where a Wal-Mart or a BJ's. BJ's has about 200 SKUs in that store. And let's put it this way, there's 15 brands of spirits that everybody buys across the country. It's 80 percent of the market.

You know it's all the ones you know. It's all the vodkas right up on top. It goes down into rums, Captain Morgan. It goes into Jack

Daniels. You know the ones. Everybody drinks to a certain extent. And those are the top 15 brands in the -- in any state. They're all across the country except maybe the variations in certain areas where bourbon is dominate.

But those are the items that are in those stores. We'll have to reduce. We have some stores that have 20 vodkas in store. That'll get down to about three or four because you can't buy a case of everything. So if you're going to compete you have to compete to -- you'll have people say I don't have that.

Some day when all this is over and it gets down to where there's probably 150, 200 stores in Connecticut if that happens and it will someday potentially, you'll probably have people come back to put massive brands in there because they'll be so unique what you knew your children won't see but then they'll go into a store and say hey, I saw this great store. He's got everything. We got everything now.

We will not have everything after this system goes into effect. And it's just a conflict. I'm not complaining. I'm just saying that's what they all tell me is going to happen under a system where you have to offer certain items and we're not going have boutique boxes in lots of places.

REP. TABORSAK: Carroll, just a couple other questions. A few follow ups. You mentioned and I was trying to get an understanding of how many -- if you heard my conversation with the prior speaker, how many box stores or grocery --

CARROLL HUGHES: Gas stations.

REP. TABORSAK: and grocery stores currently have package store permits? Do you have any sense statewide how many do?

CARROLL HUGHES: I can only tell you one thing and you can make the deduction. I'll give you two facts and those are the only things I have. Every box store in Connecticut, Costco, BJ's, Sam's, the major ones, okay, others may go into the business here but -- all those have two permits. Costco has one in Enfield, they have one down in Orange.

BJ's has one in Waterford, they have one in Fairfield I believe that sells alcohol. And Costco -- or excuse me, Sam's has one in Berlin and I think the other one is down in Milford. That's where their stores are.

If you want to look at the model go down there and look at it. Now the gasoline stations, nobody before this bill was put together would be able if they sell gasoline, they sell heavily cigarettes or heavily lottery tickets and sometimes all three of those are right together, at least two and sometimes three.

So they increase the volume of the nongrocery items and they displace the groceries being over 51 percent. So the fiscal note and this is a good one. It's the first time I've ever agreed with the fiscal note in -- in years with -- even on Sunday sales. The fiscal note that came out on that bill you had last year that you put out of the committee for the gasoline stations, that one which would put beer in those stations, they estimated that there would be 1,600 of them that would qualify for that bill. That was last year. It's in the fiscal note.

You can look it up. I've got the bill number. I'll give it to you. They also said that those

would be -- there would be a ten percent increase in beer sales statewide if the gas stations got the -- got the beer. I don't doubt that because it's basically something you buy. It's single cans, single bottles primarily.

You don't go there to stock your home bar. You know, you park the car, you let it run, your gas is on whatever it is and you go in and get your cans. You get your road soda we call them. So I think there's -- there's things here that will increase. That increases business. I don't think on the spirit side.

It may bring -- if it went down to almost -- you know, prices of Massachusetts or close that you would probably have some people that would come back here. And we're talking about what Massachusetts does. Those two stores -- the two stores the Governor visits -- and I've been in those two stores numerous times going up there.

They probably do -- we're thinking somewhere around -- one probably does about 30-- 30 to 40 million dollars, Yankee Spirits. That's what I'm told from inside sources. And there's somebody here today speaking that may give even more accurate information there.

The one in West Springfield, I know there's some legislators here in the panel, it's their favorite store. And the next time the Governor takes me, you know, I'll buy wine and cheese and we can -- and we can both have it in the car on the way back because I can't take him.

He's got to take me otherwise it'll be a violation. So -- and those stores are great stores. I don't know if we're going to look like that store. You asked me before about the things you can sell in the store. You asked

twice. I never answered that.

We know that -- one thing, that store, those other items will never replace what you lose on the alcohol product. It's nice. We should have been in here years ago but thanks to the Governor for doing this and -- but we should have been doing this.

The only thing I've ever -- really the only item I've ever brought in here it should be all tobacco products in the bill because they always want cigars. They know cigars sell. It doesn't take up a lot of room. They wouldn't know what to do with cheese. These guys -- these guys don't know their customers on other things. They don't know their cultural habits. They don't know what they do.

They don't know what to put in there that they would buy. They're peanuts -- peanuts and cracker jacks. I don't know what they're into but nobody knows. So that one has a long time to go before it's settled into where it's beneficial other than if you just had cigars which is all tobacco products. They just have cigarettes now. So that answers your question?

REP. TABORSAK: Yes. Thank you. Are there any other questions? Thank you.

CARROLL HUGHES: Okay. Thank you.

REP. TABORSAK: Next up we have Representative Jutila followed by Jay Hibbard followed by Representative Miller.

REP. JUTILA: Good afternoon. I'm for the record Representative Ed Jutila from the 37 and I have alongside me Paul Formica, the First Selectman of the Town of East Lyme. And we're here to speak in support of H.B.5058, AN ACT CONCERNING

if we need further information we'll reach out to Representative Jutila to get that from you. Thank you. Are there any other questions? Thank you.

PAUL FORMICA: Thank you for your time.

REP. JUTILA: Thank you.

REP. TABORSAK: We have next Jay Hibbard followed by Representative Miller followed by Gary Davis. Hi. How are you?

JAY HIBBARD: Good morning or now afternoon. It started out as morning. My name is Jay Hibbard, I represent the Distilled Spirits Council of the United States. We represent the world's leading makers and marketers of distilled spirits. I have submitted written testimony but I'd like to take just a moment to summarize the reasons we support the changes contained in H.B. 5021.

As far as Sunday sales I think we've heard it's the second busiest day of the week and allowing the sale of beverage alcohol on Sundays gives adults and consumers the choice and convenience of shopping when they would like to shop. In every estimate that's been calculated the benefit to the State of Connecticut would be somewhere in the range of seven and a half to eight million dollars which is consistent with what has taken place in all 15 states that have adopted Sunday sales since 2002.

The experience of these states shows without doubt that Sunday sales does not spread current sales over more days nor has any state seen a wholesale change in the number of package stores and liquor stores in their state. There is simply no reason that Connecticut would be any different. As was noted earlier Sunday sales does not require any retailer to open on Sunday

it simply gives them the right and the flexibility whether or not to open. Sunday sales does, can and will mean more revenue and job security for those hard working stores employees that wish to be open.

As far as Sunday sales and the issues of underage purchases or drunk driving there is no statistical difference in states that allow Sunday sales compared to those that do not. As far as the other provisions in the bill, expanding hours and days again, no mandate. If a private business wishes to be open an extra hour or closed an hour earlier that is up to them.

If they wish to be opened on Sunday and closed on Tuesday again up to them. The bill's provisions dealing with quantity discounts, price posting and the elimination of the minimum markup are changes that will allow retailers to acquire and sell product at a more competitive price, a price they determine rather than one that is government mandated.

These changes alone would make Connecticut more competitive with its surrounding states and provide better pricing for consumers of beverage alcohol. The other changes including allowing package stores to sell complimentary goods, issuance of a medallion, increasing the store limit from two to six or two to nine, whatever is currently being proposed will foster entrepreneurship.

It will allow enterprising business owners to expand. It will encourage job and business growth and promote increased competition and flexibility among store owners. As you may be aware Massachusetts recently adopted an expansion in its licensing scheme from three to nine.

And a number of other states are contemplating similar changes in license caps including Maryland, New Jersey, Delaware, South Carolina, and Georgia. Connecticut has some very restrictive anticonsumer alcohol laws in the country. States across the country have been taking steps to modernize their beverage alcohol laws but Connecticut remains saddled with antiquated laws that ultimately hurt the consumer.

By allowing the sale of beverage alcohol on Sunday and adopting the other changes that H.B. 5021, Connecticut's retailers will be free to offer better prices, provide more consumer convenience and recapture beverage alcohol business that is currently leaving the State.

Poll after poll supports these changes and we would encourage you to adopt them as they've been presented in Governor's bill -- excuse me, House Bill 5021. Thank you.

REP. TABORSAK: Thank you for your testimony, Mr. Hibbard. Are there any questions for Mr. Hibbard? Senator Musto first.

SENATOR MUSTO: Hi. Good afternoon, Mr. Hibbard.

JAY HIBBARD: Hi. Thank you.

SENATOR MUSTO: You talked a lot about how this is going to affect retailers but you're representing the distributors, correct?

JAY HIBBARD: No. Actually we the suppliers.

SENATOR MUSTO: Suppliers.

JAY HIBBARD: We are the folks who manufacture.

SENATOR MUSTO: Okay. What does your industry have to gain or lose from this bill?

JAY HIBBARD: Well I think everyone in this proposal has -- what they have to gain is the opportunity for expanding their ability to sell on the hours, the days, the times and at a nongovernment mandated price that they so choose.

SENATOR MUSTO: I'm sorry. What -- how does the government mandate the price that you guys trend?

JAY HIBBARD: Well they don't mandate what we charge. It falls through the distribution system and the mark up system.

SENATOR MUSTO: How does the government mandate the hours that you guys work?

JAY HIBBARD: They do not mandate the hours other than saying you cannot be open on Sundays that is a very specific restriction in Connecticut statute.

SENATOR MUSTO: I'm sorry. That's retailers.

JAY HIBBARD: Yes. If the stores aren't open there is no one there for us to be interacting with in terms -- if you're referring specifically to how to our members interact with the retailers on a Sunday, obviously they do not.

SENATOR MUSTO: I'm just trying to figure out what your interest other than, you know, obviously this bill as I've talked about before with the Commissioner really deals mostly with retailers at least as far as I can tell. I was wondering what government restrictions are going to be lifted from your constituency.

JAY HIBBARD: Well our ultimate customer is the retail customer and that's the -- the end product of these changes is that this is more convenient for that retail customer, for them to purchase when and how they would like to do that.

SENATOR MUSTO: Okay. But again, I mean your business -- I'm not talking about your retail customers or -- your business, the restrictions on your business. We understand Sunday sales which is as we've been talking about earlier seems to almost be a dead issue at this point.

You know other than that which -- which may or may not even be an issue for your businesses, you know, you'd just sell more liquor I guess is your -- is your thought. What does this bill do to relieve restrictions on companies you are representing today?

JAY HIBBARD: This bill does not specifically address anything that we are doing in terms of business in Connecticut other than make it easier and more convenient for consumers to purchase our products.

SENATOR MUSTO: Thank you.

REP. TABORSAK: You're welcome. Representative Tallarita.

REP. TALLARITA: Thank you, Mr. Chairman. Mr. Hibbard, just a -- a quick question. Thank you for listing your member companies that you represent here in your testimony. One question that I have about Diageo in Norwalk based company. How many do they employ there? Do you know?

JAY HIBBARD: I believe their employment base is 700 in Norwalk.

REP. TALLARITA: Seven hundred in Norwalk. And those are most likely Connecticut residents that are employed there?

JAY HIBBARD: I would say, you know, vast majority are certainly Connecticut residents. Absolutely.

REP. TALLARITA: And do you believe that if House Bill 5021 was enacted do you believe could possibly create more jobs at Diageo?

JAY HIBBARD: I think that's entirely possible. As any business grows and sales increase and that is again what's happened in every state that has made similar changes you can't service the same customer base with the same number of people so there's the demand job demand growth? The answer is yes.

REP. TALLARITA: Thank you.

REP. TABORSAK: Any further questions?
Representative Rebimbas.

REP. REBIMBAS: Good afternoon. I'm actually sifting through here looking for your testimony because I wanted to see the list of clients but unfortunately can't locate it at this moment. Thank you. What are your -- how many manufacturers do you represent in Connecticut?

JAY HIBBARD: Diageo is the only manufacturer with headquarters in Connecticut. The rest of them are headquartered elsewhere in the United States.

REP. REBIMBAS: And you're testifying here today on behalf of your clients including those that are outside of the State of Connecticut. Is that correct?

JAY HIBBARD: That is correct.

REP. REBIMBAS: Okay. I won't ask any questions regarding the actual retailers because I know that you don't represent them and you probably wouldn't have the knowledge necessary to know the impact of this proposed bill on the retailers so thank you for your testimony.

JAY HIBBARD: Thank you.

SENATOR DOYLE: Are there any further questions? Please keep the chatter down in respect of the process. Are there any other questions? It looks like there aren't. Thank you, Mr. Hibbard.

JAY HIBBARD: Great. Thank you.

REP. TABORSAK: We have Representative Miller who's still here and -- followed by Gary Davis followed by Representative Urban.

REP. MILLER: Good afternoon members of the general law committee. Thank you for allowing me the opportunity to comment on House Bill number 5058, AN ACT CONCERNING FIRST SELECTMEN AND LIQUOR PERMITS.

As you know this law was passed in 1933 upon the repeal of federal prohibition and perhaps it was in midst of fear that chief elected officials would somehow exert undue influence if they also owned a liquor license. It was curiously limited to first selectmen and did not include other elected officials.

The law currently would prohibit the holder of liquor license to run for the first selectman position which of course is the chief elected official of a number of Connecticut

conscientious person such as First Selectman Formica might choose to note for the record that perhaps there is an appearance of a conflict here because as you know he would also hold a liquor license.

So perhaps he could recuse himself from that and allow the other members of the board of selectmen to make that choice. And I also want to mention that there's -- we do have a system of checks and balances of course and that is the voters.

If for whatever reason any voter would ever have any reservation about voting for someone because they had a liquor license, they're free to have that reservation and to not vote accordingly because of that.

REP. TABORSAK: Any further questions? Thank you, Representative. Next up we have Gary Davis followed by Representative Urban followed by Mark Espinoza.

GARY DAVIS: Good afternoon. My name's Gary Davis. I'm the President of Davis IGA Incorporated in the Town of Kent, a company founded by my parents in 1974. My business is a small family owned independent supermarket located in the northwest corner of the State.

I am here today in support of H.B. 5021. The issue of Sunday beer sales are of great importance to our business as the Town of Kent is located approximately five minutes from the New York State border. New York has allowed retail Sunday sales of beer for years. Connecticut has not. There have been many occasions over our 38 years in business where I've had to explain to a customer on a Sunday direction to New York State to find the nearest store that sells beer.

It would be naïve for me to think when I send these customers out of my store to purchase beer in a bordering state that beer is the only item they are purchasing. Can anyone afford a lost sale of any kind in this economy? Can the State of Connecticut afford the lost tax revenue?

I think all business owners and State legislators can answer no to that question. Connecticut is one of only two states in the country that does not allow retail alcohol sales on Sunday. The end of Connecticut blue laws is long overdue. Connecticut's want -- customers want the convenience to purchase all of the products we sell seven days a week not six.

We in the grocery industry choose to be open seven days a week. Liquor store owners would have the same choice. Thank you for having me here today.

REP. TABORSAK: Thank you for your testimony. Are there any questions? Just a question or two to get a little bit better understanding. Your family -- you're a family owned IGA up in Kent, Connecticut. Is that correct?

GARY DAVIS: Yes.

SENATOR DOYLE: And I believe you said the market -- your family's been in the business since 1974. Is that correct?

GARY DAVIS: Yes.

REP. TABORSAK: And have you had a grocery store beer permit since that time?

GARY DAVIS: Since we started. Yes.

REP. TABORSAK: Since you started. And do you ever recall looking into the prospect of obtaining a package store permit rather than beer -- beer permit? Is that ever something --

GARY DAVIS: (Inaudible.)

REP. TABORSAK: Okay. So that's not a -- not something that your family every considered.

GARY DAVIS: No we were in the food industry and that was stressful enough.

REP. TABORSAK: So is it fair to say that your family isn't interested or your business isn't interested in getting into the sale of liquor. Is that correct.

GARY DAVIS: We are not.

REP. TABORSAK: So you're basically here promoting or in favor of Sunday sales. Is that correct?

GARY DAVIS: Yes.

REP. TABORSAK: Great. Thank you.

GARY DAVIS: Thank you.

REP. TABORSAK: I appreciate your testimony. Representative Urban followed by Mark Espinoza. Is Representative Urban here? There she is.

REP. URBAN: Good afternoon.

REP. TABORSAK: Good afternoon.

REP. URBAN: For the record I am Diana Urban. I represent the 43 district. And I'm here to testify on House Bill 5021. Although I have to say that Carroll Hughes did give you a great

economic picture of what's happening there so I'm not going to go into extreme detail.

I do represent a border district. We share a downtown with Westerly, Rhode Island and Pawcatuck so I have heard from both sides of this issue specifically people who want the convenience of being able to shop in liquor stores on Sunday and then my small businesses who are telling me in no uncertain terms that this is going to force them out of business.

I have asked repeatedly for an academic study on the elasticity of demand on Sunday sales. And notwithstanding what you've heard from others I have yet to see an academic study and we all know that to quote Will Rogers there are lies, damn lies and statistics. So one can never tell what the information that you're receiving is whether it's been done in an academic manner looking for the actual elasticity of demand figures.

However realizing from Carroll Hughes that there has been compromise know I am happy to see that they are going to go forward with that compromise it appears. However I'd still really like to see the numbers myself. And I know OFA has some numbers. They've yet to share them with me and I'm looking forward to sharing those numbers with them.

On the other side of the equation I am concerned about the consolidation that could result from other aspects of this bill. And that consolidation would in essence really force our small ones out of business. And I have a particular about our small businesses and this is from a little bit different perspective because I know in my town they are amazing supporters of our microbreweries and our vineyards in Connecticut.

When you go into one of my small package stores in Stonington or North Stonington you find an array of the microbrewery and the vineyards from our local areas in great -- great supply. And I am afraid and that has been brought up I think to you guys several times here that we're going to lose that diversity and variety if we go down the road that this -- in this particular bill.

So I guess I would say that I think people recognize here that I am one of your data people and I am a results based accountability person so if we were to go forward with the breadth and depth of this bill I would feel very much more comfortable if I knew it was data based and I knew what the result was that we were trying to achieve and I knew that we were going to get to that result. Right now as I -- as I read the bill I'm not there. Thank you. And I'm glad to answer any questions.

REP. TABORSAK: Thank you, Representative. Are there any questions for Representative Urban? Thank you for your testimony.

REP. URBAN: Thank you, Mr. Chairman.

REP. TABORSAK: We've got Mark Espinoza followed by Senator Kelly followed by Tim Devanney. Is there a Mark Espinoza here? All right. We're going pass Mr. Espinoza and come back to him if he comes back into the room. Is there a Senator Kelly here? Okay. Good afternoon.

SENATOR KELLY: Good afternoon, Chairman Taborsak, ranking members Witkos and Rebimbas, members of the general law committee. My name is Kevin Kelly. I am the State Senator from the towns of Monroe, Shelton, Seymour and Stratford. We're here in support of section four of House Bill 5021.

And I've also brought with me today Mayor John Harkins of the Town of Stratford together with Brad Hittle and Peter Doring who are principles in Two Roads Brewery. I'd like to turn this over to Mayor Harkins to speak.

MAYOR JOHN HARKINS: Thank you, Senator Kelly. I did provide testimony which I hope is before you right now. Let me just start out by saying thanks for having us here today, Chairman Taborsak, ranking members Witkos and Rebimbas. Just for the record my name is Mayor John Harkins from the Town of Stratford and I'm here today to speak in favor of section four of H.B. 5021.

The Two Roads Brewing Company intends to invest 18 million dollars to construct a brewery in Connecticut where it intends on manufacturing craft beer. Within the first year of operation they will employ 15 people adding up to approximately 70 jobs within eight years. Two Roads Brewing projects about 200 to 300 people per week will visit the brewery that will create a new flow of tourism to the area.

In order for Two Roads Brewery to effectively implement their business plan they are seeking a legislative change to existing State statutes. Because of the larger scale of the Two Roads Brewery and the amount of investment involved it is critical that Two Roads Brewery by launching several beer brands for sale within Connecticut and for interstate commerce and to build a loyal consumer base from patrons visiting the brewery's tasting room as part of a unique brewery experience.

The legislative issue facing Two Roads Brewery is that currently there is no single permit or even a combination of permits that can be issued

to Two Roads Brewery by the Connecticut Division of Liquor Control that would allow Two Roads to fully pursue its business plan of selling its craft beer brands to wholesalers located in Connecticut and elsewhere, producing beer brewed under contract -- under contract and selling it back to brewery clients both in state and out of state, offering visitors tours of the brewery along with a fresh sampler product, selling a glass of craft beer to patrons to enjoy while in a brewery atmosphere and selling beer by the package to customers to share and enjoy at home with family and friends.

This legislative change in section four of H.B. 5021 would enable a brewery such as Two Roads Brewing Company to operate as a fully functioning brewery with the privileges to make commercial sales to wholesalers both in state and out of state, sell craft beer produced under contract and place it into interstate commerce, engage consumers interested in the craft brewing industry with tours of the brewery along with providing fresh samples of the product and make commercial sales to visitors for consumption on or away from the brewery.

Passage of this bill would allow a commercial brewery more opportunities for success. I ask the committee members to support this section of the bill. Thank you.

REP. TABORSAK: Okay Thank you both for your testimony. Are there any questions? Senator Kissel.

SENATOR KISSEL: I just want to say hi to Mayor Harkins. I have to run by you in the hallway but it's great to see you back in the building again.

MAYOR JOHN HARKINS: Thank you, Senator.

SENATOR KISSEL: Senator, good to see you as well.

SENATOR KELLY: It's good to be here. Just so you know as I'm looking at the members in the committee I'm thinking what kind of beers might go with their names and I'm looking at a Witkos wheat, Taborsak tan, Baram might be a bock, Bacchiochi I don't know. Could be a bock also for you.

And Kissel I don't know maybe it'll be -- we'll get to think of something with a K but this -- you know we have a great opportunity here in the Stratford area and Bridgeport area for a brewery to come into play. The business plan makes sense and I hope that you really support this section of the bill. Thank you, Senator Kissel for your comment.

REP. TABORSAK: Any other questions for the Mayor or the Senator. If not, thank you for your testimony.

SENATOR KELLY: Thank you, Representative Taborsak.

REP. TABORSAK: We're going to try to see if Mark Espinoza has returned. He has not. Okay. We're going to move down on the public list then to Tim Devanney. Is Mr. Devanney here? Mr. Devanney followed by Senator Cassano. Is Mr. Devanney here? No we don't see -- Mr. Devanney, you're up. Good afternoon.

TIMOTHY DEVANNEY: That makes it a little bit easier. Good afternoon again. My name is Tim Devanney. I am President of four of five Highland Park Markets. My sister and brother in law own the fifth. I come before you -- I came before you last year to ask you to consider Sunday sales of liquor in Connecticut. At that time there were three states living in the dark ages.

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Today there are only two. Highland Park Market celebrated their 125 year last year in business. We have been around so long due to three major reasons, number one is the quality of our products, two is the services that we provide our customers and number three is listening to our customers. We have been asked many times by our customers do you think we can -- we will ever be able to buy beer on Sundays.

Over four stores we have only one grocery beer permit. We have common walls with two package and a wooden outside canopy to another. We respect our neighbors and as a result have not applied to the State at those locations. We also respect the Governor's program which will make huge changes to the liquor laws in Connecticut.

I really would be happy just being able to satisfy my customers looking to buy beer on Superbowl Sunday and other holidays. Thank you very much for your time.

REP. TABORSAK: Thank you for your testimony.
Senator Kissel.

SENATOR KISSEL: Thank you very much. First of all, are you the President of a Highland Park in Suffield?

TIMOTHY DEVANNEY: Yes I am.

SENATOR KISSEL: Well first of all thank you for being a great corporate citizen. I know that over the holidays I did some volunteer work at Loaves and Fishes in Enfield with Mary and Chris Eliason and a slew of other great volunteers. And what amazed is even though Loaves and Fishes is located in Enfield they said that one of

their guardian angels was Highland Park Market Suffield.

So to the extent you're thinking of your brothers and sisters across the river, I really appreciate that. That was really great.

TIMOTHY DEVANNEY: That's how you last 125 years in this business.

SENATOR KISSEL: Well good job. I think I heard something about your advocacy for Sunday sales on the radio not too long ago. I don't know if it was --

TIMOTHY DEVANNEY: Right down the way.

SENATOR KISSEL: And thank you for coming and testifying but again thank you for being such a good corporate citizen.

TIMOTHY DEVANNEY: Thank you.

REP. TABORSAK: Thank you, Senator. Are there any other questions? Thank you for your testimony.

TIMOTHY DEVANNEY: Thank you.

REP. TABORSAK: Senator Cassano. Is Senator Cassano here? Good afternoon. Senator can you hit -- thank you.

SENATOR CASSANO: Mr. Chairman, ranking members, members of the committee, thank you for the opportunity to testify today. Last year at this time, President's Day weekend I went to 26 different package stores in the four towns and cities in my district. And the overwhelming vote was 26 to nothing against Sunday openings.

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A lot has happened in a year. Going to these stores I saw an aspect that most of us don't

see. I met family members. I met their kids. I met their parents. In many of these smaller stores that's how they run a business. Many of these people have invested life savings in expanding their businesses, sweat equity and so on. They have been in effect dominated by their businesses and they are concerned today.

A year makes a big difference. Sunday openings now looks like it's going to happen. Since prohibition was passed we have passed a variety of laws during that period of time all single piece legislation which we tend to do. The request before us now is to look at the entire system. How can we evaluate the liquor industry and all the components that it -- can we get all the players at the table to make that evaluation and come up with a long term program that makes sense.

One thing not included on the list as an example -- going to be there someday, wine in grocery stores. Let's look at everything. Let's not try and get a solution and then come back two years later and say well what about this or what about that. Many times we have a bill before us -- this is just another bill because we have hundreds and sometimes thousands of bills.

For the people that own these stores it's much more than a bill. It's an investment. It's an investment in their future. It's an investment in their life, family holdings and so on. We need to create a taskforce. Not a taskforce that's a stall. We see those all the time. But a taskforce that does something positive, that looks at the entire system, that comes up with a proposal that's going to be long term and makes sense for the State of Connecticut for all of the players.

We need to evaluate the permit process, the discounting and so on, the 2,500 base. One of the things that I couldn't move on is the convenience stores. I don't know how we -- in fact from 2009 to 2010 Connecticut was number one and led the nation in the increase of automobile deaths. We went from 223 to 319 in one -- one year. Highest in the nation.

Do we want to really get that ride home six buck pack of beer or whatever it might be when we get our gas? It doesn't make sense. It's inconsistent with the public safety members that we have and public safety has to be a part of this consideration. The medallion issue is a separate issue. It has to be dealt with in that same package.

I don't know why we can't have a process where if you're going to have medallions, if we're going to sell them that you have to be headquartered in Connecticut. Why not. I don't -- I'm fearful for the Tim Devanney's, the grocery stores and so on if Wal-Mart, Target, BJ's all of these control these kinds of permits they're going to squeeze out the smaller stores.

There will be no real life in those smaller stores. That's scary. If those permits are headquartered -- those companies have to be headquartered here in Connecticut we keep that here in Connecticut.

Those are the kinds of things I would hope that we would see here that the taskforce would look at, that would come back in a year, that everybody would be a part of the process of putting together what's going to be done and then we have something that's going to last for years that makes sense for everyone. Thank you.

REP. TABORSAK: Thank you, Senator, for your testimony. Are there any questions for the Senator? Thank you. Lori Esernia. Sorry if I mispronounced your name. Followed by Representative Mary Fritz, followed by Barbara Koren.

LORI ESERNIA: Good afternoon. Representative Taborsak and distinguished members of the general law committee, my name is Lori Esernia and I'm here to speak in support of House Bill 5021. I became interested in this issue in 2006 when I moved here from California where there are no blue laws and wine is available in grocery stores.

I was struck by the fact that Connecticut is one of only two states in the country where consumers can't purchase alcohol on Sundays. I am a consumer. In all honesty I'm not a drinker. I like my occasional glass of wine but to me this is about an outdated law that makes no sense in the times we live in today. As a consumer I don't understand why Connecticut prevents people from buying a particular product on one of the busiest shopping days of the week. That simply doesn't make sense.

For example we don't tell consumers that they can't buy toothpaste on Thursdays. Consumers need choice and convenience. I know I'm not alone in thinking it is time to modernize the State's liquor laws. Two thirds of Connecticut residents also think it's time for this outdated law to go.

Right now Connecticut consumers are voting with their money. They are spending their shopping dollars in New York, Massachusetts and Rhode Island. Our local businesses lose as a result. That also doesn't make sense. I respectfully

urge you to vote in favor of House Bill 5021.
Thank you for your consideration.

REP. TABORSAK: Thank you for your testimony. Are there any questions? Representative Rebibmas.

REP. REBIMBAS: Thank you, Mr. Chairman. Good afternoon. Just wanted to clarify, are you in support of the entire bill or just allowing sales of alcohol on Sunday?

LORI ESERNIA: The entire bill.

REP. REBIMBAS: Okay. And have you had an opportunity to speak to any of the business owners regarding the entire bill.

LORI ESERNIA: I have to had a chance to talk the business owners. No.

REP. REBIMBAS: Okay. Thank you for coming. Thank you for testifying.

LORI ESERNIA: Thank you.

REP. TABORSAK: Any further questions? If not, thank you for your testimony.

LORI ESERNIA: Thank you.

REP. TABORSAK: Please keep the background noise down. Representative Fritz. That wasn't directed at you, Representative.

REP. FRITZ: Good afternoon, Representative Taborsak, Senator Witkos and honorable members of the general law committee, one of my very favorite committees. I wasn't going to read my testimony but I'm afraid if I don't I'll leave something out. But I really would like to advocate that

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you look at my testimony and look at the charts at the back of my testimony.

It shows the taxes and the costs of alcohol, beer and wine in our neighboring states because I think it's very insightful and very -- it will educate us all. It's not quite what Commissioner Rubenstein said. Anyway, getting back to the business of testifying.

I appear before you today to address some of the issues in the Governor's Bill 5021. For the record I am State Representative Mary Fritz of 90 district. I represent parts of Cheshire and Wallingford.

As you know this proposed legislation has raised quite a storm throughout our State. In my district it has reached hurricane proportions. Unfortunately misrepresentation has taken place in many venues from the television stories to the huge ad in the Hartford Courant as recently as Sunday. The whole proposal for the general public has been boiled down to two issues, Sunday sales and getting rid of the blue laws.

These topics are all that is --are discussed and preached about this bill. For me it's a different story. I read the bill carefully and talked to package store owners. In fact last week I met with between 50 and 70 of them in Wallingford but they came from North Haven, Hamden, West Haven, New Haven, some from even Stratford. This clearly in my estimation will - - this bill will put the package stores out of business.

Many are not greatly concerned over Sunday sales and that seems to be a point or a level that has been reached and is accessible. However one of the most onerous revisions to this -- for the package stores is the repeal of 30-68 K in the

General Statutes which prohibited discrimination in the pricing for sale. H.B. 5021 allows wholesalers to charge retailers different prices.

So if you're a small package store as most of the stores in Connecticut are right now the wholesalers charge you the same as a huge store. This bill repeals this provision and establishes discrimination between large and small stores. This is what the repeal of a blue law will do.

Let's think about the effect of this repeal. The reality is now big and small package stores are on a level playing field. They can compete. H.B. 5021 will eliminate this (inaudible) and it is projected it will result in the closing of a minimum of 81 stores. Now up here we spend a great deal of time talking about jobs.

What about all the people these stores employ not only on the floor but their insurance people, their lawyers, et cetera. The ramifications are mighty and guess what, these people will lose their incomes and the State will lose its desperately needed taxes. The State will also have to pay the unemployment compensation fund because it will take a huge hit. We can't have it both ways. We can't preach jobs and destroy a business community.

Since we all know at the end of the day it comes down to money, I've attached a chart for you from legislative research which points out all the taxes. You have all heard the argument Connecticut is going to make millions with Sunday sales because people won't have to cross the border. Guess what, not so. Massachusetts, New Hampshire, and New York do not have a sales tax. Rhode Island does and it's seven percent versus our six and half percent. However our excise tax on liquor is 540 versus 375 in Rhode

Island. Please check out all of the taxes. In conclusion I thank you for your time. Please do not destroy an industry, the package stores in response to hype.

REP. TABORSAK: Thank you, Representative Fritz. We'll certainly take your testimony into consideration and the chart that you've provided. Is there any questions for Representative Fritz? Yes, Senator.

SENATOR WITKOS: Thank you, Mr. Chairman. I just wanted to commend you on the time you've spent actually reading the whole bill and meeting with all of your package stores in -- not only in your area but across the State of Connecticut.

Unfortunately the debate is drawn by what people may see the highlights in the newspapers in the commercials but it goes far beyond that as you -- reading your testimony and I -- I urge you to continue to reach out to your other colleagues here in the General Assembly to say it's not just about Sunday sales. There's a whole bunch of other things that have an impact on our small business in the State. But thank you very much.

REP. FRITZ: I thank you and I have one other final thought. I find it interesting, we have spent years and have had so many discussions and debates about drunken driven up here. It took us six years to get the interlock device on cars after somebody had been arrested for drunken driving and now we're going to have bars open until two o'clock in the morning. What are we doing? It's a contra interdiction to what we say and we end up doing. And I think this bill is opposite to what we've been trying to do for years.

REP. TABORSAK: Thank you, Representative. Are there any other questions? Please no applause please.

Please. By now we know where folks in here stand so we'd appreciate it if you could keep it to yourself and applause outside. Next speaker moving right along we have Barbara Koren, K-o-r-e-n followed by Representative Kupchick followed by Cathy Barber. Thank you.

BARBARA KOREN: Good afternoon. Thank you for your time today. I am Barbara Koren. I was born and raised in Connecticut and for the past 22 years I have lived in Barkhamsted. I'm a retail professional that 25 years ago entered the convenience store industry and literally fell in love with it. I currently work for Mercury Fuel, a family run business founded in 1947 in Waterbury.

We have three generations of Davino family members actively involved in the day to day operations of running Mercury Fuel. We are an example of a small family run Connecticut business. The Connecticut store -- the convenience store industry is that small neighborhood store where you pick up a coffee, a slushie, a newspaper, a snack for the morning, a gallon of milk or that pint of ice cream on the way home.

I am here to speak on behalf of all of these small businesses and the customers we serve. There are hundreds of my colleagues here today and the box I carried down has over 8,000 signatures from our customers with their desire to see things change in how liquor and beer is sold in the State of Connecticut.

I'm here today to ask for your support of House Bill 5021, a comprehensive bill that attempts to modernize the way Connecticut goes to market for liquor, beer and wine. This bill will help all retailers that sell these products to compete with our neighboring states.

The bill contains many improvements that will help us keep Connecticut shoppers shopping in Connecticut. It will benefit our customers in many ways and our State overall. House Bill 5021 addresses a major concern for my industry, the convenience stores of Connecticut. Forty states allow convenience stores to sell beer.

According to the National Association of Convenience Stores beer sales represent the third largest inside sales category for our retail sector. This is a huge voice of the retailers of the convenience stores in Connecticut that House Bill 5021 addresses.

Connecticut consumers should be -- should be able to purchase this product in the same manner that they do in almost all other states. When the original grocery beer permit was created it was long before today's supermarkets were in place. It was Superettes and mom and pop shops on the corner and we had beer. But things have changed. It has morphed and our selection and our product mix no longer puts us in the position based on the way the permits are written in Connecticut today to allow us to have beer for sale.

House Bill 5021 is a comprehensive -- it's comprehensive and answers just about every question and issue this committee has heard over the past several years on liquor sales in Connecticut. Please support House Bill 5021. It fixes what's wrong and does so in a way that doesn't leave any sector behind. It is good legislation and should be passed and sent to the Governor for his signature. Please don't miss this opportunity. The citizens of Connecticut are ready for this. They will be the big winners as competition always improves the consumers position.

Thank you for your time and if I can answer any of your questions I'm more than happy to.

REP. TABORSAK: Thank you for your testimony. Are there any questions? Representative Rebinbas.

REP. REBINBAS: Thank you, Mr. Chair. Good afternoon.

BARBARA KOREN: Good afternoon.

REP. REBINBAS: Thank you for your testimony. How many convenience stores do you currently either -- is it owning or operate?

BARBARA KOREN: My company owns and operates 24 convenience stores in the State of Connecticut. Of those 15 qualify under this bill because of the square footage. And based on our configurations, let's say northeast our stores are small. I have a number that are landlocked with eight cooler doors, there's not going to be enough room for new product. My estimate and the presentation I've done to my company is that I can see three stores that it might make sense to try. Up to five but if we went to five we'd definitely have to do a lot of construction.

We'd be hiring a lot of construction workers to rebuild walls and things like that. So I think when you're looking at some with 24 one to two is what we'd probably look at to see if it does make the kind of impact that is seen in other parts of the country. We're going to walk first but we want the opportunity to balance our sales.

When gasoline went into supermarkets we were kind of left with our number one product disappearing a little bit more so we need to balance our books a little bit. And this is one

of the ways that is traditional in our industry. Forty states do it, number three in our sales nationwide.

REP. REBIMBAS: Just to clarify, is that 15 convenience stores that will qualify as a result of the --

BARBARA KOREN: Just the square footage side of it. I think there's a square footage provision where you have to have a minimal of 1,200 square feet. Of my 24 locations 15 of them have a minimum of 1,200 square feet.

REP. REBIMBAS: Okay. Because currently we do have a law that does allow convenience stores to have their -- but there is a formula to it.

BARBARA KOREN: Right.

REP. REBIMBAS: So under the current law that's in place now do your convenience stores A qualify for it and if they did do they just not opt to have it?

BARBARA KOREN: No we don't qualify for it any longer. There was a time when a convenience store sold a lot more grocery that was before the BJ's, before the Wal-Mart's arrived in Connecticut, things like that. Setting your store with groceries no longer really is what the consumer's seeking from me.

They're looking more for snacks and complimentary items like that, much smaller presence. They're looking for that quick, I need this toilet paper but I'm not giving you all my business kind of thing until I get to the next stop but they need to pick that thing up. So we're a pick up stop now. We are no longer what I would say a true grocery store. We're a

multi store for convenience. We live up to our name.

REP. REBIMBAS: And I do know that there's a formula in place related to whether it's lottery, gas, et cetera, et cetera that probably --

BARBARA KOREN: That's it.

REP. REBIMBAS: -- is what in order to have one thing you couldn't have the other. So that certainly might be the situation you're in.

BARBARA KOREN: And I will tell you as the price of cigarettes has gone up -- excuse the numbers so much on paper because it's not relevant.

REP. REBIMBAS: Sure. My question is -- my question is what are your operations hours -- convenience stores.

BARBARA KOREN: My stores are mostly open at six A.M. and we close at 11 P.M. We have some that do close at ten. We are not 24 hour locations. I do have two. I take that back. But they are not open in the lobby for you to walk in after 11 o'clock. I have one on Brainard Road, we lock the doors and we serve them through a window so we can still pump gas and we can certainly get you anything you want in the store you just don't come in the store.

REP. REBIMBAS: Thank you for your testimony.

BARBARA KOREN: Thank you.

REP. TABORSAK: Senator Witkos.

SENATOR WITKOS: Thank you, Mr. Chair. I just had one question. I was writing down some notes when you testified. What was the percentage of sales for other states over the counter for

alcohol. You said that 40 other states currently allow for --

BARBARA KOREN: Forty other states are allowed to sell beer. That is the predominant thing you will see in convenience stores. It is the third largest category numbers. I do not have the specific numbers. The number one would be tobacco products in our business. Number two is fast food. Number three is now beer sales. The actual numbers though I can certainly get for you if you'd like them.

REP. TABORSAK: Representative Baram.

REP. BARAM: Thank you, Mr. Chairman. With regard to the gas station convenience stores would you oppose a minimum staffing level if beer were allowed to be sold to compensate for the fact that often these attendants have to go outside to deal with issues with people who are pumping gas and other types of issues. And there's a concern about who's really going to be in the store to be able to check identifications and everything else.

BARBARA KOREN: Those are great questions. Hard for me to speak for other retailers. Mercury Fuel is a very conservative company and we already do double coverage. We have one person called clean up and one person who's on the register at all times. It is our preference.

We like to have two people on duty. We feel there's safety in numbers. It allows us to get our job done more efficiently as well. Registers are set up so any age specific product cannot go forward without an identification and a birthdate entered into it. So we feel we're very comfortable with the carding methods that are necessary to prevent youth access to this product as well.

SENATOR WITKOS: And lastly, are there any studies or statistics that you're aware of that correlate gas station convenience store sales of beer to a greater propensity of accidents or DUIs?

BARBARA KOREN: No I don't know of any because let's face it, everyone drives to the package store. Everyone drives to the supermarket. And they drive to me. The one thing that I have as an advantage in this sale is if you're going to purchase gasoline I get to observe whether you can take a nozzle and put it in a little hole.

Can you push the button? Can you be coherent? My employees today if someone is at my gas pump and they are inebriated are told to call the police and try to get the direction the car goes in and try to get the license plate. We will also shut down the pump on you. So we're already attuned to wanting a very safe driving experience for all of our customers.

We don't want anyone hurt on the roads and we actually think we have the visibility to see someone coming across the parking lot and attempting to do something they may not be able to do. And we think we'll stop that sale.

REP. TABORSAK: Any other questions? If not, I think I do have a question here. You addressed most of them. Yes. I'm a little curious about -- I know you don't have any stores that currently sell beer in the State of Connecticut.

Have you taken the step of pricing like dram shop insurance for instance? I'm a little curious about what that looks like for a small store that wants to expand into this product if we go down that road, whether that business model will even work knowing that there isn't a huge margin on -- on beer. Have you looked at

that issue at all? Is that something you're just going to --

BARBARA KOREN: Wouldn't be an area where I would be looking into it. I'm sure the owners of my company have -- they will look and assess all risk management and all insurance responsibilities. Before I came here today I looked at them and said are you sure you want me there and do you really want this? And they said yes we do.

We think we can fit it into our financial model. So I have to believe they've done some of their homework already as family owners and feel they're ready. But I don't have the specifics.

REP. TABORSAK: Okay. Well appreciate that and thanks for your testimony.

BARBARA KOREN: Thank you.

REP. TABORSAK: Moving on we have Representative Kupchick followed by Cathy Barber, followed by Representative Molgano.

REP. KUPCHICK: Thank you. This is actually my first time testifying before a committee so bear with me.

REP. TABORSAK: Thank you for coming. We're honored.

REP. KUPCHICK: I want to thank the honorable chairs, Senator Paul Doyle, Representative Joseph Taborsak, honorable Vice Chairs, Senator Leone, and Representative David Baram and Ranking Members, Senator Kevin Witkos, and Representative Rosa Rebimbas. I did write this Monday night before some of the changes had occurred. I actually heard them on my drive up here today.

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So I'm going to read parts of it. You do have my testimony although the Sunday sales seems to be not an issue any more but the other parts do seem to be an issue and that's where my concern is as a small business owner myself. The small business owners point here. So I'll just read parts. When I was elected last year a similar bill was proposed and I thought it was passed -- if it was passed through committee I would vote for it.

My reasoning came as an advocate for an individual's right to choose where and when they would want to shop. However after much research I thought it became -- it became obvious to me that the convenience of Sunday sales would limit small businesses from competing with large box stores. Recent history shows that Connecticut does not support an atmosphere that promotes the growth of small business.

I believe the new parts of this bill will benefit large box stores tremendously and create an environment in which small business will not be able to compete in. The Governor's proposal -- my concerns are the medallions that upon purchase will allow the -- an owner to open a liquor store in any town regardless of how many stores are in that town. Increasing the number of licenses from two or six now therefore creating a pathway for big box stores to overtake and close out -- close out the small stores.

Eliminating State price -- minimum pricing which again will allow the big box stores with their buying power and storage capacity to undersell and drive the small business owner out of business. Right now the minimum allows the small owner to fairly compete. The premise of the Governor's proposal is to increase revenues

that are lost to neighboring states like Massachusetts.

However as many people have testified today I believe Connecticut loses these revenues on liquor and gasoline because Massachusetts and other states taxes are lower on alcohol and gasoline.

The Governor's budget last year included a large tax increase on liquor and added the burden -- and added that burden on small package stores. And I'll just conclude by saying that, you know, with the economy being what it is in the last year I think many of us as Connecticut residents and as Americans decided to start purchasing things locally instead of buying things on the internet or out of state because we wanted to support our local business owners because they were having such a tough time.

Now it's much easier for me to be on the internet late at night purchasing holiday gifts like most of us but I went out of my way to purchase from my local business owners because I wanted to support them. I truly did because I don't want them to go out of business. They're our neighbors. They're our families. They are our friends.

And our -- my small business owners in my community are telling me straight out that this is unfair and they have been locked out of the process to be partnering and talking about how they can work together to make this bill better. So I do plead and ask the committee to please take them into consideration, work with them directly so we don't hurt a small family run business. Thank you.

SENATOR DOYLE: Thank you, Representative. Are there any questions? Senator Kissel.

SENATOR KISSEL: Thank you very much. Well I just wanted to state that I can't believe it's your first time testifying. I wanted to thank you personally for all the hard work you did to assist me back when you were with Senate Republicans.

I think you're constituents are well served and I think that the fact that the Governor came up with some different proposals in the last 48 hours, Connecticut Package Store Association has some counter proposals that have just come out. That this is -- this is a proposal that's changing on a daily basis.

And certainly the concerns that you raised are taken to heart especially when it comes to small businesses. These large multinational corporations that really don't care about our communities, they may provide jobs but quite often they're not the kind of jobs that a lot of folks are enamored with.

The small businesses that sometimes struggle are the ones that if you go and you have a boy scout troop or a YMCA or something else that's local and you're looking for a small donation for an auction or something like that, they always step up to the plate and they always deliver.

REP. KUPCHICK: Absolutely.

SENATOR KISSEL: So I really appreciate you taking the time this afternoon to come and testify.

REP. KUPCHICK: Thank you. And I would just say that the small businesses in my community who many of them are here today said that, you know, they still feel that they haven't been included even maybe with the lobbyists' proposals.

So I would reach out each of you to the small businesses in your communities and ask them as you move forward and you work on this bill because I want to make -- I just -- I think we all want to make sure that they're protected.

SENATOR DOYLE: Thank you. Any further questions from the committee? Seeing none, thank you very much.

REP. KUPCHICK: Thank you very much.

SENATOR DOYLE: All right. The next speaker is Cathy Barber, the Representative Molgano, then Stan Sorkin, Representative Terry Wood, then Matt Mitchell, Senator Suzio, Kevin Curry, Senator Bye. Thank you.

CATHY BARBER: Good afternoon. I'm Cathy Barber of Wethersfield and I'm Chairperson of the Connecticut Legislative Committee for the New England Convenience Store Association. We represent hundreds of convenience stores throughout Connecticut.

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Please not 80 percent of convenience stores are owned by single store operators. They are small family owned businesses. They are the epitome of small business and they are the backbone of our economy. We are small businesses willingly open long hours.

We are willingly open seven days per week. We want to be open. We want to do more business and we want to add jobs. We want to do a better job serving customers and we're asking to sell beer. This is a typical convenience store item in almost all other states.

Because of Connecticut's antiquated blue laws most Connecticut convenience store operators have been precluded from selling beer limiting

business opportunity as well as consumer options. In 1978 when I applied to become a convenience store franchisee in Utica, New York, I was first required to obtain a beer license.

Beer is a regular item in most convenience stores except in Connecticut. I lived in Massachusetts, New York and even Rhode Island before moving to Connecticut in 1985 and it was culture shock, quite surprising to learn of the restrictive laws here. Connecticut ranks number 49 out of 50 states in per capita sales of beer.

I suspect we drink as much beer in Connecticut as anywhere else. I suspect we don't buy it in Connecticut. It's not convenient to find it. The available hours are strictly limited and at times it's not competitively priced. Out of state retailers do an excellent job of serving Connecticut residents.

This is a well-known fact ignored at great peril to our own tax revenue. There is room for growth in the beer industry in Connecticut. Taking our rightful sales and related tax revenue back from even a single state like Massachusetts will yield positive results for Connecticut. We support the comprehensive approach that bill 5021 proposes.

The biggest winner will be Connecticut consumers who will benefit from greater competition within Connecticut and with the neighboring states which will mean lower prices and better choices.

We also believe package stores should be able to sell the products we currently sell such as snacks, chips, cheese, crackers, all the normal package store items in other states. This is in the best interest of the consumer.

In our business independent owners like Joe's Convenience Store compete against giant wholesale clubs and large grocery chains selling all the other items sold in convenience stores. There are hundreds of us here today. There are owners. There are employees and we ask that you support this bill. Please support our industry and most importantly please support our customers.

SENATOR DOYLE: Thank you, Ms. Barber. Any questions from the committee members? Seeing none, thank you very much. The next speaker is Representative Molgano. Is the Representative here? Okay. He's not here so I will then go back to the call board. Stan Sorkin. Mr. Sorkin? Mr. Sorkin? Okay. He's here.

Please -- when we call your name please -- please identify yourself. Then next up is Representative Terry Wood, then Matt Mitchell, Senator Suzio then Kevin Curry and Senator Bye and Chuck Bowe. Mr. Sorkin.

STAN SORKIN: Thank you. Good afternoon, Chairman Doyle, Chairman Taborsak, and members of the general law committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am here today to testify on behalf of our members in strong support of H.B. 5021.

Our members include multi store chains, regional firms and single store independent supermarkets employing over 30,000 associates. The majority of our members are family owned supermarkets. These markets compete with all classes of trade every day of the week selling all types of every day consumable products. We don't shy away from competition. We firmly believe that this is time to put an end to Connecticut's old, antiquated alcohol blue laws and modernize them.

I thank Carroll Hughes for agreeing to Sunday sales. He just cut my testimony in half so I'll move to some of the other issues. H.B. 5021 reforms minimum pricing. Minimum pricing is price fixing plain and simple. It means higher cost for consumers. Connecticut's consumers deserve more competition and lower prices not artificial price controls.

The proposed reforms establish this statewide liquor license medallion system which we believe creates equity value for existing package store owners especially the way the proposed law has been rewritten. Another element is the elimination of the two store rule.

Increasing the package store ownership limit will allow those owners who want to grow their business the opportunity to do so. I do not see why Connecticut restricts competition.

I would be remiss if I did not comment on the wild, unsubstantiated claims that the passage of H.B. 5021 would put 900 or more package stores out of business. You have to look no further than Newington, Connecticut to see an example of this fact.

Stu Leonard's arguably the best food retailer in Connecticut opened a big box store with an attached package store a few years ago. In 2009 there were 11 package store permittees in Newington. Today there are 12, the maximum allowed by State law.

If you can compete with Stu Leonard's you can be able to compete with anyone else in the marketplace. We believe in the free market system and that consumers will benefit from competition if it's left open for consumer choice.

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SENATOR DOYLE: Thank you. Any questions for Mr. Sorkin? Representative Tallarita.

REP. TALLARITA: Thank you, Mr. Chairman. Thank you, Stan, for being here today. Currently can you tell me how many grocery stores hold package store permits?

STAN SORKIN: To the best of my knowledge in Connecticut there are a few, one of which is Whole Foods which I believe owns approximately two permits. They do not sell beer in their -- their supermarket part of the store. I know Stu Leonard's by testifying today, they have that same time operation.

Very few grocery stores operate package stores in addition to their supermarkets. The fact that the limit is six, think about it, Stop and Shop has 94 stores in the State of Connecticut. They can have six licenses. It's no different than a strip mall where you have a package store and a supermarket.

The only change is Stop and Shop would have potentially the ability to operate that store in the connecting potential location. But you still have that separation between the buildings. There's no access between the supermarket and package store. Again, who's doing it correctly in the State is Stu Leonard's and Whole Foods.

REP. TALLARITA: Thank you. One other question, I'm not sure if you'll know the answer of this. I probably should have asked it of Mr. Hughes when he was here earlier. But the number of package store permits that currently exist in the State, do you know if the surrounding states, Massachusetts, New York and Rhode Island when -- when they passed Sunday sales you know the big thing was in each one of the states if you look

at any of the testimony and any of the newspaper articles, you know we're going to lose business, we're going to lose business.

And that's -- their claim that store are going to go out of business. Do you happen to know how many permits they lost or how many stores they lost in the surrounding states and if that holds true?

STAN SORKIN: According -- according to the Adam's Handbook which measures these things New York which implemented Sunday sales in 2003. There were 2,495 package stores prior to, afterwards there was the same number. Delaware is a similar story. In 2003 there were 369 now there are 369. In Massachusetts it was 2004.

There were over 1,600 today there are over 1,600 permits. Rhode Island, the number was 259 when they changed in 2004. The number stayed at 259. Somebody before mentioned they wanted to look at data. The data is out there. Somebody has to look at the data and realize that competition is good for consumers, the business environment does not change, the consumer benefits and everybody wins.

You heard Tim Devanney before testify. His companies have been in business for 125 years. He's competed successfully as the retail environment has changed because he knows what his niche is. He knows how to market to his consumer base. The same should be true for package stores as every other retail environment.

REP. TALLARITA: Thank you very much. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Any further questions?
Representative Baram.

REP. BARAM: Thank you, Mr. Chairman. Welcome, Stan.

STAN SORKIN: Thanks, Dave.

REP. BARAM: A couple of quick questions. We had talked about this earlier. Is it correct that the parent entity -- we'll pick on Stop and Shop for a moment. If they were to apply for medallions they're limited to whatever number we agree to, let's say six for now.

STAN SORKIN: Right.

REP. BARAM: As an entity. Not each individual store.

STAN SORKIN: Correct. It's the corporation.

REP. BARAM: And since -- since I had a chance to speak to you somebody mentioned to me and I don't know if this is correct that there are some grocery store chains and it may have been ShopRite or Price Chopper when they have individual franchises that's not owned by the parent entity.

If that were true would we have the issue of individual stores being able to apply for up to six medallions individually as opposed to the parent organization?

STAN SORKIN: Okay. ShopRite stores in the State of Connecticut are individually owned family businesses. The typical ShopRite owner is one store, as many as four stores currently. Their prime business is running grocery stores.

The way the law is set it's very unlikely even though it is possible for one of those stores to own up to six, they're in the business of selling groceries. The way the law is as a

separate free standing unit, it's not like wine in supermarkets. It's a task that has to be looked at in terms of a good economic investment.

Does it really make sense to go into that type of business when your prime business is selling everyday consumables to consumers.

REP. BARAM: And lastly, just on your knowledge of grocery stores and how they operate, if this law were to be passed is it your expectation that grocery stores would also keep their grocery beer permits and perhaps look at running package stores or is it more likely that they will choose between the two types of permits?

STAN SORKIN: I think if you're going to go into the package store business as a grocery store and you have this separation of walls you'd keep your beer license in addition to applying for a medallion and package store permit.

REP. BARAM: Thank you very much.

SENATOR DOYLE: Thank you. Any -- Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair. Good afternoon.

STAN SORKIN: Good afternoon.

REP. REBIMBAS: Just wanted to get a little bit more information. I know in your testimony you said that for example ShopRite is in the business of groceries not beer but obviously we all acknowledge the fact that they do have the ability whether it's currently or with this new proposed law if they wanted to to either open up a liquor store or to be selling beer.

I think Representative Baram made a good point regarding then, you know, how these corporate type national stores are actually individually owned and what the impact might be and I think it's probably hard for us to assume which ones may or may not exercise it down the line and what the impact might be on the package stores.

And I think it was interesting how you highlighted New York and I forgot the other state that you mentioned regarding the package store permits that there was no decrease. I guess I just want to kind of clarify that and flush that out. No decrease as a result of what change in the law specifically.

STAN SORKIN: Going to Sunday sales.

REP. REBIMBAS: Okay. So just opening Sunday sales. You're not making any representations regarding whether or not there was any price discrimination laws in place --

STAN SORKIN: No.

REP. REBIMBAS: -- in those states or any of the other laws that we currently have in the State of Connecticut or the three tier system, et cetera, et cetera.

STAN SORKIN: That is correct.

REP. REBIMBAS: Thank you for your testimony.

STAN SORKIN: My point is it should be looked at so people look at the facts, what's happened in other states not taking wild claims.

When somebody claims three quarters of the package stores if the current revised law is implemented just doesn't make sense to me based upon my knowledge of competition in the business

and how other retailers have operations that have survived over the year.

REP. REBIMBAS: I fully agree with you that there's many different factors that come into play.

STAN SORKIN: That's correct.

REP. REBIMBAS: Thank you.

SENATOR DOYLE: Representative Nafis.

REP. NAFIS: Thank you and thank you for coming up here. I did want to -- first of all Stu Leonard's is a wonderful neighbor to our community. They have been terrific since they've arrived. They've participated in all kinds of local events.

But I just wanted to point out that Stu Leonard's is actually on the border of Newington and Berlin. And that store is really a destination type of store. It's not your traditional grocery store where people go to do their everyday shopping.

So it's kind -- I just wanted to point that out because I do think that to say they're not competition or they haven't hurt our -- our (inaudible) here or that they -- you know, it's no problem at all for them to do it.

I think it's great they have their -- their license and it's fine but they are -- they are not in a place where our people normally would be going for their regular grocery shopping every day. So I kind of -- I'm a little bit uncomfortable with them being used as a comparison. And I just wanted to point that out.

STAN SORKIN: Well I pointed it out because the question was that equating grocery stores to big box stores. Big box stores are destination shopping. They're destinations. People go there like Stu Leonard's. So if you're talking about a wholesale club. If you're talking about a supermarket being a wholesale club I think my point is valid.

The fact that the local merchants stayed in -- have the same number of licensees as they did before Stu Leonard's and after shows the fact is local business can survive with destination big box stores.

REP. NAFIS: Okay. On that -- that certainly -- I understand that point. Again, the only thing I would say is that we do have many package stores in town which actually we've been referenced a lot today by other testimony too.

We do have a lot and many of our people are here today and I know we've -- you know we've met with them as well. And I don't know that we have that many that are down by that part of the -- on the border either. I did just want to say again --

STAN SORKIN: Sure.

REP. NAFIS: -- Stu Leonard's has been a great neighbor but I know the big box stores is an issue. I have a concern about the grocery store piece of it though. It's not (inaudible).

STAN SORKIN: Well I think you can say the grocery stores --

REP. NAFIS: No.

STAN SORKIN: -- have been good neighbors too.

REP. NAFIS: Yeah. And they're good neighbors too.
We have great grocery stores.

STAN SORKIN: A recent Stop and Shop ad I saw this weekend showed they gave 22 million dollars to charity in the State of Connecticut.

REP. NAFIS: Right. Thank you.

SENATOR DOYLE: Any further questions from committee members? Seeing none, thank you very much.

STAN SORKIN: Thank you very much.

SENATOR DOYLE: Next speaker is Representative Terry Wood. Is Representative Wood here? Okay. Good all right. Let me go to my list then. So then we have Matt Mitchell, Senator Suzio, Kevin Curry, Senator Bye, Chuck Bowe, Representative Kokuruda, 101 district -- I can't really -- I'm sorry about that. I'll figure it out later. Kevin Pimentel and Representative Don Carter. Representative Wood. Thank you.

REP. WOOD: Thank you. Senator Doyle, Representative Taborsak, Senator Witkos, Representative Rebimbas and members of the general law committee. My name is Terry Wood and I represent Norwalk and Darien in the 141 District.

I'm in strong support of House Bill 5058, AN ACT CONCERNING FIRST SELECTMEN AND ALCOHOLIC LIQUOR PERMITS which would remove the prohibition against first selectmen holding permits for the sale of alcoholic liquor. This statute was signed into law in 1933 and the reasons behind the law are not known.

It was post prohibition, that's all we know. It's before notes were taken and they had many public hearings. The law is not consistent and

SENATOR DOYLE: Yes. Thank you. Any further questions? Seeing none, thank you very much.

REP. WOOD: Great. Thank you.

SENATOR DOYLE: All right. The next speaker is Matt Mitchell. Is Mitchell here? Okay good. Thank you, Matt. And then Senator Suzio, Kevin Curry, Senator Bye, Chuck Bowe, Representative Kokuruda, Kevin Pimenthal, Representative Dan Carter, John Nejaime, Senator Prague. Thank you. Thanks for your patience.

MATTHEW MITCHELL: Thank you. My name is Matt Mitchell and I'm the third generation in my family to work at the Norbert E. Mitchell Company in Danbury, Connecticut. The company was started by my grandfather in 1945 after he returned from World War II.

The company continues to be run by my family today. We own and operate three convenience stores in Danbury serving thousands of customers in western Connecticut. I'm here today in support of Bill number 5021 and I'm here to speak specifically about the language contained in section seven that pertains to the sale of beer in convenience stores.

The way the law is written today my convenience stores are prohibited from selling beer while stores located across the State border in New York are able to sell beer. This is not only unfair but it has placed us at a competitive disadvantage. Many of my potential customers work in New York but live in western Connecticut. They will stop in New York for the convenience of purchasing beer before they return home.

When they stop in New York to pick up beer it is more convenient to pick up other products that

they otherwise would be buying here in our state from my stores or others like them. These lost sales mean less opportunity for Connecticut businesses and less tax revenue for the State. Family owned convenience stores work hard to earn customers and unfortunately Connecticut has a law that undermines these efforts.

Bill number 5021 fixes that and rewards store owners like me for our commitment to providing good long term jobs in our communities and bringing competitive prices to the public.

We are all aware of the deficit that the State is dealing with in a difficult economy businesses are operating in. This bill brings consumers back to Connecticut to buy products offered at our stores and sold by our employees.

This bill allows our business to be more competitive, expands choices for our customers and makes Connecticut a place that you can do business in. I urge this committee to support this bill and allow convenience stores to profit, the State to grow revenue without raising taxes and provide job security to the many people that rely on us to earn a living. Thank you.

SENATOR DOYLE: Thank you, Mr. Mitchell. Any questions for Mr. Mitchell? Seeing none, thank you very much. Next speaker is Senator Suzio, then Kevin Curry, Senator Bye, Chuck Bowe, Representative Kokuruda, Kevin Pimenthal, Representative Dan Carter, John Nijaime and Senator Prague.

SENATOR SUZIO: Good afternoon, Senator Doyle and all the distinguished members of the committee. Thank you for allowing me to testify today. I'm here to testify on House Bill 5021.

SENATOR DOYLE: Thank you for waiting so long.

SENATOR SUZIO: As a fiscal conservative I'm someone who almost always will defend the free market competition with minimal or no restrictions. The free market has made this country the greatest economic engine in history. There are times however when regulations are appropriate.

The proposal that prohibits sales of liquor on Sunday is one of those regulations that I believe is warranted. I say this for the following two reasons. First, you cannot legislate oblivious to the history behind the situation in the legislation. The fact is that this is an industry of mostly family owned businesses that has existed under the existing regulations for decades.

Small package stores have been bought and sold and operated for generations under the rules of the game. Dramatically changing those rules without regard for the impact on more than 1,000 such stores and families in Connecticut is wrong.

Allowing Sunday sales may add a small bit of convenience for Connecticut consumers but that convenience pales in comparison to the devastating impact the legislation could have on hundreds of small business families. There's simply no credible evidence to prove that opening a seventh day of the week is materially going to add sales volume for these family owned businesses.

We can't be indifferent to the impact of the proposed law on most of those families and their businesses. They will simply work more and earn less. It's not fair to materially change the rules of the game in the middle of the game. We

pass legislation that largely helps big business in Connecticut.

It's time to show support for the little guy, the families who not only work in but are a critical part of their communities from generation to generation. The second reason I oppose the proposed legislation is that the added tax revenue claimed by supporters of the bill is very small. Only five to eight million dollars from what I've seen.

If the real goal is to increase Connecticut tax collections then address the real problem and the real problem ladies and gentleman is this. It's our tax structure. Connecticut -- all Connecticut stores big and small suffer at a competitive disadvantage because of Connecticut's outrageous taxes imposed on alcohol.

Take a look at the tax comparison in terms of a bottle of Jack Daniels, Massachusetts versus Connecticut. You can see that the Connecticut taxes are more than double the Massachusetts taxes. And by the way, I did some calculations, this actually understates it.

My staff made a slight miscalculation in terms of the size of the bottle so it's actually a bigger disparity. So -- and -- so basically you've got two taxes imposed by Connecticut. The second tax by the way, as I understand it the sales tax is calculated as a tax on a tax. The six percent -- 6.35 percent is calculated on a price that already has got another tax in it.

So we're actually taxing alcohol twice and it's a version of double jeopardy from what I can see. So if this was a business it would be considered to be an unfair and deceptive practice. If the real goal is to stimulate, to

increase tax revenues and provide convenience and savings for Connecticut merchants -- Connecticut families and Connecticut merchants make -- let's make Connecticut merchants more competitive with our neighboring state by lowering our taxes on alcohol and on gas.

By the way, you notice they have a second tax there. Connecticut families now have two reasons to go to Massachusetts. They've got much lower taxes on alcohol and much lower taxes on gas. So that's a -- what we need to do is address that. That's a policy that makes sense because it will benefit everybody, consumers and business owners alike.

The truth is there's a lot of people crossing the border to Massachusetts seven days a week not just on Sunday to buy liquor because it's so much cheaper up there. And of course you've got the bonus now of much cheaper gas prices. You know they used to call Massachusetts taxachusetts. They might start calling Connecticut something new like Conn-noataxica.

SENATOR DOYLE: Okay. All right, Senator. Wrap it up, Senator.

SENATOR SUZIO: So let me say in conclusion --

SENATOR DOYLE: All right. Let's go.

SENATOR SUZIO: -- because I know you've been patient with me. You're my colleague in the Senate and I appreciate that. So I urge you not to pass this part of House Bill 5021. Focus instead on making Connecticut's tax structure more competitive.

Give our merchants a fair and level playing field. They're suffering at a tremendous disadvantage versus our neighbors up in

Massachusetts. And the best thing we can do to benefit Connecticut consumers as well as Connecticut business owners is to level the playing field by lowering our taxes.

Let's allow our store to be competitive with our neighbors across the border. That will benefit everybody and that's the kind of change that we should look at. And I would ask you respectfully can we actually tax a tax? Is that legal?

SENATOR DOYLE: All right. Any questions for Senator Suzio? Senator Kissel.

SENATOR KISSEL: I just wanted to thank the good Senator for coming -- for being so patient this afternoon. And I said this earlier today and I'll say it again. You and I may disagree on the whole Sunday sales issue but if we made our products and services attractive from a tax perspective and were nimble about it and thoughtful about it and clever like we are and could be, with other areas of our economy we could bring people from Rhode Island, Massachusetts, and New York into our State to be consumers and it would help our economy incredibly.

And the part -- and I just want to underline this because I do appreciate the show and tell but you know, when we had folks that say we want to attract in the movie industry what did they do?

They made our State appealing from a tax perspective. And so if we can -- you know, if we can be appealing to certain segments of the economy because we fashion our tax policies to be attractive I think we should use those lessons for other areas of our economy such as gasoline, such as alcohol, such as tobacco, such

as clothing so that we could bring all those great folks from the Commonwealth of Massachusetts to the great State of Connecticut to shop. Thank you.

SENATOR DOYLE: Thank you.

SENATOR SUZIO: Thank you for the opportunity, Senator Doyle.

SENATOR DOYLE: Sure. Any further questions from committee members?

SENATOR SUZIO: And I would respectfully suggest -- I actually don't know, can we actually legally tax a tax? I would ask you to investigate that as part of the committee.

SENATOR DOYLE: Okay.

SENATOR SUZIO: Thank you very much.

SENATOR DOYLE: Thank you. Yes. Next speaker is Kevin Curry. Is Mr. Curry here? Kevin Curry. Okay there he is. All right. Mr. Curry. After Mr. Curry is Senator Bye, then Chuck Bowe, Representative Kokuruda, Kevin Pimenthal, Representative Dan Carter, John Nijajime, Senator Prague, Mike Cimini. Thank you, Kevin.

KEVIN CURRY: Good afternoon. First it's always an honor when you get to follow your Senator and testify after he does. So it's -- my name is Kevin Curry and I'm from Meriden and I represent Danby's. We're a small business in central Connecticut. I was educated in local schools. I still volunteer at the vocational trade schools.

I hire the kids from those schools, just hired another kid last week. I was fortunate to work for a small family business and I was offered

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the opportunity to become an owner. Owning a convenience store or any business in Connecticut is very difficult as we've all attested to with the problems that's been going on. We need all the business we can get for our stores and that's why we're here today to ask for your support of the Bill 5021.

I'm here today to speak on behalf of the hundreds of convenience store owners, managers and employees that have come to the Capital today to support this bill. Hopefully you were able to see the support that was outside today on your way in. A lot of dedicated people were here for that. Convenience stores in Connecticut provide consumers with flexibility to shop for foods, beverages and other items in their neighborhoods.

We're a very important -- we are a very important partner for the State of Connecticut because we're the largest distribution of lottery ticket sales along with package stores and grocery stores. I am here today to support Bill 5021. I believe this is a good bill for my customers. It's good for small business because it will create more competition and permit my store to sell a product, beer that is widely available at convenience stores in surrounding states.

We're from central Connecticut and I've worked in the Meriden area for years. We're right at the crossroads where 691, 91 and the Merritt Parkway come together. I can't tell you how many times someone will get off the highway from out of state, they pull into the store, they ask for beer and we look at them and say we're not allowed to sell beer in Connecticut. They couldn't believe it. They were always in shock.

Fortunately we're not on the border of Connecticut where the people just simply drive across the State line and buy beer on Sundays and even in convenience stores. Our stores are run by local people. We're part of the local community. We're members of the Rotary Club. We sponsor the little league teams. We volunteer -- we volunteer at the nonprofits in our communities. We flip burgers. We scoop ice cream. We do what's necessary to give back to our customers.

People come to our convenience stores for the simplicity that we offer. This bill as we all know and it's been said today over and over is probusiness, proconsumer. It's about the choice for the consumer and we ask what is easier for the taxpayers of Connecticut and what will be better for small business.

We think this in the long run will affect very few people and people will see very little change other than the ease for the consumer of shopping. We need to change the 80 year old blue laws that are on the book and get Connecticut up to date. I thank you for your time. And I look forward to any questions you may have.

SENATOR DOYLE: Thank you. Any questions from the committee? Seeing none, thank you very much.

MATTHEW MITCHELL: Thank you. Have a good day.

SENATOR DOYLE: The next speaker is Senator Bye. Is Senator Bye here? Okay. Senator Bye. No sign of Senator Bye. Okay so we'll go next to Chuck Bowe. Is Mr. Bowe here? Okay so Bowe's here.

So after Mr. Bowe will be Representative Kokuruda and Kevin Pimenthal and Representative Dan Carter, then John Nijaime, the Senator

Prague, Mike Cimini, Peter Berdon, Daniela Tristine. Mr. Bowe, thank you.

CHUCK BOWE: Good afternoon Senator Doyle, and all the representatives here. First off I want to thank you guys for being so patient. You're certainly paying attention and giving us an awful lot of time. I own a -- two liquor stores in Groton, Connecticut. We're family owned and operated. And we both -- both stores are in supermarket parking lots. So we are competing against them regularly with the beer sales and I'm familiar with it.

I too have a petition signed by 7,000 customers against the bill. So I can give you the hard copy of that if you like against Bill 5021 for the record. I just -- I'm here to speak on behalf of the -- I worked for a beer wholesaler for 20 years. And one of the nice things that they enjoy is an exclusive territory to sell their products in.

Now if we're trying to be more competitive with the surrounding states which is difficult because of the way we're set up with tax structure and we've been through all of that. Then I think we should at least look at the possibility of removing the exclusivity of territories. It is a way. There's five Bud wholesalers. There's four Coors wholesalers.

There's five Miller wholesalers. There's six that sell Heineken and so forth. You can shop for price and -- and compare the best deal. If they're not allowed to amend then as the liquor wholesalers will have to come out with their best price then so will the beer wholesalers and we'll be able to buy and compete against price. Right now there is no minimum on beer.

It's cost of acquisition as what is proposed for now alcohol and wine. So for us to be competitive then we need to get the best price. And as far as I can see in the 20 years that I worked at a wholesaler we were set up by design to make money. It is -- because you have an exclusive territory, you're set policy is based on that way. How you go to market, how you give credit days, where you're going to ship, how many cases you're going to ship and so forth.

So if -- if we don't have the ability to shop for the best price it will be difficult to be competitive in the arena that we're trying to change. If also I wanted to touch on the possibility of removing the cost of acquisition as the minimum. In other words this bill has proposed having several items a month, be it six, eight, ten that we can now sell at ten percent below cost. Well that seems exciting to some people. In the arena of beer competing against two supermarkets regularly and right now that's all they can sell is beer. Now they can pick six, eight, ten beer items a month and I'm in the same parking lot and they can sell them ten percent below cost.

You can't possibly think with me being able to sell peanuts and potato chips I'm going to be able to make up ten percent of my overall sales. It's just not possible. This only fuels big box and chains. If you let this happen the big stores are going to have an extreme advantage over the regular mom and pop and even mid to large size liquor stores.

We all want to be competitive. Every one of us as liquor store owners want to be competitive. Don't get it wrong. We're not in a protective society. I don't know what everyone thinks the liquor store makes but it's -- you know I work a pretty long day. As long as -- so does my

employees and so does every other liquor store owner.

We want to be competitive but not at the cost of our own livelihoods and our families livelihoods. So please keep that in mind as you're about to go forward with this bill.

SENATOR DOYLE: Thank you. I just have a point of clarification before -- you mentioned there was -- I think I got it inferred from you that there's no minimum prices for beer. Can you clarify that?

CHUCK BOWE: It's cost of acquisition.

SENATOR DOYLE: But is it still a minimum price though?

CHUCK BOWE: Yes. You can't sell it below the cost. Currently if you buy a Budweiser 30 pack for 20.85 you can only sell it at 20.85. That's the lowest you can sell.

SENATOR DOYLE: Okay. So there is some sort of minimum pricing system for beer.

CHUCK BOWE: There is a minimum at cost. Yes. You cannot sell below cost.

SENATOR DOYLE: Yeah. Okay. I just wanted to clarify.

CHUCK BOWE: But what this proposes is that --

SENATOR DOYLE: Oh no, I know. I'm just saying current status quo.

CHUCK BOWE: Current status yes.

SENATOR DOYLE: I just want to clarify status quo. Okay. Any questions? Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair, and thank you for your testimony. And I think you highlighted one of the things that myself and probably many other committee members have been trying to put straight in our minds because you yourself as a package store and having a history working with the distributors it's an interesting perspective that you say that you're for competition as I would assume every business owner out there, it's out livelihood to be in competition.

But it is interesting that yet this bill predominately if not almost exclusively deals with package stores and new proposals that are going to impact package stores. So as the committee members and as ranking members we need to kind of wrap our minds around it that we've got the rights of consumers and if we're going to say competition and bests prices for consumers then we do have to look at the entire industry and just not make it onus on one particular entity which is the package stores and not look at the distributors.

So if we're going to be honest with ourselves and go into competition and try to get the best prices for consumers then it would be having to look at the entire industry. So I just want to thank you for bringing that out and having that background and seeing the distinction in the proposal as to not only the impact on the package stores but maybe what's been left out of it. So I just want to thank you for your testimony and highlighting that.

CHUCK BOWE: Thank you.

SENATOR DOYLE: Thank you. Okay. Senator Witkos.

SENATOR WITKOS: Thank you. You testified, you're in a unique position that you have owned two

package stores and both of them are in a plaza where there is a grocery store. And what can you tell the committee is your percentage of beer sales in your package stores?

CHUCK BOWE: One store is 41 percent the other store is 44 percent beer of my total gross sales. I will tell you that when I worked for the beer wholesalers with the chain stores made up about 12 percent of our overall sales as a wholesaler.

So if Stop and Shop has 94 stores or 92 stores selling beer and Big Y has 27 stores selling beer, they sell an awful lot of beer in those locations to make up 12 percent which I believe now is closer to 16 percent of the overall State's beer sales.

SENATOR DOYLE: Any further questions?
Representative Taborsak.

REP. TABORSAK: Thank you, Mr. Chairman. How are you doing today?

CHUCK BOWE: Very good.

REP. TABORSAK: I just wanted to understand a little bit more your situation with your stores being located where they are and I'm curious to find out if you know if this law were to pass -- if this proposal were to pass which would allow for those grocery stores that you described to get into the package store business.

Would they in theory be able to open a store in your same plaza or would zoning in your -- in your town prohibit that? I'm trying to get a feel for someone -- you're in this like -- it's not hypothetical for you, it's a real situation that I was thinking, you know, local zoning might play a role in making sure that you wouldn't wind up having, grocery store,

grocery's store liquor store and your liquor store in the same plaza.

And I'm wondering if you know if your local planning and zoning rules would prohibit that from happening. Do you have any idea?

CHUCK BOWE: I do know. And the local zoning laws do not prohibit that so technically yes they could either hollow out a piece of their store and put a liquor store in there with a separate entrance or just open one up in an empty spot in the plaza. With the medallion system being able to move a license from one town to another they could go to an area like -- that's under development and is someone is going out of business, take that permit and move it right in the same parking lot as I am. So yes it does make me nervous.

REP. TABORSAK: Thanks and for clarifying that.

SENATOR DOYLE: Thank you. Any -- Senator Kissel.

SENATOR KISSEL: Thank you, Mr. Chairman. While I was thinking I came up with a question. You -- I know you don't like the bill. I'm assuming you don't like the idea of Sunday sales which seems to be moving off the table.

But you pointed out the problem that you have with distribution, sort of monopolistic territory and if there's winner and losers in the bill before us this afternoon. And that you as the retailer of the package you're in the least competitive position and sort of like your rock is getting bored by this bill way more than anybody else.

And I appreciate that. I'm very concerned about trying to change the playing field such that large powerful entities can really hurt you.

That's not the goal. On the other hand we have another group out there that's testified this afternoon that had a bill before us in the last few years and that's the convenience stores, and you know their pitch is well we're small too, 80 percent of us are just single owner, you know they're mom and pop convenience stores as opposed to mom and pop package stores.

And I'm wondering -- I heard you loud and clear when it came to your concerns about distribution, wholesalers, price reductions being able to really hurt you but what's your feeling about convenience stores coming before us?

CHUCK BOWE: Well convenience stores are just what they are, convenient. When I worked for a beer distributor a large percentage of their sale which I -- it's been awhile, it's been almost eight, ten years since I've worked there -- between 30 and 40 percent were in single serve items. Twelve ounce, 16 ounce, 24 ounce cans, bottles, what have you, 40 ounce. That's what they sell. It might be the number three SKU in their overall mix of products. But it's all to go service. It's all open it up and drive.

I mean it's even -- you know I just came back from Florida and the convenience stores do sell beer down there. But if you look at their convenience packages it's two doors of pretty much single serve beer. They sell some 12 pack cans. They sell some 18 pack cans but the bulk of it is single serve. And it is -- it's beer to go. So someone called it road soda, I don't know who that was but that is what that is.

SENATOR KISSEL: So are you less concerned about it from a competition perspective and what you're saying to us is that we should be more concerned about it as a public safety issue?

CHUCK BOWE: Well public safety is obviously number one and that's something that we have to be concerned about every single day. I heard one of the convenience store people testify that they got a chance to see if the guy can put the nozzle in the hole.

I don't think that's true but I mean if you're sitting 50 feet away from the gas pump I don't think the guy's looking out the window to see if you're going to get the nozzle in the gas tank. But I do know this, when you come to the counter with your 12 pack of beer or bottle of wine or bottle of liquor we will not serve you. And it's not just us. That's not a policy. That's the law. We will not serve you if you're inebriated or appear to be inebriated. We won't.

So it's a one on one, face to face contact. We don't wait to see if you can make it to your car. We don't wait to see if you made it from your car to our front door. When you get to the front counter the service is refused. Period. No questions asked. Have a nice day. Come back tomorrow when you're sober.

So public safety is a major thing. Are the convenience stores a competition? Of course. Any can of beer that's sold somewhere else now becomes a competitor. No one wants to see that. I will tell you this, bottle redemption is a major issue for me as it is for most liquor stores. A very large percentage of our back rooms go to beer redemption because you buy a case of beer, give them your bottles back.

When you buy a case at Stop and Shop you don't bring it back to Stop and Shop. I see too many people standing in front of those machines, feeding those cans in front of there. They

don't do it. They come into my store with that case or two cases that they purchased and they leave them on the floor and said hey I've got two cases.

We give them the \$1.22-- 43 whatever it is back and they hopefully will buy a 12 pack or 30 pack and be on their way. But many times you see a Big Y, Stop and Shop, A&P whatever sticker on the side of it because that's where they purchased it. So I don't think you're going to see the conveniences stores returning -- redeeming bottles. They don't now.

They don't take back your water or your Dasani or your other issues that they sell. You don't bring that into the counter when you buy your gas and say give me my nickel back, right because they don't take them back. They're supposed to take them back but they really don't.

It's not part of their business. They bring them back to me or they bring them back to another redemption area that's set up to do it. So you're just going to create another place that can sell beer and not redeem it and put the burden back on the liquor store to redeem even more cans that they don't sell.

SENATOR KISSEL: Thank you. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Any further questions from the committee? Seeing none, thank you very much. Representative Baram. Oh wait. Representative Baram. I'm sorry.

REP. BARAM: Thank you, Mr. Chairman. Two questions. Since you brought up the issue of redeeming bottles is it correct that the distributor pays for the redemption of bottles and then pass that back onto the consumer who returns the bottle

for the rebate for the bottle. Isn't the distributor the one that's actually paying for that?

CHUCK BOWE: I have to pay for the employee to redeem the bottle, pack it up in 24 pack bottle or a particular case that they take cans in. So yes, technically the nickel's not mine and it's not theirs either. It's a pass really.

So it's just a way to collect the can but I still have to do it. Now in one of my stores I rent an 1,100 square foot sorpa at 20 dollars a square foot per month to house these redemption bottles. I don't really enjoy them. I'm not looking forward to take them back more than I already sell.

REP. BARAM: I'm not suggesting there isn't a cost to you I'm just talking about the actual nickel redemption.

CHUCK BOWE: The nickel is a pass through.

REP. BARAM: It's a pass through. Okay. And then the other thing is with the Governor's proposed compromise this morning whereby under the medallion system he would still recognize the population numbers for towns so you can only have so many stores in a particular locality or community does that in any way make you feel better about the medallion system? And is that hope to small package owners?

CHUCK BOWE: I guess I feel better about it but I still don't feel good about it. I mean being able to permits from one town to another, you know, you could get these things moving back and forth pretty regularly and everyone is going to look to exit out of the areas they might be living in and don't like and you'll be left with areas with no ability to purchase alcohol.

REP. BARAM: Well I guess that raises the question if in town A there would be permitted five package stores and there's only four, under the medallion system as you may understand it, could a person start a brand new store without buying a medallion because there's one slot open and then apply to the State for a new medallion?

Or is it your understanding once the initial medallions are issued that's it. It doesn't -- it doesn't matter how many slots may be open in a particular locality.

CHUCK BOWE: It's my impression that once the bill goes through medallions are not going to be issued for five years. There's some moratorium on the issue of medallions. So that the current medallions will have some value.

But you know your value -- for instance my town has an open permit. Right, there's enough population to support supposedly another permit. So someone likes the idea of moving to Groton, I don't know why they would but they do. So they take a permit out of New London and they move it over to Groton and they open up a store. No, I don't think that's a good idea. I don't.

SENATOR DOYLE: Thank you. Any further questions?
Senator Leone.

SENATOR LEONE: Thank you, Mr. Chairman. Just one quick question as listen to your testimony you mentioned that you have a large facility in order to process the redemption of the bottling returns.

Was -- was that a decision made for that specific reason because of the increase in redemption or was that something that you had prior to and that just became an extra burden?

CHUCK BOWE: No, I actually signed a lease for that particular -- it was a Liberty Tax that went out of business and I took over that spot. And 85 percent of that is bottle redemption. And a large percentage of that is the bottles that come back from the supermarkets in town and that was because the machines were never working properly --

SENATOR LEONE: Right.

CHUCK BOWE: -- people were coming in. I just couldn't handle the amount of empties. I'm probably one of the few stores that's upside down. If I sell 100 cases of beer I redeem 200. It's -- I mean it's -- the volume of returns that we take in is staggering.

SENATOR LEONE: So that was actually an extra burden having to purchase that facility.

CHUCK BOWE: It was an extra burden and it's an extremely high rent and I pay (inaudible) charges and everything else on that particular facility. It's just another -- it's the next store front down.

SENATOR LEONE: And you can't collect -- because you as you mention it's a pass through.

CHUCK BOWE: That's correct. You do -- I mean technically you get a penny and a half a can for processing but I mean that penny and a half per can's been on their since day one. There's no been no increase for the redemption amount that the liquor store gets or anybody else for that matter.

SENATOR LEONE: Okay. All right I think that's something to look into for if not now another time but I appreciate that. Thank you.

CHUCK BOWE: Very good.

SENATOR DOYLE: Thank you. Any further questions from the committee? Seeing none, thank you.

CHUCK BOWE: Thanks for your time.

SENATOR DOYLE: If you happen to offer up expertise you get drilled with other questions. Thank you.

CHUCK BOWE: Thank you.

SENATOR DOYLE: All right the next speaker is Senator Prague. After Senator Prague it's Kevin Pimenthal then Representative Kokuruda, then John Nijaime, Representative Dan Carter, Michael Cimini, Peter Bergon, Daniela Tristine, Dominique Alamo and Craig Turner. Good afternoon, Senator Prague.

SENATOR PRAGUE: For the record I'm Senator Edith Prague. I represent the 19 senatorial district. I am here to strongly oppose the Governor's bill 5021. Not only are the package stores owners in my district opposed to this but there is a section in this bill that I find appalling.

Let me talk about the package store owners, you know, the ones I have heard from they work six days a week. You know if -- if I want to have a party on Sunday I can go down on Saturday and buy whatever I need for that party on Sunday. These folks would like one day off to spend with their family. And it's not a money maker for them to stay open on Sunday.

They have to pay people to come in and take care of the business. And you know, it's another headache for them to deal with and it takes them away from their families. But besides that

there is a section in here that allows convenience stores to sell beer. For years and years this legislature has been fighting drunk driving.

You know our attempt to discourage people from drinking and driving is something that you know we hope will continue so that people will just stop drinking and driving. And yet in this bill it makes beer available.

If somebody pulls into a convenience store if they pull into to buy gas and then they run into the convenience store to buy something they need and there's beer there that they can buy. I especially worry about that because then they get back in their car and take off with the beer in the car and it could be very tempting for them to open up a can or a bottle and drink the beer.

Now I worry about teenagers pulling in to buy gas for their car and running in to get a six pack. So I don't see anything in this bill that's a redeeming feature that would make me as it is currently written even consider supporting it.

I'm hoping that this committee will seriously consider the consequences of opening up number one convenience stores to selling beer and number two the hardships this bill places on small package store owners. Whatever. Thank you for the opportunity to testify.

SENATOR DOYLE: Thank you, Senator Prague. Any questions? Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair. And thank you Senator Prague, for being here today and testifying on this behalf. And I think you highlighted a point to me that I was shocked the

last time that Sunday sales came before us but this bill specifically is I was shocked that MADD and if I'm not mistaken didn't testify last time and I'm on their mailing list. And I actually reached out inquiring why they didn't speak up because drunk driving is of concern.

And I'm not saying that any particular component of this bill is pro or against necessarily drunk driving. I'm not even making the argument for them but it has to do with alcohol. And I think it's irresponsible when you have organizations out there that are the watchdogs for various areas of social issues at least not to speak up regarding these things. It almost seems like it's picking and choosing which items that they may want to then, you know take on the forefront.

But I think any legislation related to alcohol should have a say from an organization like that because it is a social concern and one that you highlighted regarding the hard work that this legislature has dealt with in many, many years.

So I just wanted to thank you for pointing that out and I, you know wish that these organizations would be a little bit more vocal when needed regarding real issues before us and helping us make our decisions as well. So thank you for your testimony.

SENATOR PRAGUE: Thank you, Representative Rebimbas. I was shocked that MADD didn't take a position against this bill to tell you the truth. Over the years I have worked with MADD on several issues. I have a great deal of respect for the work that they do but I was shocked and disappointed that they didn't speak against this bill. I'm sure they had their reasons for not - - for what they did but whatever I didn't expect that at all.

SENATOR DOYLE: Senator Witkos.

SENATOR WITKOS: Thank you. Senator, I'm -- as you know I'm a big defender of enforcing drunk driving laws and I always have concerns of whenever we oppose legislation that would enhance somebody's ability to get behind the wheel of a car after they've been drinking.

But I tried to do some research allowed a couple of years ago for people who don't finish a bottle of wine in a restaurant take that with them and I didn't see any increase in DWI statistics. Nor did I see an increase in DWI statistics when we allowed the package stores to remain open until nine o'clock.

I know most -- it seems like most package stores now only do that on Thursday, Friday and Saturday nights even though they have the option to stay open all week long. How -- what argument can be made for other than a convenience of getting at that if convenience stores are allowed to sell alcohol that there may be more instances of drunk driving when they themselves have testified that if anybody comes to the window or inside the store to purchase something that they would be denied just as they would be denied in a package store.

I mean just because it's this type of business I don't think necessitates that there's going to be an increase in drunk driving because there's more locations for the alcohol to be sold.

SENATOR PRAGUE: No Senator Witkos, I just think it makes it easily available. Most of the convenience stores also have a -- have gas pumps. I particularly worry about teenagers pulling in for gas and running in to get a six pack.

If I remember correctly in reading this bill it also allows liquor establishments to stay open later instead of closing at a reasonable hour, it extends their hours of staying open. Who needs that for people to stay at bars and consume more alcohol and then get in their cars and get back on the road? What a disaster.

SENATOR DOYLE: Thank you. Any further questions from the committee? Thank you, Senator Prague.

SENATOR PRAGUE: Thank you, Senator Doyle.

SENATOR DOYLE: See you tomorrow. See you tomorrow bright and early. Next speaker is Kevin Pimenthal, then Representative Kokuruda, then John Nijaime, Representative Dan Carter, Mike Cimini, Peter Bergon, Daniela Tristine, Dominique Alaimo, Craig Tuner, it looks like Jim Rinsford.

Is Kevin Pimenthal here? It doesn't look like it. Okay. Next speaker then is Representative Kokuruda here? Representative, thank you.

REP. KOKURUDA: Good afternoon and thank you, you got it right. It is Kokuruda.

SENATOR DOYLE: Yeah, I was -- I apologize. I hope I got it.

REP. KOKURUDA: You did fine. You did fine.

SENATOR DOYLE: I can thank Senator Witkos for the help.

REP. KOKURUDA: Senator Doyle, Senator -- Representative Taborsak, Senator Leone, Senator Witkos and Representative Baram and Representative Rebimbas -- those are tough names

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too by the way -- and members of the general law committee.

I come before you today to voice my opposition to H.B. 5021. Over the last year we have talked about doing more for small businesses in Connecticut recognizing the numbers of jobs created by these businesses.

The bipartisan jobs bill we passed in October did much to foster the growth and encourage new business to open in our State. This bill is totally counter to all we have tried to do in supporting small business growth. In my town of Madison seven independent package store owners are threatened by provisions of this bill and they're worried about their future. Governor Malloy's Office tells us that this bill will modernize Connecticut's liquor laws so that Connecticut will be more competitive. Local independent package stores won't be more competitive, they'll be closed.

My local business owners don't know what to do about resigning leases, buying new equipment or in case of one young entrepreneur realizing his dream of finally buying his boss out and owning his package store on his own. This bill supports big business -- big box stores and encourages chain stores to take over the industry.

Our independent liquor stores dot our Main Streets and are part of each of our communities. These business owners obey our law, pay their taxes and donate to their towns civic organizations. This bill is allowing quantity discounts and doing this gives an unfair advantage to big box stores.

The quantity discounts large stores will have the ability to sell alcoholic products at much lower prices than the small retailers. The

medallion system as proposed by Governor Malloy will accelerate the closing of small package stores. And I know there's been revisions as of today so hopefully that -- those revisions will continue.

I have met with several of my local package store owners. Most of them came here today, took time off from their day and running their businesses. Each of these business owners and their employees oppose this bill.

The changes proposed in this bill in pricing, licensing and ownership rules will hurt them and all independent package store owners throughout Connecticut. While S.B. 50-- 5021 gives consideration to increased tax revenues and to greater availability to the consumer it does not assess the impact on public health and safety on -- due to greater access, cheaper prices and greater consumption.

I respectfully urge you to protect these small business and the Connecticut residents and not support this bill. Thank you for your consideration.

SENATOR DOYLE: Perfect timing.

REP. KOKURUDA: Okay.

SENATOR DOYLE: Perfect. Any questions from the committee? Seeing none, thank you very much.

REP. KOKURUDA: Thank you.

SENATOR DOYLE: All right next speaker is John Nijaime. I hope I didn't mispronounce it. John, I'm sorry if I did. Okay. He's here. Good. John. Okay. Next after John will be Representative Dan Carter, then Mike Cimini, Peter Berdon, Daniela Tristine, Dominique

Alaimo, Craig Turner, Jim Rinsfield, and Jay Polp. Thank you, John.

JOHN NIJAIME: Good afternoon, Senator Doyle, Representative Taborsak, and committee. Representative Taborsak, first I'd like to thank you for returning my phone call a couple weeks ago. We spoke on the phone. I'm here to oppose Bill 50210 and after watching everything and listening to everything go down today my speech kind of went out the window so I'm going to kind of ad lib a little bit.

We have people who work for us and our employees are kind enough to make the correct business decisions so that our -- our businesses will thrive. Job security is as important to them as it is for you and for me. If this bill passes the State will be catering to the lobbyists and big box stores.

This will make it very difficult for us to compete against their buying power and without a doubt endanger the livelihood of small business owners throughout the State and the people who we employ. My next point on this is safety. I would like to remind all of you that years ago our hours and operations were scaled back from closing at 11 P.M. to eight P.M.

The reason for that is people were getting hurt. Stores were being robbed, people were murdered. I don't need to be put in harm's way and neither does my staff. Today our hours of operation provide a reasonable amount of time for our customers to purchase what they need. We're open from eight in the morning until nine at night. If you can't get liquor within 13 hours you have an issue, not us.

To expand the hours until ten P.M. makes us more vulnerable to crimes and possibly become an

enabler to those who probably need no more alcohol. Our next point is about border stores. The majority of customers going over the border are not only going on Sundays. That is misleading because they also go every other day of the week as well. The truth is people are traveling over to border stores because of Connecticut's high alcohol tax which is imposed on each bottle or can that we sell. It's on gasoline. It's on cigarettes. It's on everything. It's not what we sell, it's what we sell it for.

The proposed bill would allow convenience stores and gas stations to sell beer. Let me remind you again we sell a controlled substance. If I'm driving through a gas station and I want a beer for a roadie I'm going to grab it and I'm going to get in my car and drive away.

Why would we give them more accessibility to have more alcohol related access but yet we're granting them more accessibility to a controlled substance. These changes will at some point bring fatal injury to someone in our families or yours. Would that still justify the changes? Is our tax dollar worth that? Next I would like to address our permits.

At this point they are scrutinized by the Department of Consumer Protection who helps us to keep liquor in reasonable hands and responsible hands. If you eliminate their jobs and the change of two permit regulations to six medallions you are now catering again to the lobbyists, Costcos, Wal-Mart's and big grocery stores.

If you start issuing permits as proposed in this new law it's only a matter of time before these permits get issued to those megastores. They will be the only ones who can handle the

immediate growth because they have the finances to do so. Also allowing more permits will eventually create a small death -- a slow death to small business in Connecticut.

The result will be more people on our unemployment line so the extra taxes that you make will not help the State it will just continuously pay for someone else's unemployment because we've eliminated their jobs. In closing I'd like to ask you to take a hard look both morally and ethically on what your voting on and what the long term result will be. Think about the jobs you're going to take away and the people who will be collecting unemployment if this bill passes -- passes in its entirety.

I ask all of you why in today's economy of eight percent unemployment would our State pass a bill that will eventually close small businesses such as mine. The small business in the heart, soul, and largest employers in our country and great State, wouldn't it be best to help us survive instead of putting our jobs in jeopardy?

SENATOR DOYLE: Thank you. Any questions from the committee? Representative Tallarita.

REP. TALLARITA: Thank you. You're a package store owner. Is that correct?

JOHN NIJAIME: That is correct.

REP. TALLARITA: And do you sell single beers in your package store?

JOHN NIJAIME: I do sell single beers.

REP. TALLARITA: Thank you.

SENATOR DOYLE: Thank you. Representative Taborsak.

SENATOR DOYLE: Okay the next speaker is Mike Cimini, Peter Berdon. Is Michael here? Yes he is. Okay. Mike Cimini, then Peter Berdon, Daniela Trinstine, Dominique Alaimo, Craig Turner, Jim Rinsford, Jay Polk, Allen Wilensky and Nicholas Hein I think or Richard Lemay I guess one of them. Anyway, Michael. Thank you.

MICHAEL CIMINI: Thank you. Thanks to the chairmen and the ranking members and the other members of the committee. I know I have three minutes so I'll try and go through my points quickly but I'd be happy to answer any questions.

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I was kind of born and raised a Connecticut boy, grew up in Prospect. Started in Waterbury and then in prospect for most of my life but after school I ended up in Massachusetts, taxes were cheaper. My Massachusetts experience is running large liquor stores there.

I used to own Yankee Sprits which you've heard some testimony on. I actually sold that business a couple of years ago in part because the State of Massachusetts put sales tax on the business and we lost about ten percent of our volume not just in that store but in the store on the Rhode Island border.

So to escape those tax situations I took half of my money off the table, put it in other industries. I took the other half and I put it half in Massachusetts and half in Connecticut. So I'm now a liquor store operator in both states. One thing that you have to understand when you're talking about it's just like Massachusetts or it's just like somewhere else is it's not. It's very much a case of apples and oranges.

I believe it was Senator Kissel who was referencing double the number of permits per

people. It's almost triple the number of permits per people in Connecticut. Many have spun a gloom and doom scenario. I don't know how gloom and doom it will be but I do know that if you add that number of licenses in you're going to see increase competition that's going to force good paying jobs either out of the state or to lesser paying jobs. Get back to that in a minute. You're also going to create tremendous pressure on safety. In the states that --

I believe it was Senator Witkos who was referencing, it was organic. Licenses grew to meet that need. If you add a whole bunch of new licenses you now have a whole bunch of new license operators to get out there. Many of my colleagues feel the convenience stores don't do as good of job as policing the sales as us. I think that's probably not true.

I think there's a percentage of us and a percentage of them who fail. And the more of us you put on the street that percentage creates a larger absolute number that fails. I also think that their employees tend to have less skin in the game because they can employ 16 and 17 year olds. We don't. We have people that are going to be more responsible about that. But again that's not at the point of sale. That's out the back door. That's you know, in a Pepsi 12 pack.

Someone had referenced that the same is true of our industry as others and that the jobs can come or go just like in any industry. Absolutely. Just like pharmacies. Just like hardware stores. Just like small mom and pop grocers. Those jobs are not there anymore. Look at the number of jobs -- let me rephrase that -- look at the dollars being paid to jobs in hardware stores today because the big boxes control it. It's just not there.

Something we learned in retail a long time ago, it's easier to keep an existing customer than it is to get a new one. So we were here first. We were the ones that had this advantage. Other people opened their business knowing what the laws were and you're trying to change ours. Lastly the advantage -- the comparatives and I've put this in my written testimony if you've got it -- it's really taxes and the bottle bill.

You can get everything you want if you reduce the number of stores which you will do through competitive pressure but if you leave the taxes and the bottle bill on people will flow over the borders.

REP. TABORSAK: Thank you for your testimony, Mr. Cimini. Are there any questions? Senator Witkos.

SENATOR WITKOS: Thank you. Mike you heard earlier from Senator Musto who had a question to the -- the distributors and the wholesalers not really having any -- any skin in the game here and the focus seemed to be on the retailers.

And you're in a unique position both by owning and operating stores in Massachusetts and Connecticut. And how beyond the retail levels do they compare, if we want to be competitive with our neighboring states?

MICHAEL CIMINI: Well that's an excellent question. The beer territories that you've heard about limits competition whereas in Massachusetts if I have stores in multiple beer territories I can transship those goods to create a pricing competition. Also you franchise laws. Your franchise laws that protect the wine and spirits wholesalers allow for basically price collusion.

That happens there. There are other things. And then in terms of suppliers and Diageo, of course it's good for them. They're going to sell more and they're not going to have any other cost of overhead. By the way, nor will they add an additional -- a single additional job. They're a 16 billion dollar company. They're not going to add a job based on what you sell in Connecticut. They sell to China. You know, we're just not there.

REP. TABORSAK: Any other questions for Mr. Cimini. Cimini? Okay. Senator.

SENATOR KISSEL: Thank you, Chairman Taborsak. First of all I told my friend and colleague Representative Rebimbas, either I'm getting old or you just seem way too young to have owned, you know, Yankee Spirits.

You said it's the bottle bill and taxes and that's basically it. Are there other areas and you may have responded to Senator Witkos regarding this but if you could point to one other major area where we are just not competitive with Massachusetts. And along with that I have -- my colleague -- my constituents and myself have long believed that Massachusetts poaches our people.

They advertise across the border. They actually reach out and they -- they're trying to do everything they can to pull Connecticut folks over across and just, you know, without betraying any, you know, commercial secrets can you expand upon that. Because I really think that, you know, they're eating our lunch and they're laughing about it all the way to the bank.

MICHAEL CIMINI: Absolutely. When I owned Yankee Spirits not only did we advertise in the

Hartford Courant but we sued the State of Rhode Island to advertise in the Providence Journal and won that suit and pulled Rhode Island customers over. But I'm sorry it is the taxes. I mean I won't quote Bill Clinton because some of you would like that and some of you wouldn't but it's the taxes and again I won't follow with the offensive statement. That's what makes the price difference. The -- the suppliers sell at the same cost of acquisition to the wholesalers.

The wholesalers make the same gross profit within a couple of points in the two states. And the retailers make the same gross profit. To be honest when I moved to Connecticut I thought geez, minimum pricing, I'll make a point or two higher gross profit. I make point one five percent more gross profit in Connecticut than I do in Massachusetts. So virtually undistinguishable. There isn't really anything else.

The bottle bill again is more of a factor of Rhode Island which doesn't have one but I owned a store in Attleboro, Massachusetts and we were border raiders into Rhode Island just like the Sturbridge store is to Connecticut and we were at a competitive disadvantage because even though our beer pricing was a little bit cheaper the \$1.20 at that time on a 25 dollar 30 pack ate up that advantage. There really isn't anything else.

I mean those are the differences. The cost of acquisition is roughly the same for these -- for these manufacturers and then it just gets eaten up in taxes. You put a tax on a tax as the senator or representative referenced earlier and to be honest we all put profit margin on that tax.

So the excise tax which is buried below it gets tacked on with the profit margin at the wholesaler because it is the cost of doing business. It is -- you have to hold your funds to pay that tax. And all of those get ratcheted up and create a price disparity.

SENATOR KISSEL: Okay. And on the Sundays sales because there's always this argument and it seems like Sunday sales is probably an issue that's probably leaving the scene or hopefully leaving the scene but, you know, someone like Carroll Hughes will say you go up to some of those larger stores that are -- what did you call them, border raiders?

MICHAEL CIMINI: That's correct.

SENATOR KISSEL: Yeah. A term of art I just learned this afternoon. Border raiders. I knew they were border raiders. I'm hoping Connecticut could be a border raider someday but it could be a wait. But -- okay so there's plenty of Connecticut license plates in these parking lots seven days a week but it strikes me that convenience especially on weekends, especially with harried schedules and there's only so much time to go out shopping.

I mean is it -- do you have a position regarding Sunday sales such that if Connecticut actually adopted it there would be some additional sales in Connecticut if not predicated on cost and given the tax situation and differential but at least predicated on mere convenience and that, you know, I can take 15 minutes and just drive the road. That's much better than me taking an hour and taking care of that business.

MICHAEL CIMINI: In an apples to apples environment, absolutely. I mean, it makes great sense for

the State to want Sunday sales. It makes great sense for the suppliers to want Sunday sales. There are additional sales whether that's because someone doesn't go to Massachusetts or because they ran out on Saturday and they want to get that. But the costs are born by the retailers. Now you can make that decision.

You can say the retailers have to bear those costs, that's what we want for the convenience of our consumers. But what happened to us in Massachusetts was Sunday wasn't our second busiest day as someone testified at least for Yankee Spirits. It was our third busiest day; Saturday then Friday then Sunday.

And we didn't lose that business on a Saturday as you've heard some rumors. But we did lose that business on a Monday, Tuesday and Wednesday. And we were already skeleton staffed. We could not reduce the amount of staff on Monday, Tuesday and Wednesday because it was already pretty thin.

But clearly the State will make more money because they'll get there. And if you want to be a border raider I'm going to speak out of school from the Connecticut Package Store Association but start in the morning because Massachusetts isn't eating a lot of your lunch on Sundays because they don't open until noon.

So really the game's at one or the game's at four who is going to go up to Massachusetts at noon and shop and then hustle their way back here? They're going to shop where it's more convenient or go up on Monday, Tuesday, Wednesday, Thursday, Friday, Saturday.

SENATOR KISSEL: Thank you. Thank you, Mr. Chair.

SENATOR DOYLE: Thank you. Any further --
Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair. Good
afternoon.

MICHAEL CIMINI: Good afternoon.

REP. REBIMBAS: I think you bring a very interesting
perspective obviously being a business owner in
both states. I'd love to know your opinion on
the medallion system because I'm still not
convinced we have enough information as to what
type of a system it really is.

And the fact that no one's been able to confirm
that this is used in the liquor industry opposed
to a taxicab industry. I'm not convinced that
it's a good thing. So as a package store owner
in two states how -- what is your opinion
regarding the medallion system as proposed?

MICHAEL CIMINI: I'm not in favor of the medallion
system at all. I think it's interesting -- not
only am I in two states but I've been fortunate
enough to be recognized by a number of national
organizations in our organization so I know
retailers from all over the country.

I haven't found one of these either in our
industry. It seems to me as a representative
said to me it's a solution in search of a
problem. We have equity in our permits. We can
sell our businesses as long as there's no open
license for a good amount of goodwill.

And I've also been told the medallions were
supposed to be the carrot for the retailers.
None of the retailers that I've spoken to in
Connecticut which is about 100 at this point see
it as a carrot. They see it as another stick.

REP. REBIMBAS: Thank you for your testimony.

SENATOR DOYLE: Thank you. Senate Leone.

SENATOR LEONE: Thank you, Mr. Chairman. Just a quick question since you are in two states and as you mentioned border raiders, people going across the State to make purchases. Where -- where do you get the -- which one -- which side is more profitable, the Massachusetts store or the Connecticut store in terms of sales?

MICHAEL CIMINI: Well so I described earlier the profit margin is virtually the same within point one five percent so in terms of making a profit in each individual sale it is -- it is absolutely very, very close but if your question is which ones are overall make more money than its Massachusetts because we have one license for 7,500 people instead of one license for 2,500 people.

So the largest store in Connecticut, and I don't know what that is, it doesn't even approach the tenth largest store in Massachusetts in terms of volume of sales.

SENATOR LEONE: And I'm not -- I don't know where your locations are but are you capturing any Connecticut residents in your Massachusetts store on Sunday?

MICHAEL CIMINI: I no longer am. Again I moved to the center of the State to get rid of not just that pressure but the New Hampshire pressure more importantly for me so I'm in Worcester, Mass and Shrewsbury, Mass which is just to the east of Worcester.

And I'm in two relatively urban locations so I don't have a lot of customers that drive a long way to go anywhere else anymore.

SENATOR LEONE: Okay. Thank you. Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Any further questions? Seeing none, thank you very much.

MICHAEL CIMINI: Okay. Thank you and the committee.

SENATOR DOYLE: Next speaker Peter Berdon. Is Mr. Berdon here? Yes he is. Daniela Tristine, Dominique Alaimo, Craig Turner, Jim Rinsford, Jay Polk, Allen Wilensky, Nicholas Heim and Mark Wilson.

PETER BERDON: Good afternoon, Chairman Doyle, Chairman Taborsak, vice chairs Leone, Baram, ranking members Witkos and Rebimbas. My name is Peter Berdon and I am the Executive Director of the Wine and Spirits Wholesalers of Connecticut. I am also a member of the advisory committee for the Wine and Spirits Wholesalers of America, served as its Chairman from 2009 through 2011.

I'm also an attorney in private practice with an active beverage alcohol practice and I'm a sustaining member of the National Association of Beverage Licensing Attorneys. The members of the WSWC purchase wine and spirits from manufacturers and in turn market and distribute those products to restaurants, bars and package stores. In fact many of our customers are here today.

The Wine and Spirits supports the subsidy proposals to House Bill 5021 that Commissioner Rubenstein outlined in his testimony earlier today. Specifically we had identified several major areas concern with the Governor's original proposal to this committee.

These major concerns involved the following; elimination of price posting for wholesalers and posting of minimum bottle prices at the retail level for all products, an immediate increase in the number of liquor store licenses that could be held by a single entity from two to nine and also including grocery stores, allowing retail sales below cost without limitation, and elimination of the prohibition of price discrimination and inducements and wholesaler pricing independence.

After several weeks of good faith discussions with representatives of OPM and the Governor's Office we reached a satisfactory result in our negotiations of these very important issues to our members. And it is for that reason we are supporting this substitute proposal.

The WSWC views this as a work in progress and works forward to working with this community -- this committee, the Governor's Office and other stakeholders in crafting the substitute language for H.B. 5021. We understand that the committee may have questions and concerns regarding the bill in general and may seek to understand the nature of the changes which we negotiated with the Governor's Office and we are certainly looking forward to being a resource to the committee regarding such issues. We have submitted written testimony in further support of our position. I'd be happy to take any questions.

SENATOR DOYLE: Thank you. Any questions from the committee? Representative Reed.

REP. REED: Thank you, Mr. Chairman. Good afternoon, Peter.

PETER BERDON: Good afternoon, Representative.

So are you fully onboard with enthusiasm?

This is a -- it is a compromise that we worked out with the Governor's Office and -- and we are happy to have been able to do so.

And so all -- all the refined language as you understand it has already been submitted or are there a few outstanding issues --

PETER BERDON: No.

REP. REED: -- that you'd like to see addressed?

PETER BERDON: No. As I understand it the language has not been drafted. My understanding is that Commissioner Rubenstein did talk to the points in terms of principle as to the compromise. My understanding is the language is going to take some time to prepare.

So that's why we still consider this to be a work in progress in terms of getting that actual language worked out among all the stakeholders.

REP. REED: Thank you for your testimony.

PETER BERDON: Thank you.

REP. REED: Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Senator Witkos.

SENATOR WITKOS: Thank you. Could you describe what the wine and spirits in the wholesale market what -- are they territorial bound or is it wide open?

PETER BERDON: The wine and spirits wholesaler business has developed differently historically than the beer distribution has. Wine and spirits tend to be distributed on a statewide

basis. There is one exception. There are two houses here in the State of Connecticut that have basically split the State in half.

One which is Allen S. Goodman over in East Hartford has the northern and eastern portion of the State and Eder Brothers which is located in West Haven, Connecticut has the southern westerly portion of the State. They do tend to carry sister brands. So in other words if you look at their brand representation it is fairly similar although not identical. The balance of the wholesalers and there are 83 wholesalers in this State. The balance of those wholesalers are statewide for the most part.

It is -- it is -- the determination, it is important to note that it's the determination of the supplier when they are selecting a wholesaler as to the determination as to what geographic area the wholesaler can distribute in. It's not the wholesaler who makes the determination. It's in fact the supplier who makes the determination.

SENATOR WITKOS: Could I just do a quick follow up? So you're saying two entities kind of -- you kind of defined them as having a semi lock in a territory could you just further expound on that in the sense I mean is it like a county where they have 100 percent exclusivity or just with their brand names?

PETER BERDON: With respect to Eder Brothers and Goodman?

SENATOR WITKOS: Yes. Just more detail so I understand how it works.

PETER BERDON: Certainly. First off it's important to understand that in the wine and spirits side of the business as opposed to the beer side of

the business and again this is mostly true with respect to spirits as opposed to even wine. Most of those -- many of those appointments for most of the major brands are done on what we call the dual basis. It's called dual.

And we are a significantly dualed marketplace as compared to other marketplaces. If you were to go north into Massachusetts, Massachusetts has a very different distribution marketplace than does Connecticut. There are two major wine and spirits in those states and those two wholesale houses tend to have exclusivity. In other words they solely distribute single products within each house. There's no crossover in terms of brands.

Here in Connecticut on the wine and spirits side however a large portion of the spirits businesses is dualed, tripled, quadrupled and even sometimes there could be five houses selling the same -- the same brand. And obviously in those instances where you have multiple houses selling the same brand there is very significant supplier input as to how that brand is marketed, how that brand is priced and how that brand is distributed. There is on the other side a lot of competition inter brand. So in other words you have Absolute Vodka competing with Grey Goose, competing with Shmirnoff. You end up with that kind of competition.

With respect to the Eder Goodman issue again, they do tend to carry a very similar portfolio of brands but they're not identical because they are separate companies. It's just historically the way their appointments have been over time.

SENATOR WITKOS: But they don't have any -- like say it's five town whatever the district they are, they're not the only exclusive supplier by any law or rule or anything. It's just --

PETER BERDON: No and in fact they're not. So by way of example Allen S. Goodman who is located in East Hartford will compete with Brescome Barton. They will compete with Connecticut Distributors. They will compete with Hartley and Parker. They will compete with Opici and they will compete with Winebow.

So they are competing with, you know five or six other major wholesalers and another, you know 80 odd wholesalers so they're just not competing with Eder Brothers because Eder Brothers is in a different portion of the State. So again where Eder Brothers is down in the southern portion of the State they're competing against that same group of wholesalers.

SENATOR WITKOS: Oh so it's just -- you just -- Eder Brothers has decided just to sell in a certain portion of the State itself. Is that fair to say or no?

PETER BERDON: Yeah. What has happened over time is there were more locally operated wholesale operations on the wine and spirits side. So historically what would happen is the supplier would appoint a wholesaler on a county by county basis. Eder Brothers had two locations.

One was in West Haven and one was in Greenwich and so historically they had that portion of the State. And so as they would gain appointments they would concentrate their business in that portion of the State. And so they've not sought -- sought to go outside of this.

SENATOR WITKOS: So that's their business model?

PETER BERDON: That is their business model because you have to go ahead and you have to be able to distribute the product. You don't want to -- if

you're delivering in the southwestern corner of the State take one truck and drop off, you know, one case in the northeast corner some place. It just wouldn't make sense.

SENATOR WITKOS: Okay. Thank you for the help there.

SENATOR DOYLE: Representative Taborsak.

REP. TABORSAK: How you doing, Mr. Berdon? Quick question for you and I'm hoping maybe you can just explain this for the committee. Section 17 in the -- in the Governor's bill the new section regarding floor stock allowances.

PETER BERDON: Yes.

REP. TABORSAK: Or depletion allowances.

Yes.

Can you -- can you explain the purpose of that? Is that something that you'd be able to just -- so that people understand that, what that addresses.

PETER BERDON: Sure. As I -- as I understand section 17--

Sorry to put you on the spot there.

No. Not at all. As I understand section 17 it expands the depletion of floor stock allowances to beer which we already have on the wine and spirits wholesalers side. The provision also attempts to set up a outside payment date by which suppliers must reimburse wholesalers for their depletion allowances.

The way the process works is a depletion allowance you receive for the cases that you sell during a given set time period. In order

to get that money from the supplier you have to do some paperwork, submit an invoice to the supplier, there has to be a reconciliation of credits back and forth and then the supplier will remit payment back to the wholesaler.

That process takes some time and I think there was some concern that that time period is overly long in certain instances and so in order to provide some protection to local wholesalers here in Connecticut there was an attempt to provide a requirement in there that would provide an outside date by which payment should be received.

REP. TABORSAK: Okay. So that -- you -- so that's not a provision that -- that you have a problem with per se. It's sort of to correct a -- to speed up a payment to wholesalers for this.

PETER BERDON: It's not something we had a major concern about. It's not something quite frankly that we addressed in any sort of significant way. If the committee were to keep that provision in we're fine with that.

REP. TABORSAK: Okay. Thank you for your clarification.

SENATOR DOYLE: Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair. Good afternoon.

PETER BERDON: Good afternoon, Representative.

REP. REBIMBAS: Following Representative Taborsak's last question regarding items of concern, what other items of concern do you have regarding this bill?

PETER BERDON: Well like I said in the beginning of my testimony this was a compromise that we worked out with the Governor's Office. You know we're going to stand by that -- that compromise that we did enter into with the Governor's Office in terms of the major concerns that we had with respect to the bill.

There's obviously some issues in terms of finalizing drafting of language that we're going to be hopefully having input on, the issue of quantity of discounts is certainly going to be one of those issues that we're going to look to be having some additional input on. As well as insuring that with respect to the points that we've raised that the language is appropriate.

REP. REBIMBAS: Okay. And I'm asking because obviously for this committee it's -- we have the responsibility of now taking all the testimony and trying to craft appropriate legislation. So I did note the quantity discounts. What is your position regarding the medallions system?

PETER BERDON: Frankly I -- not that we really have an issue. It's something that the package store folks have to deal with. But I do practice in the beverage alcohol area and I have to be honest with you, now that the Governor's Office has conceded to the -- keeping the moratorium or keeping the per capita limit of package store licenses in place, I'm scratching my head as to what the medallion system either adds or takes away from what current law.

As many folks have commented a package store owner has the ability to go ahead and sell their business under the current system. It is a little bit tricky because sometimes as a lawyer we are forced to craft these purchase and sales agreements regarding, you know, the intangible property that's being transferred.

And so certainly the medallion system gives you something that you can refer to. So in large respects I see it quite honestly in many respects as codifying or providing some sort of structure to what already exists.

So I don't see it as hurting the current situation. I don't see it necessarily as providing an advantage with the one exception being that I'm not clear as to whether or not the intent is to cap the current number of licenses. So if the intent is to cap the current number of licenses then it does change things because even though you're going to maintain the per capita ratio for towns that are under the limit currently if you're not issuing additional licenses it does provide something of value to the package stores. But that was one point I just wasn't particularly clear on.

REP. REBIMBAS: Okay. And just another quick question as a follow up. Regarding the minimum resale pricing and the redefinition of cost.

PETER BERDON: Sure.

REP. REBIMBAS: Do you have an opinion regarding that as to how that may impact the package stores or the industry in general?

PETER BERDON: Certainly. And by way -- just by way of clarity it's important to note that wholesalers do not dictate that minimum resale price. Wholesalers are statutorily required to post two prices. One is the posted bottle price which is the price at which a wholesaler will sell a single bottle of a product to a package and we do do that.

We sell quite a few single bottles to package stores believe it or not. Not all our products

are sold by the case. We then also post a case price for products for which a whole -- a package store could purchase those products at that particular price. Statutorily the posted bottle prices have been defined as the package stores cost.

There has been -- there is a statutorily mandated split case charge that wholesalers must impose on single bottles but it's pennies a bottle. What has happened over time is is that posted bottle price when you compare it to a single bottle purchased within a case that that price differential has ranged anywhere from pennies now to could be as high as 30 or 40 percent of the bottle depending upon how the wholesalers want to try to manage their bottle versus cases case business.

So it's a matter of economics on the wholesaling side. Certainly for those package store that are buying items that have what we call a high bottle which is a big differential between the posted bottle price versus the cost of that unit in a case. You know there is -- there is a revenue stream in there for package stores that they are accustomed to.

This bill will take away that -- that protection. It will provide -- certainly provide flexibility in terms of pricing for package stores that they've not had before in the past. And we recognize that. We also recognize that the original bill as proposed had absolutely no pricing floor whatsoever. So that by way of example if somebody wanted to sell a case of beer for three dollars they could go ahead and do that.

We thought that that quite frankly was not socially responsible. It's not keeping in good practices for the distribution of beverage

alcohol. And we were also quite frankly fearful that there would be large public companies that would come into this State who could engage in long term creditory pricing that would injure our package store customer base. If you have to recognize that the package stores are our customers.

These are the people that our members sell to on a day to day basis. And certainly the vitality of their businesses is important because it affect the vitality of our businesses. And so we were very pleased that the Governor's Office, you know recognized that particular shortfall in the original proposal and has agreed to put in substitute language that would provide a floor - a pricing floor of actual cost.

It's the lesser of either actual cost or the lowest posted price in a given month which would basically be a package store's replacement cost. And then there's a certain ability to have a very limited number of loss leaders.

And again there's also a floor there of ten percent below that actual cost. So there is definitely some pricing protections that have been added back in under the substitute proposal. We think that is a good thing for the package stores and we're pleased that the Governor's Office consented to that.

And I certainly appreciate your testimony and recognizing obviously some of the issues that the package stores had with the original proposal and certainly still some of the challenges with the substitute language. Thank you.

SENATOR DOYLE: Thank you. Any further questions from the committee? Senator -- Representative Baram.

REP. BARAM: Thank you, Mr. Chairman. With regard to the posted cost that you were just talking about, who will calculate what that posted cost is? And under the Governor's proposed bill, will it be accessible to everybody so they know what the game is? How much they can -- what the floor is for charging?

PETER BERDON: The -- the system, as I understand it, would require wholesalers to continue to publish and file their pricing. So the current month's price, the best price -- that second item that I mentioned in terms of the new definition of cost -- that will be a published -- a published number. Anybody will be able to see that.

In terms of the actual cost of acquisition, that is going to be a historically published price. So you might not know exactly what that particular store bought that particular item at without looking at the invoices for that item. But, certainly, you're going to know what the range is because you'll have the opportunity to look at the published prices.

And for those of you who aren't aware, wholesalers in the state of Connecticut, do publish a -- a monthly journal with all their prices in it. And so any -- any retailer can go into that book, look at any wholesaler's set of pages and take a look at what their published prices are. It is also -- since we are now becoming a little bit technology savvy -- it is available online so retailers can subscribe to it -- a pricing service which will actually search for the best price among all the wholesalers for a class of goods. And so, in those senses, it will be publically available.

SENATOR DOYLE: Senator Kissel.

SENATOR KISSEL: Thank you very much, Chairman Doyle.

Mr. Berdon -- Attorney Berdon, good to see you.

PETER BERDON: Good to see you, Senator.

SENATOR KISSEL: It's a really complicated area -- the whole three-tier system. And as much as I've been on this committee for a lot of years and was on it many years ago. If you could, just walk me through a little bit of how this is done because this is going to help me put this into perspective.

You have -- let's say, a bottle of Chianti -- what is it, 750 milliliters for a regular bottle. It's -- it's manufactured over in Italy.

PETET BERDON: Uh-huh.

SENATOR KISSEL: The first stop is what? The importer? Or the --

PETER BERDON: No. Actually probably the first -- depending upon the size of the winery, the first stop for that bottle is probably at an aggregator because you're going to want to bring over a full container of goods. So mechanically that -- that bottle is going to go from a winery. Depending upon the size of the winery, it's going to go to an aggregator. If the winery is large enough to provide a full container or half container in terms of shipping, it will just go directly to the winery. It will then come over through on seas transport into the United States. There will be, most likely, an importer involved in that, someone who is importing those products. That importer may or may not directly sell to a -- a wholesaler. The importer may in turn sell to another United States distributor. The goods,

if they're coming into New-England, will probably land in -- in New Jersey -- possibly Boston, but most likely New Jersey. From there they'll be, again, transported and sold to a licensed out-of-state shipper for the state of Connecticut; that out-of-state shipper could or could not be the importer; that out-of-state shipper in turn would sell their goods to a licensed wholesaler within the state of Connecticut; that licensed wholesaler would take the inventory of goods in, stock the goods here in the state --

SENATOR KISSEL: Okay, hold on. I don't want to be rude. I -- I love the fact that you're bringing me all the way here. Now when you say the -- the transporter from New Jersey now is going to bring it into Connecticut and then give it to the wholesalers. Am I to now assume that this would be one of the -- what is it 83 of you folks?

PETER BERDON: Correct.

SENATOR KISSEL: Right so -- so after it lands probably in New Jersey, probably not Boston, it's transported up. It's going to now the next step is one of your 83 members.

PETER BERDON: Correct.

SENATOR KISSEL: Okay. Continue.

PETER BERDON: They have previously been appointed on the brand. The label has been registered with the Department of Consumer Protection here in the state of Connecticut, already in advance of that; otherwise, you can't bring the product in. The label has also been registered federally with the TTB. The wholesaler takes the product in --

SENATOR KISSEL: Hold on one second. When you say the "label has been registered" --

PETER BERDON: Certainly.

SENATOR KISSEL: -- let's say there's -- I don't know -- Yellow Tail. Australia makes all different kinds of Australian wines. When you say "the label," is it each individual --

PETER BERDON: Yes.

SENATOR KISSEL: -- kind of wine --

PETER BERDON: Yes.

SENATOR KISSEL: -- or is it just, you know, all wines, so to speak?

PETER BERDON: No, and the reason I'm laughing is there actually is a big issue with Yellow Tail where the guy I happen to handle -- I represented the supplier on that particular case. It was a error on registration of one of the particular brands. So it's kind of ironic that you picked that one up.

And so, yes, the answer is -- and in the case with respect to Yellow Tail -- was there is Yellow Tail Chardonnay and there's also a Yellow Tail Reserve Chardonnay. The Reserve had been doubly registered here in Connecticut twice and the actual main brand had not been -- the renewal had not been issued. So, yes, you have to register every single brand which includes varietal flavors. So in the context of wines, chardonnay, chardonnay reserves -- two separate label registrations.

In the context of spirits -- to use some name brands: Absolut, Absolut Citron, all separate label approvals.

SENATOR KISSEL: Okay. Does that apply for beer, too?

PETER BERDON: Yes.

SENATOR KISSEL: Okay. So it's like Sam Adams has this different thing every couple of months. All of those have --

PETER BERDON: Sam Light, correct.

SENATOR KISSEL: -- to be registered.

So there's one area over across the street, Department of Consumer Protection, where every single alcoholic beverage label -- does that apply to aperitifs and all those very fancy --

PETER BERDON: Absolutely, 33,000 of them.

SENATOR KISSEL: Okay. Wow.

PETER BERDON: Yes.

SENATOR KISSEL: Interesting job to keep track of that.

PETER BERDON: Yes.

SENATOR KISSEL: Okay. So it goes to you guys and then in response to Chairman Doyle, I believe his question was it's not you folks who then carve up the state, but it's the people -- the suppliers that aggregate it or it's the suppliers that --

PETER BERDON: It --

SENATOR KISSEL: -- made the contracts with the vintners or who is --

PETER BERDON: -- when -- when a brand is initially coming into the state, in order to register that label the supplier has to issue what's called a "Letter of Appointment" to wholesalers. And the supplier determines what wholesaler they wish to have distribute their particular product in the state. They can limit that appointment based upon geography; they can also at that particular point in time decide whether or not they wish to have one or more wholesalers distribute their product within the state. It's the supplier's determination at that point in time.

SENATOR KISSEL: Okay. So it might not be unusual to have, for example, the folks in -- in -- what was it West Haven or East Hartford or --

PETER BERDON: Allan S. Goodman's over in East Hartford.

SENATOR KISSEL: -- right. But there might be someone else who is also a wholesaler that might cover, like a little geographical corner of the state, because the other ones don't tend to go up there that much or --

PETER BERDON: No. All the other wholesalers are -- are statewide in terms of their appointments.

SENATOR KISSEL: Okay. So what sort of is the driving force? Is it money agreements? Is it -- is it long-term relationships or what -- what drives this train at this point in time?

PETER BERDON: All of the above and more. It has to do with portfolio mix. In other words, is that particular product a good mix within the portfolio of the wholesaler? Is -- is the particular brand a new and unknown brand, or is it a long established brand? There are also industry politics that are involved. Does the supplier or a particular executive at the

supplier have a particular relationship with one or more individuals at one of the wholesalers? All those things kind of come into the mix.

SENATOR KISSEL: So who would be the controlling interest in that -- in that business relationship at this point in time? It's the -- it sounds to me that the whole -- that your folks are sort of competing for the business of the folks that are bringing the product in.

PETER BERDON: The answer is yes; and the answer is also no. It depends upon the brand and the likely exposure of the brand compared to -- and that's the primary issue. Certainly, there are a lot of brands -- even though we distribute 33,000 brands here in the state of Connecticut, entry of new brands, the innovation of new brands is constant. New brands are constantly coming in. Twenty-five percent of the brands that you see out in the marketplace today did not exist 10 years ago.

SENATOR KISSEL: Okay, so --

PETER BERDON: And so in terms of wholesaler attention, there is constantly a competition to get their attention. Wholesalers, obviously, they have limited resources. They can't take on every single brand and distribute every single brand.

And so to a large extent, it's like entering into a marriage. You want to see if it's a good fit, whether or not you're going to be successful in that particular relationship. Because a successful relationship is a relationship with the wholesaler being able to go out, take a brand, distribute it, build the brand and be successful on behalf of the supplier. And that's -- that's a great relationship to have. And it is trying to make

that gauge as to whether or not the brand is going to be successful and whether or not the wholesaler is going provide the proper attention and resources to the brand. Those are the two kind of competing interests that are going on between the supplier and the wholesaler during that introductory period.

SENATOR KISSEL: Okay. So whether it's imported or domestic, the proper terminology is "supplier," and suppliers then deliver the product to the wholesaler.

PETER BERDON: Correct.

SENATOR KISSEL: And then so -- so you have that relationship that you have and it's a give and take.

PETER BERDON: Yes.

SENATOR KISSEL: You know maybe for some of the fabulous well known long lines you want to keep that relationship. And if it's a new, something new, you don't know if it's going to fit, they have to court your folks a little bit more because you only have so much capacity and it's going to be pick or choose.

PETER BERDON: That -- that is correct. And certainly, it also depends upon the wholesaler. There are large wholesalers and there are smaller wholesalers. Wholesalers range in -- range in a wide range of sizes. And so sometimes a particular product might be a better fit with a small niche wholesaler versus being a better fit with a larger wholesaler that has a large brand portfolio that can provide better distribution and better penetration into a broader based market.

SENATOR KISSEL: Okay. And before we leave your folks, would you say out of the -- what was it? Eighty-three?

PETER BERDON: Eighty-three.

SENATOR KISSEL: Out of the 83, would you say most are on the larger side? Or -- or -- I mean how does -- how is your mix of membership?

PETER BERDON: I would say that probably 80 percent of the spirits is delivered and distributed -- sorry -- 80 percent of the wine, beer and spirits is sold by 20 -- 20 of the houses.

SENATOR KISSEL: Okay. So you have 20 big gobs and you have 63 other that want to be the gobs.

PETER BERDON: Well, there's not --

SENATOR KISSEL: -- or want to play a role.

PETER BERDON: -- some of them are medium sized; some of them are smaller in size, but they are on mixed distributors. And quite frankly, there are even distributors or wholesalers that sell even single or even two or three products.

SENATOR KISSEL: And they're happy because they're making a profit (inaudible) --

PETER BERDON: -- and they're happy and they -- they make, you know, a living doing that.

SENATOR KISSEL: Okay. Now, after it gets to you -- your folks, and you've got these agreements with the suppliers, now you have to turn around and market to the restaurants and the package stores?

PETER BERDON: Yeah, over 5,000 licensees here in the state of Connecticut.

SENATOR KISSEL: Okay. So -- so out of all this 33,000 brands now get distributed out to the 5,000 licensees?

PETER BERDON: Correct.

SENATOR KISSEL: Now, one of the -- and you -- and you said that the suppliers determine who has rights to a product and geography --

PETER BERDON: Correct.

SENATOR KISSEL: -- and then who determines price?

PETER BERDON: The wholesalers currently establish their prices.

SENATOR KISSEL: Okay. And one of -- and the last -- and so then the last rung on the ladder is the retailers, restaurant and -- and package stores. And we haven't heard a lot from restaurants so I'm assuming that they have less concern with this proposal. It's really the package stores. And one of the things that I heard -- and you sort of alluded to this in your testimony is that these five lost liters. What I heard the gentleman from Groton saying, Hey, I have such a small -- I have a small store; I have to compete with these other businesses right in the same parking area, strip mall, something like that, and that those five lost liters could really hurt his business.

Now, I understand that the five lost liters is probably a change from where the Governor's office came from, but do you see that -- it seems to me that right now we're in a very structured system where we don't allow that and to allow that for certain parts of the portfolio that, let's say, the lost liter is my biggest product and you're beating the tar out of me for

the whole month of February. I'm taking a huge hit. And is that -- is that something that could potentially hurt him?

PETER BERDON: Certainly, the proposal that is on the table represents a change from -- from the current system. And certainly, I can't speak to particular individuals in the circumstance. Each circumstance is going to be unique and different, but it does certainly present a change from where we currently are.

SENATOR KISSEL: I really appreciate that and I appreciate the indulgence of my colleagues and - and the folks that are here to testify. I have a much better idea of how this process works. I guess my overall concern is while I appreciate the efforts that the Governor has made especially regarding the aspect regarding Sunday sales, on a lot of these other very technical aspects, I have a concern that some very large players -- and you had mentioned that probably as the starting point is New Jersey -- that some of these very large players along the way and even some of your members that are very large in the field might -- through good lobbying and through good negotiation have protected their fiefdom a little bit better than maybe the hundreds of smaller package stores that at the end of the day are there going to be interreaction with the public and are actually small businesses that, you know, have a difficult time making their -- their monthly bills.

PETER BERDON: I would just comment, Senator, that even though our businesses may be seen -- seem large, most of my members in the context of the fishbowl of the distribution of beverage alcohol, many of my members are smaller than some of the larger national -- well, definitely smaller than the largest national retailers --

and certainly smaller than many of the chain national retailers that are out there. And so in the context of disparity and, certainly, they are not even as big as they are.

SENATOR KISSEL: And I -- you know what? I very much appreciate that insight, as well. Because what I'm trying to get my arms around is not only the chain of distribution, but the -- the relative power of each element in that chain. And then, you know, I just don't think that I'm still seeing the whole picture here as to what the ultimate endgame of this proposal is. I understand Sunday sales; it's easy to get our arms around that and I almost -- I'm hoping that that's almost off the table at this point in time.

I understand the tax differential between us and surrounding states. The Governor has not proposed that which I'm very surprised about, but I think that that's another easy to get our arms around element of the proposal.

When I start digging down through these other permutations, though, it gets very cloudy. And I'm wondering, you know, who's -- who's going to be the big winner, who's going to be the big loser and -- and just as importantly, what are the unintended consequences going to be, because that's always part of when we pass legislation it is not unusual that two, three, four years down the road, we have to fix something because something happened that none of us saw. And somebody testified earlier today -- I think it was Carroll Hughes -- that when we pass bills, there's already somebody out there on the street that has their game plan -- boom, ready to go. And they've seen something that none of us have seen as we try to get our arms around this.

So I really appreciate your answering my questions.

PETER BERDON: I -- I appreciate your questions.
Thank you, Senator.

SENATOR KISSEL: Thank you, Mr. Chair.

SENATOR DOYLE: Thank you.

Any further questions from the committee?

Seeing none, thank you.

Next speaker --

PETER BERDON: Thank you -- thank you, Senator Doyle.

SENATOR DOYLE: -- thank you.

Next speaker is Daniela Tristine. Is she here?
Yes, she is. Okay.

Dominic Alaimo, Craig Turner, Jan Ransford, Jay Polk, Alan Wilensky, Nicholas Hine, Mark Wilson, Patrick Monteleone.

DANIELA TRISTINE: Senator Doyle, Representative Taborsak, honorable members of the General Law Committee. I took the time to prepare this whole letter that I submitted and after listening to everything I find myself just so incensed by certain things that are being said that I -- I just hope you'll indulge me and read this on your own and kind of allow me to go from here.

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As grateful as I am for everything that the gentleman from the wholesalers is doing, you have to understand that as reasonable to me as if my daughter was trading my son's toys, they're not his to make the rules -- they're not

hers for him to make the rules for. Not everything that the wholesalers have in mind (inaudible) -- not everything that the wholesalers have represented is in our best interests are not, and I appreciate you recognizing some of those issues.

The medallions stink; they're awful. It's been -- it's a curse to this industry. The removal of the minimum bottle, right now, I exist very happily -- my store is down -- down the road from Mike Cimini. He is a much larger element than I am. I'm just shy of 3,000 square feet, he's closer to 10. And down the road from me is someone who's just shy of 1,000 square feet. We all function very well in our society because of the fact that we have this min bottles that we place. No one is getting wealthy off of it. This is not something that is making any one of us -- make exuberant amount of money. The reality of the situation is, it protects us just as much as it protects the consumer.

I've had situations where I have purchased something for \$12.99. It was Trump Vodka. I'll throw it right out there. Trump Vodka let's say -- actually, it wasn't -- it was 19.99. I bought it for 19.99 and the gentleman down the street happened to have bought multiple cases of it. The case price is cheaper than by the bottle. He was able to put it on the shelf for 19.99 because his price was 19.91. He figured he was going to move enough volume that the eight cents was enough.

For me, I have to put it on the shelf for \$22 but the consumer knows this is something that is selling for about \$20. If I paid much over the 20, I'm getting ripped off and I'm not going to buy it. It also provides a gauge for the consumer. And it gives us a little bit of a buffer. In most cases, you know, the -- the

higher recognized brand -- if we sell something at minimum bottle, we're making about 15 percent -- 20, if we're really lucky.

And I'm done.

SENATOR DOYLE: Well, you can summarize but that's -- the goal is three minutes so it's right on. So --

DANIELA TRISTINE: Basically --

SENATOR DOYLE: -- try to stay focused. And some -- some people may asked you questions, too, so --

DANIELA TRISTINE: Okay.

SENATOR DOYLE: -- keep that in mind.

DANIELA TRISTINE: So the -- the minimum bottle is not necessarily for that. The -- oh, my gosh, I had so many things that I had it so organized and now it's all rushing me.

Grocery stores can have kids selling and so can convenience stores selling at 16. We, by law, aren't allowed to have anyone behind our counter that's younger than 18 years old ringing out. There are certain inconsistencies that if you want to make it spread across the board, there are other -- so many other factors that you need to sit down and work --

I don't assume to understand absolutely anything that you do, and I don't presume that you would assume to know what has taken us years to figure out. This is a complicated business, and we just need a little more time.

SENATOR DOYLE: Okay. Thank you.

Any questions?

Representative Taborsak.

REP. TABORSAK: Hi. Well, it's a lot for us to try to figure out -- figure and understand. And thanks for coming to testify. If you could put aside the entire bill, except for some of the new concepts that are being tossed around -- because I know you mentioned minimum bottle going away and the concern that that causes you. Could you envision if you were just looking at -- let's say, that we had the status quo right now, except for that you are able to sell say a product or two below minimum bottle, below cost -- and I'm talking about a limited amount -- I mean like, let's say -- let's even just use the example of one product --

DANIELA TRISTINE: Okay.

REP. TABORSAK: -- as like a lost liter. If you wanted to say, for instance, and this will help us understand your business. If, for instance, you wanted to get a type of wine out there to your customer base that you think might catch on --

DANIELA TRISTINE: Uh-huh.

REP. TABORSAK: -- and you thought it was a decent enough business gamble to sell it at a loss -- for maybe, say, one case -- not a -- you know, I mean, obviously a percentage of a loss, you know, meaning 10, 15 percent or something. If you were able to do that with, say, one product, because right now under the current law you're not allowed to do that; you're not allowed to put below minimum bottle.

DANIELA TRISTINE: Right.

REP. TABORSAK: If you were able to do that with one product, would that at all -- forget about everything else -- if everything else stayed the same, would that at all sound interesting to you as a business person?

DANIELA TRISTINE: No, because --

REP. TABORSAK: And why?

DANIELA TRISTINE: -- the one product that I would end up selling for less than cost, the consumer would charge me buy that one item that was below cost. He's going to have something else below cost; he's going to have something else below cost. They're going to drop around and find the things that are the absolute lowest because I'm not going to have the same prices even my cousin is going to have down on the other side of the street. We're not going pick the same items to have below cost. So people will go from store to store and they will cherry pick, and they will be buying the items that we're losing money on.

And I'm sorry, but that's not a great business plan. Ideally, we're all in this to make a little bit of money. The way that the discounting is even worked out -- and I'm going to take a very solid example for you -- Cabot Pinot Grigio -- I'm pretty sure you're all familiar with Cabot Pinot Grigio -- if I buy -- there's a posting cycle that we have so one month it's on sale; the next month, it's month - - it's not. It's on this -- this posting cycle that is essentially what the discounting will be. Okay? So if I buy Cabot Pinot Grigio at the sale price, I'm paying \$56. That's a great deal. In Rhode Island, their case price is \$66 for that same case, unless they buy 25 cases and then it goes down to 58.

The problem doesn't lie within the discounting, the problem doesn't lie within the min bottle, the problem lies within the taxation. We are excessively taxed -- taxed, which doesn't allow us to compete. We compete very well with each other. We have functioned very harmoniously with the min bottles in place, with me buying one case and him buying 25 cases, but it all being the same price. So we're all on the same playing field. And you can introduce the big box stores and you can introduce the grocery stores if we all have that safety net, it doesn't matter who comes into the game. It really doesn't.

And capitalism is wonderful. I mean people were fighting me when I tried to move onto my street and now we do very well together.

You have to give -- this is not a business that allows for a lot of markup. And even though you think this min bottle is something that we're cheating the system in, it really isn't. If you look at the -- grab the Beverage Journal, look online -- I'm sure any one of these gentlemen would be sure happy to give it to you. Look at what our actual price is, look at what we can actually sell things for as to how we're set up. The consumer gets a pretty good deal by having us all be competitive trying to keep it at that lowest bottle.

REP. TABORSAK: I hope you don't think we think you're cheating the system by abiding by the rules that the State has set up. We don't -- not this committee and we're taking our time to really evaluate these changes and hear from you. But let me take that one step further.

DANIELA TRISTINE: Sure.

REP. TABORSAK: Do you ever, in your experience, in your store, run into an issue where, say, like you have to move a certain type of wine before it expires. Do you ever get into a situation like that where maybe you have too much of something and --

DANIELA TRISTINE: I -- I --

REP. TABORSAK: -- it's outliving its shelf life. Does that happen?

DANIELA TRISTINE: -- I buy things primarily by the case. If it is something that has gone beyond its age where it's no longer good, it gets -- it's gone. It's done. I won't sell something that isn't drinkable. So that does, in fact, happen, and I think it's irresponsible to sell something that isn't a good product.
(Inaudible.)

REP. TABORSAK: Well, the reason I was asking you is because as these ideas are getting -- getting talked about around here, it's at least been brought up that the concept of allowing stores, like yours, to go below minimum bottle could help stores that need to move a product before it goes bad. For instance, you know I used wine as an example. If you had an overstock of something and you wanted to move that specific, you know, type of wine that you had too much of and you didn't want it to expire, you could try to sell it more quickly and aggressively by lowering the price below. Does that make sense --

DANIELA TRISTINE: You -- you could --

REP. TABORSAK: -- that's an idea that we've heard --

DANIELA TRISTINE: -- right. Essentially you -- you -- essentially what you're saying is you would like to do like a closeout on it to get it done. And we do have rules in place about close-outs. You can reduce the price on a close-out item, however, you cannot have purchased additional amounts of it or you cannot purchase it. If you close something out of your store, it has to be gone. You can't reduce the price and then reorder it. So if somebody is -- with the way that the rules have been rewritten. The way that it's left to be done is, let's say -- and I'm going to keep throwing my cousin under the bus here whose store is much larger than mine -- let's say, he goes out and buys a hundred cases of, you know, the Beaujolais Nouveau that comes out for Thanksgiving. Actually, that's not a good example. We'll do Christmas -- something for Christmas. So if -- he buys a rose in May and he buys a hundred cases of it. Now, six months later according to your provision, he can blow it out. So now Christmas is here and everybody loves the hero at Christmas if you come up with a sale price. He's blowing out something that I'm still trying to sell at a regular price because it's still a valid wine but he's saying, Oh, you know what? I'm not going to sell it anymore and that's his ploy to throw it out there. It's -- it really is -- it's dishonest at its very base.

SENATOR DOYLE: Let me ask you this -- I'm just jumping in. Another example, Carroll Hughes mentioned Memorial Day weekend. If it rains -- and I can -- it makes sense --

DANIELA TRISTINE: Uh-huh.

SENATOR DOYLE: -- you buy a lot of beer in anticipation of a nice weekend. It rains so all of a sudden you're loaded up on beer. In that situation, what do you do? I mean are you --

are you in the same situation, you've got to get rid of it --

DANIELA TRISTINE: (Inaudible.)

SENATOR DOYLE: -- or you just sit on it. You just won't order it the next month. What -- what --

DANIELA TRISTINE: You --

VINCENZO DINATALI: I think you have to look at some of these products. Like when you buy it for rose, you have to look very carefully at it and a rose has something that might expire more than a cabernet so you're very careful about that. And you look at the price point and say, Well, I have a fair enough margin above with the minimum bottle, I can still lower it a couple of dollars and still be at the state min. It's not as big of an issue.

If you look at beer, it's the same thing. You don't go too far out because it can expire and there's issues. The perishable items are not as big of a deal as they are with grocery stores. You know there are some seasonal beers that come out and, you know, that's a bet that you make. You know after you've been in it for a few years, you have enough history, you have enough idea of -- of what's risky and what isn't. So it's -- it's not as a big issue --

DANIELA TRISTINE: -- you buy accordingly.

VINCENZO DINATALI: -- right, accordingly.

DANIELA TRISTINE: So you don't end up with such excessive overflow.

REP. TABORSAK: Just to take that one step further. The -- for a closeout sale, you have to -- if I understand correctly -- don't you have to do

something with the Department of Consumer Protection in order to do that? And is that process difficult? Is that -- is it simple? Is it --

DANIELA TRISTINE: I more often than not dump things. That's what I normally do because it's not something that is functional whether it be something that I either buy for myself and take home and cook with or we -- we rotate. We go through our stock and we recognize things that - - I buy things most of the time a case at a clip so I don't have this abundance over.

But there are -- there are definitive rules set in place that I don't think -- I don't think many parts of what are trying to be fixed are broken. I think they will be broken -- horrifically so in some instances.

But if it's all about trying to compete and make the situation more effective -- and I don't sell singles and I don't sell pints and I don't sell half-pints and I don't sell cigarettes and I don't sell lottery because I have a certain standard but, you know, we all take -- we all take our own business model and we work with it. And we want the freedom to be able to do so without necessarily having somebody else down the street dictating what we have to sell because they're selling it below what we can even buy it for.

SENATOR DOYLE: Any further question from the committee?

Representative Tallarita.

REP. TALLARITA: Just to respond -- sorry. And it's your choice not to sell cigarettes and pints and singles, and I -- I'm glad that you have that choice, and I think that that's personally what

I've been trying to push with the Sunday sales is that stores should have the choice to make their own business decisions. So thank you --

DANIELA TRISTINE: Thank you.

REP. TALLARITA: -- and thank you for your testimony today.

DANIELA TRISTINE: Thank you.

SSENATOR DOYLE: Any other further questions, seeing none, all set. Thank you.

Senator Bye is up to testify

DANIELA TRISTINE: Thank you.

SENAOTR DOYLE: After Senator Bye, Dominic Alaimo, Craig Turner, Jan Rosefeld, Jay Polk, Alan Wilensky, Nicholas Hine, Mark Wilson, Patrick Monteleone and Paul Riveras.

REP. BYE: Thank you, Senator Doyle and Representative Taborsak and the rest of the committee members. I want to, first of all, thank you on behalf of many of my constituents who have been here today for your patience and your questions and how thoughtfully you're debating this issue.

So I'm here about a particular bill, Senate Bill 59, AN ACT CONCERNING -- what's that? AN ACT CONCERNING -- you'd think so we've had this for two years. This is for a gentleman who owns a wine store in West Hartford and it's called AN ACT CONCERNING RETAIL WINE SELLERS AND WINE RELATED CLASSES.

My name is Beth Bye. I'm a state senator from the Fifth District representing West Hartford, Farmington, Burlington and Bloomfield. I'm here

DOMINIC ALAIMO: Before I start, Mr. Chairman, I would just like to say that I'm probably the first person coming in front of you today that actually owns a liquor store on the border. I've been there for 33 years. I don't get paid to come here today.

But the Connecticut Package Store Association and Carroll Hughes, who was up here previously, said that they represent X amount of stores. I want you to know that he only represents about 22 percent of the stores in Connecticut. And they get paid and they're trying to protect their own interest and they get paid for that.

But let me -- let me start off here --

SENATOR DOYLE: Yeah, just -- one second. As -- as I mentioned, as one of the ground rules we trying to avoid, you know, directly referencing other individuals. So let's just try to stick to your testimony, please. Thank you.

DOMINIC ALAIMO: Good afternoon. Thank you for letting me address you today about this most important bill. I come before you today to voice my support for HB 5021, the liquor reform bill proposed by Governor Malloy.

Mr. Chairman, I've been in the liquor business for 33 years. I'm the owner of Freshwater Package Store in Enfield, Connecticut, located a mile and a half from the Massachusetts border.

I appear before you today asking you to cast a vote in favor of increased jobs and consumer choice and competition. Also if you pass HB 20 -- 5021, you will help border stores, like mine, to compete with stores in Massachusetts and recapture over \$507 million a year in sales that

leave Connecticut because of our antiquated liquor laws. Earlier you heard someone say that the 570 million came from the Massachusetts border. That's not true; that's for all the borders.

When Massachusetts passes Sunday liquor sales, it changed consumer behavior in the liquor business. Consumers stopped stocking up and availed themselves to the convenience and choice offered by the Massachusetts package stores. While package stores across the border raked in the dough, our antiquated state laws have forced me to sit on my hands and do nothing. I'm already in my store, my liquor store on Sundays, stocking shelves and doing inventory. It would benefit me to actually be able to sell product instead of turning away people who knock on my door.

It's time for Connecticut to come into the 21st century and treat consumers of liquor like responsible adults. This bill will also give me the opportunity to sell complimentary products in my store. Did you know that I can sell someone a bottle of gin and a bottle of tonic, but I can't sell them a lime. That's how antiquated these state laws are.

The state law banning Sunday liquor sales is discriminatory. Mr. Chairman, restaurants and wineries can all engage in a retail sale of liquor on Sunday. They can sell the exact same product I do. The only difference is the kind of permit they have. Restaurants and bars can sell liquor on premise on Sunday. It makes no sense for state liquor laws to discriminate against package stores and favor these other permittees.

It's time for the State of Connecticut to get out of the liquor business. The only liquor

laws that Connecticut should have are those prohibiting underage drinking and drunk driving. Minimum mark up laws are nothing but corporate welfare. There is no good reason for the State to engage in price fixing, like it does with public utilities. Although some might disagree with me, liquor is not a public utility. For that matter, neither is my store anything like Northeast Utilities. The federal government tried price fixing during World War II and during the Nixon administration. Both times it failed and left a legacy of higher prices. The time has come for the price of a liquor bottles to be determined by the force of supply and demand not the minimum mark up laws.

Forty-eight other states have Sunday sales, including all the New England states, along with New York, New Jersey and Pennsylvania.

SENATOR DOYLE: Mr. Alaimo, please summarize. Thank you.

DOMINIC ALAIMO: Our neighboring states allow the sale of complimentary goods. Isn't it about time that we join them in offering our citizens a choice and freedom to buy the products they want when they want.

I'll take any questions, and I have also made some notes here that I think I can clear up a few things especially with --

SENATOR DOYLE: Let's see. You'll probably get some questions --

DOMINIC ALAIMO: Senator Musto -- I'd like to talk to Musto, too.

SENATOR DOYLE: Okay. Well, first --

DOMINIC ALAIMO: Okay.

SENATOR DOYLE: Senator Kissel is up first. I decide that.

SENATOR KISSEL: Thank you very much, Chairman Doyle.

Dominic, it's great to see you here. You've been very patient all day.

DOMINIC ALAIMO: Thank you, sir.

SENATOR KISSEL: I saw -- I was glancing over here at Capital Reports. I guess there were 600 folks who rallied outside the Capitol in favor of Sunday sales and given the statement in many of the papers today and from -- I believe I saw Mr. Hughes here that apparently the Package Store Association is willing to compromise on -- on Sunday sales.

My first question, there was a gentleman that moved his stores up to the Worcester and Shrewsbury, and he said if you really want to try and get some of that cross border traffic back, that you may want to look at starting your hours earlier on a Sunday than noontime. My understanding is that, heretofore, you've wanted an option for Sunday. It sounds to me that the parties that they are negotiating what the parameters of Sunday sales would be, for example, noon to five or noon to six or eleven to five -- if there were going to be some hours that are an option, what -- what hours do you think would be best for competing with Massachusetts?

DOMINIC ALAIMO: Well, I don't think you can sell liquor before eleven or twelve now on Sunday but I'm not sure about that. But you're going to make Sunday liquor sales, you've got to make it for the same hours as Monday through Saturday because Massachusetts the stores close at 11

o'clock at night. So it wouldn't benefit anybody to do this. Just make Sunday another day to do business and that would be the last day because we won't have any days of the week. It would be over.

SENATOR KISSEL: And I know that you want free -- free market to apply. And by the way, congratulations, I mean, you've been working this issue for a long, long time. So I think today is sort of an important day.

But there are also provisions in here that a lot of your colleagues whether they're close to the border or not are concerned with. For example, having five lost liters and, again, the gentleman from Groton who said, Listen, I'm in a package store, I'm close to a large grocery store in the same strip mall, if they -- if they're able to do these lost liters, it's going to take a huge cut out of some of my major sales.

Are -- are there provisions in the Governor's proposal, as it stands right now, that you have concerns with?

DOMINIC ALAIMO: No. There's nothing in that that concerns at all. I think it opens up the market. It's good for business. It gets rid of protectionism and the State doesn't protect any other industry in the state.

SENATOR KISSEL: You said that you had some responses to some of the other issues that had been raised. Did you want --

DOMINIC ALAIMO: Yes. One is --

SENATOR KISSEL: -- then, again, with the indulgence of the Chair, maybe if it's only a couple

minutes just to finish what you wanted to clarify that.

DOMINIC ALAIMO: Well, I can take the rest of the questions first, if you want me to address a --

SENATOR DOYLE: Senator, if you could ask a question what his concerns are or something like that.

SENATOR KISSEL: Yeah, okay, I'll --

SENATOR DOYLE: That's a better way to handle it.

SENATOR KISSEL: Thank you, Counselor.

Mr. Alaimo, what are your concerns?

DOMINIC ALAIMO: Okay. After 33 years of working on the border, I heard a lot of stuff here today and I'm sorry, it's just not true. Now Senator Musto hit -- hit it perfect about territorial rights. That's what causes these prices to go through the roof. And let me just give you one quick example. Sam Adams is out of Boston and goes to Springfield. When it hits a liquor store about three miles from me in Massachusetts that case is \$2 a case cheaper. When they go 30 miles down the road to Manchester to my wholesaler, and then I buy it from him I have to pay \$2 more. So if you truck that beer 3,000 miles that means it costs \$100,000 to truck those cases of beer. I don't believe those numbers are right. It's just -- that's the problem here. It's that this territorial rights -- this industry is nothing but corporate welfare.

If you want to have lost liters, do it, because you don't sell everything at a loss because if everything was sold as a lost liter, you wouldn't draw a pay, you couldn't pay your electric bill, you couldn't pay your mortgage,

you couldn't pay your rent. So you pick a few items and that's how it goes.

But the State and this liquor -- liquor control and the wholesale level is where the prices are skyrocketing. Is there some of it taxes? Sure it is. But now last year at the end of the session at the request of Senator Doyle -- I sent him a survey we did with five stores in Massachusetts compared to my store. Now, forget about taking that one big gigantic store that you compare everything to -- that's the biggest store in New England. Get that -- take that out of the mix. It's all the other liquor stores over the border. Those are where there's traffic jams that you get in on a Sunday. Not everybody goes to the other big store. But some of it could be taxes. Sure, it is. All these taxes are too high as far as I'm concerned. But the problem is in pricing and convenience. People want to shop on Sunday. And from what I understand -- I learned today -- is Sunday now is the busiest shopping day of the week.

SENATOR DOYLE: Mr. Alaimo, can I interrupt one sec?

DOMINIC ALAIMO: Sure.

SENATOR DOYLE: I just want to notify the public that the cafeteria is going to close at 5:30, in 20 minutes, so if anyone is interested in eating something after 5:30, you're done so I just --

Sorry to interrupt you, Mr. Alaimo.

You have 20 minutes.

Thank you for your --

DOMINIC ALAIMO: Yeah, okay. One other thing somebody mentioned up there about if you own a restaurant, you need to live in the state to be

a permittee in the state. And my question is what would you do with all big chain stores -- the TGIFridays, all these other ones? Would you say move to Connecticut or you can't own a business here anymore? I don't know how that would work. I just want to throw that out there.

And -- let's see -- Rep. D'Amelio had a good point that him, being in the restaurant business, me being in the package store business, I can buy certain beers cheaper -- they won't sell it to his -- to his restaurant. So that means it's taking away some of his profit. And I'll give you an example. A 24-pack of Budweiser, let's say, it's a loose bottle they call it. Big -- it's called Big Red. Well, I can buy that in a package store but Mr. D'Amelio's restaurant can't purchase that. He has to buy another case that's more expensive. And that's called price fixing.

And one way with the beer guys with this post-off system just on beer. I don't know why after 33 years they post something for \$1. Why not raise the price 50 cents and leave it the same price all the time and you wouldn't have post-offs? And they were cute what they did years ago with that post-off system. I'll see if I can lead you through this. Let's say in the month of February, right now, Budweiser -- let's say, it's \$10 a case. It's posted \$2. So come on March 1st, the price goes back up to \$12 a case. Well, during that next month the mom and pop stores -- which I don't even understand what size that would be but -- they would be able to compete because they can -- nobody can buy that beer for \$10 no more because the month of February is over. Well, what the wholesalers did in Connecticut was they would post that price for one day during the next month and that meant every big store -- big box store if you

want to call them -- he'd keep that price at \$10. So it took away the competitive edge already for every small liquor store right now. That ended years ago. We're already behind the eight ball that way but that's competition. But that's what the wholesalers did to the business people in Connecticut. They do that now. They've been practicing this for a long, long time.

SENATOR DOYLE: Okay. Senator Kissel, you're still --

SENATOR KISSEL: I'm all set. Again, thank you so much for coming and testifying this afternoon and being very patient. And I think that tremendous progress on this issue has been made.

DOMINIC ALAIMO: No, and you were a big help, Senator, for us and you and State Rep. Kathy Tallarita.

But also that part about buying beer on Memorial Day weekend, I usually watch the weather forecast. That works pretty good.

Any other questions?

SENATOR DOYLE: Yes, one second.

DOMINIC ALAIMO: Yeah.

SENATOR DOYLE: Representative Tallarita.

REP. TALLARITA: Actually, as per usual, Mr. Alaimo, you answered all my questions before I was able to ask them. So --

DOMINIC ALAIMO: Sorry.

REP. TALLARITA: -- but thank you for being here today. Thank you for all your support through

this. Again, if it wasn't for you, as a package store owner, in my district coming to me and asking why you couldn't open on Sunday, I never would have realized how our liquor laws actually were in the state of Connecticut and how antiquated they were. So, again, thank you for all of your work and for being here today.

DOMINIC ALAIMO: Thank you, Kathy. And without you this wouldn't happen and you've learned very quick. But there's one thing I want you to push again. I want you to have Carroll Hughes give you how many stores --

SENATOR DOYLE: Okay, Mr. Alaimo.

DOMINIC ALAIMO: -- he represents. Well, that should be part of the record because he doesn't give you the right numbers, Senator.

SENATOR DOYLE: Yeah, but that's up to Representative Tallarita to pursue. Thank you.

DOMINIC ALAIMO: All right. See you. Thank you.

SENATOR DOYLE: Thank you.

All right. Next person is Craig Turner, Jan Ransford, Jay Polk, Alan Wilensky, Nicholas Hine, Mark Wilson, Patrick Monteleone, Paul Riveras, Doug Rankin, Maureen Abrahamson.

Is Craig Turner here? Yes, he is.

CRAIG TURNER: Good evening.

My name is Craig Turner, and I'm here on behalf of the Connecticut Coalition to Stop Underage Drinking, where I serve as the chairman of the Public Policy Committee for that. And by way of association in my professional work, I am the

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director of Youth and Social Services for the Town of Wallingford.

And I'm really here -- I'm a little confused with my first statement because of all the discussion that's going on with me -- what the revisions may be so some of the ideas that I have may no longer actually apply. I'm here to speak in opposition to Sunday sales, to convenience stores being able to sell beer and to the issue of the shifting of the process of pricing. And actually on the larger scale what I see as a far greater picture describing all of these components is the issue really comes down to what I see a bit of deregulation in the process.

And I'm very concerned when we're talking about alcohol, as a product, that while many people speak of it as being a product that has historically been monitored and regulated on the basis of either religious or moral grounds, it's really been public health and public safety which has driven those decisions for decades. While it may have been rooted in those issues and while people still hold those issues near and dear, from a government regulation perspective, it's really more to do with public safety and public health.

And I'm very concerned, particularly, on the Sunday sales with the addition of gas stations, grocery stores and convenience stores, because the work that we have done with the Department of Consumer Protection here in the state for over the last 10 years, in terms of doing compliance checks, significantly demonstrates that grocery stores, at this point in time, are far more likely to provide and sell alcoholic products, beer, to youth than package stores.

Now, let's take that a step further. If you -- if you look at a package -- at a package store, most of your clientele coming in there are adults, young adults. If someone is underage it's pretty obvious because they're not generally going in there. That is not true of a grocery store and certainly not going to be true of a gas station or convenience stores. That would be the walk-in population that consume those products. So I think there would be an increase concern about that accessibility.

The other thing that I'm really concerned on the deregulation side -- and I'll close with this -- is a regular business practice. Let me just demonstrate this. If you owned a floral business, your business plan would be an effort to retain, create and increase customers who -- who you want to be frequent buyers. You would provide discounts and promotions to gain new customers and you would advertise your products and your store oriented to younger people so that you could develop a future customer base. In the alcohol industry frequent buyers include alcoholics, heavy drinkers and underage drinkers. Those are your frequent buyers and they only represent about 20 percent of the state of Connecticut. The adult population -- most people don't drink and a far larger drink very little. So in these policies and practices, which you deregulate, you are increasing the likelihood and the opportunity for underage drinkers to have access to alcohol and now behind the wheel if they're driving to and from gas stations or wherever.

So very -- I would strongly urge you to look at that. And if you're looking at the larger picture, I would -- I would take that a step further to the process of deregulation that -- that really reduces regulations on how are sales. What's the next step? Do we go to the

UK where they're open 24 hours a day, seven days a week? Dangerous precedent.

SENATOR DOYLE: All right. Thank you.

Any questions from the committee?

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chairman.

Thank you for your testimony. And it's more of a comment than a question because I do want to thank you for taking the time for coming up here and highlighting the public safety aspect of this because we're not in the business -- this bill that's being proposed is not in the business of selling flowers or sneakers. This is actually a regulated drug for a reason. And it's certainly one that probably could be done in a responsible way, but it's through testimony, such as yourself and many others that are up here that are highlighting it that obviously we will take that to heart when we move forward with it. So I appreciate your testimony.

CRAIG TURNER: Thank you.

SENATOR DOYLE: Representative Baram.

REP. BARAM: Thank you, Mr. Chairman.

I asked a couple of prior speakers the same question whether there were any studies related to sales at gas stations -- more accidents, youthful offenses. Nobody seems to have any information. And then I read in the papers that various organizations that have always been against drunk driving and making the public aware aren't taking a position on this. My instinct is that there is a relationship. I'm

trying to understand why are you speaking out and nobody else is.

CRAIG TURNER: I can't answer that question because I haven't asked those people that aren't speaking out why they're not. I think if you have children, the one thing that doesn't change is human nature. It's true for all of us; it's been true for generations. Kids make bad decisions; they exercise poor judgment. They're -- they're poorly influenced by their peers.

I will give -- just to give you concrete examples. If a kid goes into a convenience store and there's beer there, just like they steal gum, candy, snacks -- now, that's another opportunity to take something without paying for it. That really doesn't exist in the package store industry the way that it would exist in a convenient store or grocery store. You have 15- and 16-year-olds behind the counter selling that product. I don't even need to discuss the potential issues that are at hand with kids coming in with their peers behind the counter.

I can't speak to drunk driving as an issue for children. Certainly, there was, I guess, an infamous report at this point with New Mexico where they looked at what happened on Sunday sales with the increased accidents. There are some questions on that study but it certainly has been one that's been quoted in the past.

I'm looking at from a much bigger picture. This picture of if we're going to give up Sunday sales -- now it's every day a week -- the primary people that are going to be taking -- abusing Sunday to purchase -- if your targeting that 20 percent of the people that are regular drinkers, I'm not sure that's a good idea in the essence of who those people are in terms of their characteristics and drinking patterns.

Those are the people that do drink and drive; those are the people that are abusive. That's the person that may go home and -- and create a problem in their house or anywhere else for that matter.

The dynamic of where do we go from that and -- and if you're looking at -- if you look at the European Union or follow Washington state which has basically deregulated in several manners -- the issue of alcohol as a product thanks to Costco which really lobbied hard and long to have that happen. They would certainly -- will be a case study that anybody in the public health and public policy realm dealing with alcohol is going to look at it because they will be the model to see if they can pull it off.

But as the price goes down we know this: kids become more interested in purchasing it. They have more power. That's one component. Accessibility, that's another component. If it's -- the other issue is how they market and advertise those products. You know it's -- it's a dangerous territory. And look at -- look at what happened in certain other elements of our -- of our society, of our capitalistic society with deregulation. Take a look at utilities. Where did the prices go? And who's making the money? Take a look -- and who -- who suffered? Take a look at the banking industry and mortgages. Where did the prices go? Who suffered? What happened? Who didn't suffer? Who gained? I mean that's -- that's part of the whole dynamic of deregulation. Who actually makes out in the end? I'm not so sure that we need to be conveniencing a small percentage of the population of the whole community at the risk of inconveniencing or putting at risk the rest of us. Just not sure.

SENATOR DOYLE: Representative Tallarita.
Representative Tallarita first.

REP. TALLARITA: Thank you.

You commented about grocery stores and there being more underage alcohol being purchased there. It's my understanding that in a grocery store when you go to purchase -- and I'm trying to remember the last time I purchased in a grocery store. I can't. But they're -- they cannot sell to someone without a manager coming over who is over the age of 21 actually checking an ID. So I -- I --

CRAIG TURNER: Wait. Can I --

REP. TALLARITA: -- I'm questioning how you feel or why you feel that grocery stores are more of a problem.

CRAIG TURNER: -- well, here's how this works. Not all managers are integretous and they will have a scanner that they scan after checking the ID which allows that register to ring that sale up. And they'll leave the scanner at the register and walk away. So the person behind that counter has access to it. And generally when we're going through the process of a sting on underage -- that's what we're finding. It's disintegretous people. So it does happen and it happens with more frequency than you might think. But you're absolutely right the process is that a manager is supposed to come over, check the ID and then they scan the register, which allows that register to work -- something to that effect. And what's happening is they're leaving that device at the register.

SENATOR DOYLE: Representative Tallarita, can I just follow that up?

I just -- you're presenting a premise to us. Do you have any evidence to back it up?

CRAIG TURNER: Which premise?

SENATOR DOYLE: Premise that the package stores are selling, you know, to minors.

CRAIG TURNER: Oh yeah, we've done -- we've done underage stings with the Department of --

SENATOR DOYLE: I'm looking for more. It's your opinion. I'm just -- generally is there a study done that provides evidence?

CRAIG TURNER: Well, the data -- we can get you the data.

SENATOR DOYLE: I'll take you -- the committee would like data.

CRAIG TURNER: Absolutely.

SENATOR DOYLE: (Inaudible.)

CRAIG TURNER: No problem.

SENATOR DOYLE: Representative Tallarita.

REP. TALLARITA: That's fine. That's basically where I was getting to. If you have the data to back that up, that would be interesting to see.

CRAIG TURNER: I'll be happy to get it.

REP. TALLARITA: Because, I mean, obviously there are people in all industry that will do things like that whether it be a package store, a convenience store or a grocery store so --

CRAIG TURNER: That's absolutely true. No question.

REP. TALLARITA: Thank you.

SENATOR DOYLE: Any further questions of the committee?

Seeing none, thank you very much.

All right just for update for the public, it's now about 5:25 and we still have 74 people to go. So that's just further evidence why we try to stick to the three-minute rule so.

The next speaker, again, is Jan Ransfield. Is Jan here? Yes, he is.

Then Jay Polk, Alan Wilensky, Nicholas Hine, Mark Wilson, Patrick Monteleone, Paul Riveras, Doug Rankin, Maureen Abrahamson and David Leon.

Is it Jim? I'm sorry. Is it Jim?

JIM RANSFORD: Yes, it's Jim.

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SENATOR DOYLE: Sorry about that, Jim.

JIM RANSFORD: That's okay.

SENATOR DOYLE: You heard your name mispronounced maybe 30 -- 30 times so --

JIM RANSFORD: I figured it out. No one was showing up so I figured I'd slide in.

Thank you for listening to me. My name is Jim Ransford. I represent Connecticut Beverage Mart, which are large volume stores.

In the past, we have opposed Sunday sales but this year since the Governor is strongly in favor of it, we are supporting the Governor and are in favor of Sunday sales and quantity discounts for the maximum cap as to how much

anyone is able to buy. We support the repeal of min bottle but still have a floor cost so as not to put too much power in the hands of big box and chain food stores. We do not support the idea of six licenses for many reasons. We are one of the largest stores in Connecticut, and we wouldn't be able to compete with chain food stores and big box stores if this bill were to pass.

Just remember also the domino effect that this bill would have upon outside professionals, such as lawyers, accountants, insurance agents, paper good suppliers, and so on. With six individual stores supporting six professionals instead you'll have one company with six stores only using one lawyer, one accountant, one insurance agent and, most likely, they would be out of state professionals.

It is very important that we establish some form of cost that you cannot sell below. If being able to sell at any price below cost would drastically change our industry as we know it.

The changes that I am in favor of will already have a devastating effect on smaller package stores. What is very important that is absent from the -- from the Governor's proposed bill is how surrounding states limit monopolies by big box stores. New York issues only one license per person. Rhode Island limits control of more than one license with a statute prohibiting the licensing of chain stores. Massachusetts is more permissive. Three permits now going to nine that I believe is being phased in but they also require individuals for the majority of a corporation's directors to be residents. The idea behind that is so that the state will benefit the most in collecting taxes making sure that owners are residents.

The Governor clearly wants competition, and we support him on that. But it would be good if the competition was between Connecticut residents and Connecticut-owned businesses and not multinational companies such as Stop & Shop, Costco and Walmart.

Under three minutes.

SENATOR DOYLE: Excellent job.

Any questions from the committee?

Senator Leone.

SENATOR LEONE: Thank you, Mr. Chairman.

Just one quick question, you mentioned that you wouldn't be to compete if -- with the purchase of the six additional permits or medallions, if you will. Wouldn't you or anyone else be able to coalesce and form a group to purchase the six to compete against the larger big box just as a -- theoretically anyway?

JIM RANSFORD: I don't think that's in the proposal that you can form a group to purchase. I'm definitely against that. I don't -- I don't want to see groups getting together and being able to purchase.

SENATOR LEONE: Well --

JIM RANSFORD: Is that what you mean? I'm not sure.

SENATOR LEONE: -- well, maybe not so much -- well potentially groups. You could purchase the six personally.

JIM RANSFORD: Like I -- I'm in a position where I can purchase large volumes.

SENATOR LEONE: Right.

JIM RANSFORD: I have that ability, the finances, the space, but am I going to be able to compete against a Costco or someone like that? You know, maybe I could. Is it certainly going to be difficult? There's no question, you know, that -- that it would be. You know -- so I mean, you know -- getting back to, you know, I want to compete. I don't mind the open competition. It would be nice if I was competing against someone in Connecticut.

SENATOR LEONE: No, fair enough. Thank you.

Thank you.

SENATOR DOYLE: Any further questions?

Representative Taborsak.

REP. TABORSK: How are you doing, Mr. Ransford? Thanks for being here today. Would you offer any thoughts on -- we've heard the argument before that -- and you kind of come from a store from what you've described that's not small, but it's also not, you know, a box-store type model; it's kind of in between. It's a --

JIM RANSFORD: It's a good size store.

REP. TABORSK: -- good size stores. Okay. Could you give us an idea on what you think would happen if we were to pass this bill, as it is, or with, I suppose, with the proposed changes that you've -- I think you've seen or heard about today? What sort of impact would it have on the variety that you're able to carry in your store like, you know -- we've heard other people talk about the number SKUs that they have. And we hear some really high numbers coming from smaller to midsize stores. Is there a real

concern, in your mind, about how changing the pricing controls and these other -- these other things that are special to your business what that impact that might have on the level of variety you would be able to provide or others? Can you comment on that at all?

JIM RANSFORD: You know, I really think that, you know, the variety that I have, you know -- we have a huge variety in our store. We have thousands of SKUs. I really would -- I have to guess that my SKUs would go down. You know I mean, it's the old saying, you know, 20 percent of your items do 80 percent of your business. So, you know, I'm going to be buying in bulk, you know. If -- I'm assuming there's going to be a quantity discount, and hopefully there will be a limit on that. So I'll be tying up space, money. And you're also now, you know, running with items that are a bigger draw, you know.

So what will suffer are those items that -- you know, we buy everything by the case. So if I have to buy one case of that which -- which I don't mean to get off base here but -- you know, let's say right now, I'm paying a hundred dollars for that case. When quantity discount goes in I'm paying 120 for that case. Okay? Because to get the hundred dollar case price I'll need to buy five. But let's say it's not a big selling item, so I can buy one case. Well I'm going to raise that price because I'm not buying that much of it because I already bought, you know, whatever -- a thousand cases of other stuff. So I'm going to have to raise that on that item. Okay? I raise the price on it. You're my customer; you came in all the time and you -- you paid \$15 a bottle for that, you know. You come in. It's quantity discount; it goes up to \$17 a bottle, and you're looking at me like, you know, I thought this would go down in price.

So that's -- it's going to be a reverse effect on a lot of items where it's actually going to raise the price. It's not going to lower the price. For me to pay the price that I'm paying right now for case one, I'll have to buy 25 cases which -- okay -- that's fine, you know. It's going to give -- give me that advantage because I'll be able to do that. But on those items that I don't sell that much of, you know, that may not move in a case every three or four months, you know, the price on that item is going to go up.

So you tell me, you come into my store and you've been paying \$15 and now it's 17. You going to buy that? No, you're not going to buy that. You're going to go on to something else and buy that I bought 25 cases of. So now that that item sits, and in time I'm, like, okay, this thing is a dog now. We're getting rid of it. Well, there's going to be a lot of those dogs because you're going to be focusing -- focusing on -- again, 20 percent of your items that do 80 percent of your business.

REP. TABORSAK: Thank you. That pretty much answers my question.

SENATOR DOYLE: Thank you.

Senator Witkos.

SENATOR WITKOS: Thank you.

You spoke --

SENATOR DOYLE: Jim, Jim, you're not done. You're not --

JIM RANSFORD: Sorry, I thought I was --

SENATOR DOYLE: -- you're still -- you're still in the hot seat.

JIM RANSFORD: All right.

SENATOR WITKOS: You spoke to the comparison that if a Costco were to move in and how 20 percent of your products do 80 percent of the business. Could you speak to what's proposed in the bill of expanding alcohol sales to convenience stores and how that would affect your business?

JIM RANSFORD: A beer? Is that about beer in convenience stores? You know, I don't want to be, you know, derogatory to anyone here, you know. You guys do a great job, and I really give you guys credit. But, boy, that is really one of the dumbest ideas I've ever heard in a long time of expanding your beer sales to convenience stores.

I -- I just -- I don't really see the rationale. The whole idea that we're here is that we're looking to raise tax revenues. Correct? You know, I mean that's really the idea here is so we can compete and raise --

SENATOR DOYLE: That's the motives of some, not everyone. That's the motive -- the Governor -- that's his main motive, but -- we're all -- we're all -- everyone is listening here learning.

JIM RANSFORD: -- you know. I just don't think it's a -- it's a great idea. I don't see how, number one, the Liquor Commission is going to be able to keep an eye on an additional 2,000 stores. I mean, I know what we go through in our stores to make sure we're not selling to minors. We have an elaborate system that costs us thousands of dollars to make sure we're not selling to minors, you know. So you're kind of setting

yourself up to fail with this. I just don't see the huge advantage to it.

Now, on the other side, the advantage if I owned a convenience store would I want to be able to sell beer? Yes, there's no question that I would.

But in the big picture, I just don't see the advantage to it. I really don't. I see yourself, you know, creating headaches that down the road you're not going to be able to reverse. And I don't see why we're moving so fast on all these items anyway so, you know. I mean, Sunday sales, let's go for it. Maybe a couple of other items. I think we're biting off a little too much here, you know. But with the additional stores, I just don't think it's a good idea.

SENATOR DOYLE: Thank you.

Any further questions?

Seeing none, thank you and you're dismissed.

JIM RANSFORD: Thank you.

SENATOR DOYLE: Next speaker is Jay Polk and Alan Wilensky, Nicholas Hine, Mark Wilson, Patrick Monteleone, Paul Riveras, Doug Rankin, Maureen Abrahamson, David Leon, Larry Cass.

Mr. Polk.

A VOICE: (Inaudible.)

SENATOR DOYLE: Oh, he has? Okay. Is Alan Wilensky here?

ALAN WILENSKY: Good afternoon, Senator, Representative, all the members of the committee.

HB 5021

My name is Alan Wilensky. I am president of the Connecticut Package Store Association and I own Max's Package Store in East Lyme, Connecticut. A family-owned business that has been -- will celebrate 66 years in just a few weeks. I hope I make it to 67.

There is so much to say, and as you have just seen over the last however many hours we've been sitting here that the liquor industry is a complex animal. It's a unique product that is governed by this, Section 30 of the General Statutes of the State of Connecticut. We sell a unique product; we sell a controlled substance. We sell it properly. There have been many references to why we do what we do.

And I purchased my store and -- you have my testimony in front of you. Let me just backtrack just a hair. My grandfather came to this country in about 1916 after -- he was 17 -- after a three-day pass from the Russian Army. There's been a Wilensky selling something on my corner since 1920.

You have in front of you my testimony. It also includes an Office of Legislative Research report, on sale below cost for liquor, minimum markup. It's still in effect for cigarettes. And the history of the hours of package stores dating back to 1933. You have a comparison, briefly, of different state liquor laws and the oddities therein from around the country. You have, as somebody had asked for, the per capita consumption for every state for alcohol sales and you have the DISCUS map -- right off their website -- as to what states actually sell on Sunday; which states don't. There are more than two. Yes, we have a complete (inaudible) but there are only 37 states that have full alcohol sales on Sunday. You have that map there, too.

I started my business -- my grandfather started the business in Connecticut. That's where I kept going. I decided to get into this business when I was eight years old. I started attending Package Store Association meetings when I was 13. I was here at the time when Carroll was hired in 1974.

We sell a unique product. Nobody gets arrested for sale of toothpaste to a 16-year-old. Alcohol is different. Now, there's been a lot said. There's been a lot of good said, and I would just like to take the opportunity to go over a few things that has been allowed over the course of the day.

Make no mistake the prices, for the most part, are set by the manufacturers. The wholesalers have a small amount of say, but the manufacturers, the distillers, DISCUS control the sale of the price -- control the price at the wholesale level and to the retailer. There's very little competition.

This bill, as you've seen, is complex. The industry is complex. It took almost 20 minutes to describe how a product got from Italy to Connecticut.

How are we supposed to revamp the entire liquor industry in three months? I don't see how we can do it. It's too much, too soon, and way too fast.

There we go. Not bad.

I have more. I'll -- I'll field questions. Sure.

SENATOR DOYLE: Any questions?

Senator Kissel.

SENATOR KISSEL: Thank you very much, Chairman Doyle.

Well, my great grandfather was in the Russian Army once upon a time, too.

ALAN WILENSKY: Did he get his three-day pass?

SENATOR KISSEL: No, actually he -- he left in good order but definitely concerned about a guy named Rasputin that had too much influence over there.

ALAN WILENSKY: Right.

SENATOR KISSEL: If we could, let's set aside Sunday sales because I think to some extent -- and I know you hate it -- but to some extent, I'm concerned that that's the tail that wagging the dog. I am far more concerned with everything else that's in this proposal. Because it really is changing the entire discussion and how a very carefully crafted system will -- you know, it's funny. It's like that game Pick Up Sticks where if you pull out one all sorts of other things can -- can happen. So setting aside Sunday sales, Alan, if you could -- and you and I we go way back -- not as far as you and Carroll but pretty darn long back when I was once upon a time co-chairman of this committee --

ALAN WILENSKY: Uh-huh.

SENATOR KISSEL: -- what are the things in this proposal that really scare you that you feel will really -- whether intended or unintended -- really threaten the livelihoods of the mom and pops and, perhaps, even your own (inaudible)?

ALAN WILENSKY: Well, most of them. We were not involved in the wine and spirits wholesalers' negotiation and somebody referred to that as

somebody else negotiating for us. The one per 2500 was horrifically problematic. If it's been placed back in, that's a benefit. I'll pass over the Sunday sales aspect at the moment. The increase --

SENATOR KISSEL: You know, but without going too fast.

ALAN WILENSKY: Yeah.

SENATOR KISSEL: The one for 2500, just elaborate a little bit on that as to why -- what's the deal with that?

ALAN WILENSKY: Once again, with alcohol being the unique product that it is and it's one of the reasons that many towns have zoning regulations not just for alcohol, but my particular town, East Lyme -- and I hope that First Selectman Formica gets his liquor permit, also. It has to do with balance of businesses within towns and the nonproliferation to the detriment of the towns of having too many of any one kind of business in it. And in East Lyme, we have a distance requirement on gas stations. I mean so it -- it's a way of -- certainly, this goes back quite -- quite a ways. I've been in this business like a said a long time. So when deregulation came in '79, '80 and '81, as it was phased in, this was placed in to provide stability and a level field so that what was to be that upheaval in our industry was more controlled and provided an easing in and a way for -- for that turmoil to be assuaged.

So the one for 2500 has been -- has been spoken is fairly small compared to, certainly, as we've seen it in Massachusetts, is a way of making sure that towns aren't overproliferated with -- proliferated with liquor stores, but it -- it would be applied to almost any business. You

don't want too many. It's not good for a town; it's not good for the industry.

SENATOR KISSEL: All right. Got it.

ALAN WILENSKY: The -- the hours have absolutely no correlation as the OLR has stated. The original, in 1933, the hours were 6 p.m. It went to 11 p.m., although I was very young back then. We all in the industry know about Mad Dog Taborsky. We have a sufficient amount of hours for retail. We're open 12, 13 hours a day, six days a week.

The price posting, there's all sorts of ramifications on this whole price posting and I would certainly like to address at some point today the quantity discount aspect of this that is detrimental --

SENATOR KISSEL: Well, why don't you do that right now?

ALAN WILENSKY: I would love to. Thank you so much. Thank you. I like a good softball.

Quantity discounts raise -- raises prices. There's no question about it. You don't -- what you do is you get your own money back. Let me give you an example, and it's in my testimony. In order to get the price that I pay right now for one case of one particular pink wine -- I don't want to name brands -- in Massachusetts, I'd have to buy 50 cases. To get my one case price right now at the best price that I pay. That is an investment of some \$3,000 to get the same price that I get for buying one case at some 40 or 50 dollars. That's a \$3,000 investment where now you look at it and say, Now, I can't invest in three other -- actually, if you work it out it's probably 30 or 35 different varietals of wine that I can't buy

because I put all my money into one brand and one size.

So I -- I've gotten a Massachusetts book and there isn't -- well, there's one example that I couldn't find that we beat their prices with our one case price. Quantity discount raises prices because you get your own money back when you buy the five or 10 or 25 or 50. It's a fact. You get nothing for nothing.

SENATOR KISSEL: Okay. So -- so currently -- because one of the things that I heard from almost -- not everybody but -- from a variety of people -- we have a governor who likes to do things in a big way. And -- and sort of, you know, I think that -- I forgot how Carroll Hughes phrased it in the newspaper today -- but it was like big ideas, sort of, an idea person, some mover and shaker but -- what I'm hearing though is aside from a few -- you know, the Sunday sales and the taxes, that I wasn't -- I wasn't that aware that the system was broke. And it appears that now we are embarking upon fixing something that's not broke. And when we do that we end up breaking things that weren't broke in the first place. And so, again, without belaboring this, if you could nail like two or three more things that you just specifically could point to and say it's not broke, don't fix it, leave it alone, strip it out of the bill.

And I appreciate the negotiations because, let's face it, the Governor has been batting a thousand in this building. All right? But I think this year is a little different because now he's taking on this whole industry, the teachers. It's different battlefields. At some point, the honeymoon is over. It may not be now; it may not be this year. But at some point, every governor I've ever seen at some point that batting record comes to a halt. And

I'm not saying that we can't do good things this year when it comes to liquor laws, but this seems very, very broad. And, you know, there wasn't a task force that had all the stakeholders meeting for a year, studying this - - which we do in other areas. So if -- and it's not a criticism of the Governor. With the best of intentions, I think he wants to do certain things. But I really think that, you know, we're going to throw the baby out with the bath water and that's just not a good conclusion, so --

ALAN WILENSKY: My feelings exactly.

SENATOR KISSEL: -- it's my last softball to you.

ALAN WILENSKY: Thank you very much. I appreciate as many as I can get.

My thoughts exactly. We're trying to fix something that isn't broken and the law of unintended consequences will absolutely take effect if this bill is passed as it is. And I believe I've referenced the fact that a task force -- if any of these changes were in the best interest, then it should take a year or two to hammer this out. Bring everybody to the table. Let's get everything going. Let's talk it out. Again, it took 20 minutes to find out how long it takes a case of wine to get from Italy to Connecticut, and that's not even the most complex thing that -- that we're involved in.

The price posting, there's nothing wrong with price posting. Price posting is good. The chaos that would have been represented under this bill without price posting would have meant that prices could have changed hourly, certainly daily. I'd have to wait until my second salesperson comes in who has the dual item to

say, well, this guy offered me a hundred dollars for the case. What do you -- it's like reverse auctioning. And -- and I'd be spending so much time waiting for the next salesperson to come in that I'd never be able to wait on a customer.

The sale below cost restrictions, as the OLR states in the January 2010 article that I sent to you, promotes monopolies. It states very clearly that larger retailers will sell below cost to put the smaller person out of business thus enabling a monopoly.

The permit limit from two to nine just feeds right in to huge retailers, and I'm not even talking about Costco, although they are one of the largest wine and spirits retailers in the country. There are several huge individually owned retailers who have just come into the state who -- and you don't need nine, you don't need six to control a state of this size. I mean, if we were Texas, six doesn't mean anything or nine doesn't mean anything. Connecticut, geographically, you could -- you could certainly corner the market with six or nine stores. So we pride ourselves on being a small individually owned business in the state of Connecticut, and as Jim Ransford said, New York, you can only own one store and package stores don't sell beer in New York. In Rhode Island, there is only one permit. In Massachusetts, along with all the other things that we've heard today, you cannot move a store out of town. If you own a store in Lennox, it must stay in Lennox. If I buy it, it must stay in Lennox. I can't move it to Somerville.

So there -- there are many state laws that were selected out of this bill and there were many that were not. So there -- there's a lot of things like that.

Grocery stores owning package stores -- as was stated, I can't own a grocery/beer permit so there's a conflict of -- of things there.

Package stores selling food products, it's such a nonstarter. I mean, is it the worst thing in the world? No, but it's certainly not going to rock my margin. For the most part, the ancillary products that I sell now make up less than one percent of my business and that includes, you know, cigarettes and sodas. It's just a nonstarter.

The convenience store beer permit, that's -- I'm glad Craig spoke today on this. I'm sorry that Matt didn't. We look at this industry. We take it seriously. We worry about the ramifications of alcohol use. We worry about underage purchasing, underage drinking, drunk driving, alcoholism, spousal abuse. Keep lifting them up -- you know, keep adding them all together, the problems of our product and then you say, oh, but it should be made more available, more accessible, more outlets. Makes no sense whatsoever. This is a controlled product. It needs to be controlled. The mass proliferation of permits is -- is abhorrent to me.

The medallion system, I still haven't quite figured that one out honestly. I -- I go back and forth. There are times when I can look at it and go, hmm, maybe it is an asset and there are other times when I go I have no idea what that means. So that's another one that could -- we could probably discuss for 30 days and not come to an agreement on.

And the -- the allowance for price discrimination in the form of rebates, free goods, discounts and inducements, a lot of those topics have been addressed. I think Carroll spoke to some of them. The -- even the tax

ramifications of some large wholesale -- large retailers says they negotiate out of state. They could, under this proposal, they negotiate with AB or they negotiate with Diageo for a price that comes through the state of Connecticut in a wholesale situation, but they've negotiated a price such that the salesman is not going to get paid because there's not enough margin in it so there's no commission made. They negotiate free goods. Where's the taxation on that? Who's paying the income tax on that? And they say, And I've won a trip to the Super Bowl. Where is -- where is all that going? So there -- there's a million things in this bill that are problematic.

SENATOR KISSEL: Well, Mr. Wilensky, it's been a pleasure knowing you for the last -- and working with you for the last 18 years. We're not going to agree on everything --

ALAN WILENSKY: No, we're not.

SENATOR KISSEL: -- but, you know, if we lower taxes and had Sunday sales, I'd probably be a happy guy so.

ALAN WILENSKY: My manager says hello to you by the way. Mike Feliciano -- he went to law school with you. I believe he sent you a letter.

SENATOR KISSEL: Okay.

ALAN WILENSKY: If I can also -- if I can -- one more fast ball or slow ball in here. I just want to -- I'd like to say something about the distilled spirits numbers. They've alleged that Connecticut will generate \$8 million in increased revenue because of this. And I think it was Carroll who said that the State of Connecticut does about \$1.3 billion in sales? I

don't understand how we get \$500 million back in the state if we only sell 1.3 billion in total.

But let -- let me just -- and I have the actual articles that substantiate these quotes. They've said that in Connecticut with a population of three and a half million, they'll generate -- we'll generate \$8 million in additional tax revenue. Vice president of DISCUS, David Wojnar, said about Indiana with the population of six and a half million that they would generate between 5.7 and 8 million dollars in additional tax revenue because of Sundays. Dale Szyndrowski, vice president of DISCUS -- they have a lot of them -- in Texas package stores do not sell on Sunday in Texas. With a population of 25.6 million people, they estimate \$12 million in tax revenue. This is all DISCUS numbers.

DISCUS' analysis says Minnesota, who also doesn't sell on Sundays from package stores, with 5.3 million people, \$10.6 million in revenue. Jay Hibbard, who spoke to you earlier, in regard to Georgia and their numbers are starting to come back and they're not seeing the Sunday sales come as they thought.. Georgia, 9.8 million people, with spirits only, they estimate between 3.4 and 4.8 million dollars in additional revenue. And Ben Jenkins, another vice president of DISCUS, in Tennessee, with 6.4 million people, \$3 million in additional tax revenue on spirits only. The numbers to me don't add up.

SENATOR DOYLE: Thank you.

Representative Tallarita.

REP. TALLARITA: Thank you. Sorry. I didn't realize -- I came in the middle. Sorry.

Just in regards to those numbers that you just quoted us --

ALAN WILENSKY: Yes.

REP. TALLARITA: -- Program Review and Investigations, which is a committee here in the General Assembly, which is made of both legislators from both parties -- their number was 8.5 million. So that's where the 8.5 million came from just to let you know.

Thank you.

ALAN WILENSKY: And -- and if I just may say one last thing in regard to that. Senator Kissel certainly knows my personal stance, and I'm sure many of the individual stances behind on Sunday sales, but if you're giving me the option of cutting off both my arms or my head, I'll take the arms, but it still makes it very hard to carry the product out to the customer.

Thank you.

SENATOR DOYLE: Please -- please no reaction again.

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

Thank you for your testimony.

ALAN WILENSKY: My pleasure.

REP. REBIMBAS: And I certainly want to extend my gratitude for the thoughtful testimony and research that you have done. And I am looking forward to actually reading through all the material that you provided because I think you did a wonderful job in highlighting the

different factors that all of the states have when we talk about alcohol laws of which have a direct impact on this legislation in the representation regarding what this legislation will be for the State of Connecticut. With that said, because you have -- I believe you had mentioned that you're part of the Package Store Association; is that correct?

ALAN WILENSKY: I -- I'm president.

REP. REBIMBAS: President of the Package Store Association. Were you ever invited to any of the discussions that involved the Governor's office in putting together this proposal?

ALAN WILENSKY: That was taken care of by Carroll, our lobbyist. I was not present at any of those meetings. Carroll was invited.

REP. REBIMBAS: Thank you. And I ask because you've got a world of actual knowledge, as well as research, and I'm sure that was conveyed.

My other question to you is, kind of, playing hypothetical here. I guess the big headline is this is bests for consumers. It's no longer that this is much needed revenue for the State of Connecticut because I think that's been identified as being highly suspect and questionable as to how much revenue will this actually bring. But the headlines I'm reading is that this is consumer based; this is best for consumers. Conceding on the fact that there is a certain convenience to consumers in being able to access the purchase of alcohol on Sundays -- so putting that to a side -- if the real thing is to get the best prices for consumers -- let's pretend that you were invited into the office in order to be able to dive into your expertise, what would that be in providing the best prices for consumers?

ALAN WILENSKY: Good question. Let me say that I put the consumer first, also. I -- I'm not -- I think we go back to the "I'm not sure it's broken." I'm not sure -- the -- certainly, the sales tax and excise tax are relevant if we're talking about the Massachusetts border. We're talking about the bottle bill if you're talking about the Rhode Island border. There's tax issue at the New York border. I believe that we are competitive with -- and again, let's go back to Massachusetts because Mr. Cimini was here, many of the places are there -- I believe that with our pricing versus the Massachusetts wholesale book that I have seen that we are competitive with approximately 1200 package stores in the state of Massachusetts because they have about the same number that we have.

We're talking about three stores that are taking the business, and it's because they have -- Massachusetts is going to end up with the same fight that we have right now when they go to nine. But those stores, the large ones -- Town & Country, the Yankee Spirit, and if you move to Boston, you get Kappy's and Martignetti's -- I went to school in Waltham so I know -- are able to leverage better quantity discounts than 99.9 percent of the other stores.

So you're seeing in a microcosm that a -- I don't want to use big box in terms of them, but the larger, more leveraged stores have a competitive advantage over the everyday guy, the small guy. So those are the stores that we're competing against. It's not Joe's Package Store in Wrentham. It's -- what was the term that you used? The border --

REP. REBIMBAS: Border raiders.

ALAN WILENSKY: -- border raiders. I've never heard that one either. Have you?

So you're talking about one, two, three entities that are -- that have a different playing field. And that's what the bill in toto would establish, and I hope we've kind of taken the toll on that one. So, yeah, would I like the sales tax eliminated? Sure that would make me competitive. But I'm on the shoreline so it's not quite as easy to get up to Worcester. But we do fight with the bottle bill in Rhode Island. The excise -- but overall, I don't think it's that broken.

REP. REBIMBAS: And I absolutely appreciate your testimony in highlighting those because it's pretty consistent with my tours of the different package stores and even the distribution companies throughout the state of Connecticut was the bottle bill was an issue -- an issue that's not before us in this proposal. And I consistently have heard regarding the taxes, and I think that's been echoed here today, and although someone had testified that that might be a conversation that the Governor is willing to have later on, again, I think that's a conversation that you've highlighted and many others have highlighted, that that's where the consumer pricing comes in; that's where we can be competitive. And I'm not interested in fighting penny drafts because I don't think, again, this is not flowers -- a flower business -- and we're not selling sneakers. We are selling a controlled substance. So, once again, thank you for your testimony.

ALAN WILENSKY: Thank you. May I also just say that I also serve on the board of finance in my town in Waterford. I live in Waterford. My store is in East Lyme. And as single-stream recycling is taking over and towns make money on that I -- I

could recommend, as a town income stream, the elimination of the bottle bill so that we can put the stream of glass and cans into the waste streams of the towns and that would raise revenue in that respect. That's my 12 seconds with Waterford finance.

REP. REBIMBAS: Thank you and I appreciate that.

SENATOR DOYLE: Any further questions?

I just have one -- I have one follow-up.

ALAN WILENSKY: Yes, Senator.

SENATOR DOYLE: I am a -- you expressed what -- which I feel about the medallion system in the sense that it's not certain. A lot of people came here today convinced it's a terrible thing. And I -- I'm kind of with you in the sense that it still needs some more investigation. And -- because people I -- some people are tying the medallion system with other -- other components of the bill. So there is -- I'm just saying, at this point, you're not convinced it's necessarily a bad thing. I mean without -- without taking a strong position either way, it's possible it could be good depending on -- if the bill is passed and some of the things you don't like are out, it's possible you could support it.

ALAN WILENSKY: It's -- it's possible. I really -- in the four, six weeks of the concept of this bill I don't know enough about it to say it's going to benefit me. Theoretically, do I now have -- I don't know if it's an actual medallion or not that I put on my wall --

SENATOR DOYLE: It is -- it is actually. The plan is that.

ALAN WILENSKY: Okay. But is it an asset? I was talking to my son last night. He called me, you know. I -- I just don't know. Is it a taxi cab? Is it -- does it have intrinsic value? Basically, your store is valued relative to -- to your sales. So your value of your store, hypothetically, is 30 percent of your gross. Does this provide a -- a competitive pricing across the board or is it still related to my sales? I really don't know --

SENATOR DOYLE: If there is demand for them, there's value. That's the key.

ALAN WILENSKY: -- right.

SENATOR DOYLE: If there's -- no, if there's a demand, you could make value out of it, I think.

ALAN WILENSKY: I suppose but the demand really from our investigation, our conversations at the moment, really work into if I was going to buy another store and move it somewhere, I would buy one of the least valuable stores in the state. I'd buy one that's only doing 100,000 or 75,000 or 125,000 a year. Not -- you wouldn't buy the most expensive for the most property. Right? I wouldn't buy Connecticut Beverage Mart and move it.

SENATOR DOYLE: For our hypothetical discussion, I'm not necessarily saying the medallion presented in the bill. You could look in another form that maybe you could make some sense of all of that.

ALAN WILENSKY: It's possible. I think it needs far more (inaudible) --

SENATOR DOYLE: No, I understand. Yeah. People are so -- to me, to be convinced it's bad. I don't think it's appropriate looking at it because you

at least admit today that it could have some merit.

ALAN WILENSKY: It could have some merit. I need to know a little bit more about it. I'm just --

SENATOR DOYLE: That's all I'm appreciating you saying.

ALAN WILENSKY: Yeah.

SENATOR DOYLE: Thank you.

Any further questions?

Thank you.

ALAN WILENSKY: Thank you for giving me the time.

SENATOR DOYLE: Yeah.

Okay. The next speaker is Nicholas Hine. Nicholas is right here, beautiful. Mark Wilson, Patrick Monteleone, Paul Riveras, Doug Rankin, Maureen Abrahamson, David Leon, Larry Cass, Julia Lewis, Thor Oliver.

Nicholas, thank you.

RICHARD LEMAY: Good afternoon. My name is Richard Lemay. I'm speaking on behalf of Mr. Hine.

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What I'd like to do in the interest of brevity is issue one thank you to all of you for your service. It's very commendable.

Having said that, I'd like to read a prepared statement that I provided 40 copies of, as was suggested, as much as possible and then I'd like to offer some comments from a human element standpoint, if I may.

Dear Connecticut State Legislators. I am the owner of two package stores on the Connecticut/Mass border. Sunday sales will not be profitable for me. My customers inform me that they go to Massachusetts on Sundays to buy cheaper gasoline, as well as cheaper alcohol. Most say they will continue to do so even if Connecticut package stores are open on Sundays. My sales will not offset the cost of being open.

Elimination of minimum pricing and volume discounts, along with opening up full liquor licenses to big box stores, will put almost all of the existing package stores out of business. Billion dollar entities like Walmart, Home Depot and super sized grocery stores will build stores to handle 10 to 20 times the volume that are now prevalent in the majority of existing stores. The new landscape will be 100 to 200 supersized stores instead of the approximate 1200 package stores we have today.

The medallion system is ludicrous. Current package store owners will be thrown under the bus. It will allow big box stores to manipulate prices and force many, if not all, small to medium sized package stores out of business. The first wave of medallion resales will come from package stores that are managed poorly and on the verge of closing down. After a few hundred of these sell out and the capital-rich entities set up their megastores, there will be simply no demand to buy any of the remaining medallions. The mostly middle class owners that are left will lose everything. Their stores will go to public auction. They will only get pennies on the dollar. This scenario will take place in virtually every town in Connecticut several times. It will be almost impossible for these people to find an equivalent job or any job in the present economy. Many will need to go on unemployment and when that runs out they

would be looking at food stamps and government funded health care. They could even lose their home in foreclosure as a direct result.

Allowing this to happen is just not fiscal responsible. Thousands of jobs will be lost while many less will be created. The big box stores will get the job done with fewer people and lower pay scales. They will handle pallets with forklifts while the small store owners will continue to stock their shelves, by hand, one bottle at a time.

The proposed regulation to let medallion purchasers open up anywhere is a deadly blow. It will allow the megastores to go into virtually any town in Connecticut and annihilate the small business owners. They would have an open look at the painfully disadvantaged competition and will be allowed to put them out of business. Keep in mind that 90 percent of the existing stores will have to close their doors forever.

When we initially set up our store, we looked at the regulations in place and made our decisions accordingly, regulations that had been in place for many years. It is simply unfair to many hard working middle class package store owners to allow an uneven playing field to be created.

SENATOR DOYLE: Please summarize, sir. Thank you.

RICHARD LEMAY: Yes, I'd like to add some personal comments about Senator Kissel's unintended consequences and even Senator Doyle's financial implications that maybe aren't necessarily the prime mover.

I ask for the human element to be considered. We're looking at some very unprecedented territory that we're about to embark on. Sunday

sales, just as a consumer, as a private citizen, in my opinion, is just a bad idea. I believe with all my heart that you're taking a pie and you're making seven slices rather than six. I even suggest that if you're not capable of planning appropriately to purchase your alcohol beverages -- alcoholic beverages within the window of opportunity that we have today that maybe you're not a suitable candidate to purchase alcohol.

Please consider the human consequences. Heaven help any of you if you're ever killed by a drunk driver or your loved ones. You're -- you're putting -- selling beer in a -- in a convenience store is preposterous. To openly encourage and flaunt the open bottle bill is insane.

I ask you to do your jobs that you were elected to do and that is to be a leader. Please do not be afraid to stand in front of the speeding train and take the bullet. Just because it looks like it might be a popular opinion to open up Sunday sales, that doesn't make it right. I ask you to do the right thing and by that I mean go home tonight and in the silence of your own mind ask yourself what is the right thing to do. And before you answer that -- excuse me -- temper your decision with some compassion just like the University of Connecticut athletics seeks to be the one known as the school where they say the Pledge of Allegiance before all their athletic competitions -- so what if Connecticut is the only state that doesn't permit Sunday alcohol sales. Be proud of it; embrace your heritage.

SENATOR DOYLE: Thank you, Mr. Lemay. I'll just point out this committee has made no decisions on anything.

RICHARD LEMAY: I understand. This is a living document, and there's -- and there's --

SENATOR DOYLE: This committee has not made any decisions, and we're -- the committee is still taking in all this information.

RICHARD LEMAY: Correct. I strongly urge you all to oppose --

SENATOR DOYLE: Okay, sure.

Senator Kissel

RICHARD LEMAY: -- all of this as it appears today.

SENATOR DOYLE: Senator Kissel.

SENATOR KISSEL: Thank you very much.

I appreciate the sentiment that you bring to this discussion, but I've got to be honest. As a dad who goes home and tells my sons every night that I love them, I get concerned when you say, God forbid, you support something and you have a family member in a car accident. All right. Let's take a step back and take a deep breath.

A couple miles up the road from my house, they sell alcohol on Sundays. We have a lot of restaurants in Enfield in North Central Connecticut. They all sell alcohol on Sundays. Okay. We're wrestling with some of these difficult decisions, but package stores are the only -- only business, to my mind, that is protected by state statute from having to sell a lawful product on a Sunday.

I personally think that's unconstitutional. I think under the decision that was rendered in the Cadillac case about 10, 15 years ago that if

the industry wanted to challenge that in court that it would be found that there are so many loopholes and so many exceptions to the rule that it would be thrown out as a vestige of the blue laws.

Now, I'm trying to be very open minded here. The vast majority of my constituents would like to be able to purchase liquor from a package store or beer from a grocery store on a Sunday. And to have you lay that sort of heavy duty guilt thing on me, I feel bad, because I don't want to have anybody injured. But there's all these other states that have this and, you know, we're sort of an anachronism here.

I understand that if I was a mom and a pop and I was, like, had other family members working in the store -- hey, who wants to be open that day? But it's an option. And if -- and if it's a barber or hairstylist or so many other small businesses, they're closed on Monday or they're closed on Tuesday because that's the low business day.

So I appreciate the sentiment that you brought to this discussion, but for those of us who support Sunday sales, as I do, I don't want -- I wouldn't want to be mischaracterized as the bad guy or someone that cavalierly wants someone to get hurt on our roads. I don't want that. I would never want that.

And so I think that we need to agree to disagree on that particular issue. But I wouldn't want to lay some sort of heavy duty bad karma on you, and I -- I, you know, get concerned when that's, sort of, visited upon us because as much as some folks do have issues regarding the safety ramifications, and I completely respect that, there's nobody up here that wants to do something that will have detrimental impact on

the safety of our loved ones and our families and our neighbors and friends. So, you know, I just had to respond to that.

Thank you, Mr. Chair.

SENATOR DOYLE: Any further questions from committee members?

RICHARD LEMAY: Can I just address Senator Kissel? Just because everybody is in favor of it doesn't necessarily make it right. That would be my only response to your opinion.

SENATOR DOYLE: I think he know that. Senator Kissel appreciates that fact.

RICHARD LEMAY: Thank you.

SENATOR DOYLE: Okay. Any further questions from the committee?

Seeing none thank you very much.

The next speaker is Mark Wilson and Pat -- is Mark Wilson here? Mark is not here. Okay.

Then Patrick Monteleone. Is Patrick -- yes, he is. Correct me -- correct me if I have mispronounced your name.

PATRICK MONTELEONE: No, you actually did very well and I appreciate that. It's not an easy name, and I'm often Patrick Monteleone or Monteleon or --

SENATOR DOYLE: Oh good. I got one right.

Paul Riveras, Doug Rankin, Maureen Abrhamson, David Leon, Larry Cass, Julia Lewis, Thor Oliver and Monica McCall. Thank you.

PATRICK MONTELEONE: Okay. So good evening. I had written here, good morning, then afternoon and now evening. So it's been a long day. I'm a little bit tired, but I'm going to push through here.

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After many years as employees, I, along with my partner, recently purchased Harry's Wine and Liquor Market. It's a store located on Post Road in Fairfield for more than 70 years. One of my partners is the original owner's grandson and represents a third generation of ownership of this store.

Over the years our small business has employed hundreds of local residents, and we take great pride in our dedication to the community and our track record as a gatekeeper for the distribution of a controlled substance.

Harry's business is known for offering great service and selection to its customers. I'm speaking to you today because our store and many like it are at risk due to Governor Malloy's proposed alcohol changes to the Connecticut liquor laws.

When we purchased the store just a few months ago, we did it with understanding the laws and regulations controlling our industry. I believe that it's reasonable to expect that the laws that have gone largely unchanged since the end of Prohibition would remain similar over time, changing only to fit the needs of an evolving time in our society. This bill being touted as "Sunday Sales" is, in fact, a multilayered reform bill designed to fix an industry that -- he said -- simply isn't broken. And a time where it seems that our State has finally moved back to the farm table mentality, where the small businessman and his uniqueness are appreciated, it really is inconceivable to me

that we would be putting a working system that has so many small thriving businesses at risk.

The proposals represent a sweeping change and a nod to the big-box and chain stores that puts small family-owned shops out of business. The changes are being -- that are being proposed not only -- are not at all consistent with the rules of our industry has operated under for many decades. The increase in the number of licenses per owner, quantity discount, and the repeal of minimum bottle price are all proposes that will benefit big chains and supermarkets at the expense of smaller stores. One -- once the big stores are given this amount of purchasing power, they will put small businesses out of work. The result will be lost jobs, less selection. And once all the competition has been eliminated, back to increased prices. Chain stores and supermarkets are motivated only by profit. They do not have a stake in the local community, like the small stores. They will not offer the service that we do. They will not give back to the community the way that we do. They will employ a fraction of the people that we do, and they will have less product knowledge in their stock. They will not be as diligent about protecting against minors.

Thousands of Connecticut's taxpaying employees will likely be laid off, and for what? Buying across the state lines the minority amount of border towns? We've already conceded Sunday sales.

Our system is not perfect, and I, for one, am willing to engage in discussion about ways to improve it. Instead, with no input whatsoever, we are faced with these wholesale changes to our industry which have been backed by a handful of deep-pocketed companies that will greatly benefit from them. We have not been provided

any hard evidence that the benefits of this -- that the benefits of this proposal would outweigh the costs or for that matter that there is, in fact, any benefits at all.

I urge you to vote no to this proposal.

Thank you.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Seeing none, thank you very much.

PATRICK MONTELEONE: Thank you.

SENATOR DOYLE: Next speaker is Paul Laveris. Is Paul here? Okay.

Is Doug Rankin here? Doug's here, okay, and then Maureen Abrahamson, David Leon, Larry Cass, Julia Lewis, Thor Oliver, Monica McCall, Mitch Ancona.

DOUG RANKIN: The benefit of Patrick's testimony, I know it's evening now so that's good.

I want to say good evening to Chairman Doyle and Chairman Taber -- I'm sorry, I need my glasses -- Taborsak and members of the General Law Committee, and I thank you for your attention to my testimony today.

My wife, Ann, and I started a small wine and import wholesale company just last year, with the intention of growing and providing jobs in Connecticut. We have a robust niche of retailers who focus on small production and affordable wines. House Bill Number 5021 imperils the viability to many of those small and medium size professional retailers that we

are lucky to count upon as our customers. In turn, the bill imperils our new company and those like us so we feel we must speak up to oppose the bill, as it stands, irrespective of Sunday sales.

This bill is tailored for big-box stores who make their profit on large volume discounting purchasing from largely DISCUS members. The bill is really only good for them, but it is not clear how the shift in preference for big-box stores will generate increased tax revenues or lower prices for consumers. I just don't see it. Nothing in this bill will make Connecticut residents drink more than they do already, so sales will continue on pace just within a smaller circle of purveyors.

This will leave the state with a small group of well-funded, big-box chains that will drive the agenda for the wholesalers and limit choice for consumers. The buying power allows them to sell specific brands at a loss until they euthanize much of the competition. And when it's safe to do so, then, they can raise their prices. This is a well-worn tactic in business.

The domination won't be due to superior customer service, fair prices or professional knowledge but because the laws were tilted in their favor through this bill. In the end, we'll be left with an industry more dependent than ever on the whims, business decisions of a few or larger, big-box employers. And as we failed to learn over time and again, an economy dependent upon fewer, larger companies is vulnerable. It narrows the economic gene pool.

A large corporation is designed to offer the minimum possible while extracting the maximum possible, offering -- often moving those profits out of state. They do not have to look the

community in which they operate in the eye, so to speak. The small business owner does. A local Connecticut business re-circulates its profits in the town in which it operates and in the state. Most of all, the small business owner is accountable to the community. We should be listening hardest today to the business people who live and work in Connecticut.

The irony is the current system works. It could be tweaked to be -- to bring more choice to consumers, but it works. And it allows for a small business, like us -- like my wife and I -- to establish ourselves and grow, provided we bring value to the marketplace. If we up end these laws, we will travel down a familiar road. CVS and Walgreens have effectively wiped out the small and local pharmacy just as Home Depot and Lowe's have effectively wiped out the local hardware stores. Is this our measure progress?

Don't make this a race to the bottom, please. If there are legitimate reasons for tweaking the state's liquor laws, let's have the debate in the open. And -- and I can end right there.

Thank you for your time and your attention.

SENATOR DOYLE: Thank you.

Any questions from committee members?

Seeing none, thank you very much.

DOUG RANKIN: I appreciate it.

SENATOR DOYLE: Next speaker, Maureen Abrahamson, David Leon, Larry Cass, Julia Lewis, Thor Oliver, Monica McCall, Mitch Ancona, Rakesh Patel.

MAUREEN ABRAHAMSON: I invited my competitor to sit next to me today. First of all, I would like to thank the esteemed members of the General Law Commission today for the opportunity to express my feelings here to you.

HB5021

My father raised me to believe that I could be whatever I wanted to be in life because I was a hard-working American. I have been employed continuously since I was 11 years old. I put myself through undergraduate and graduate school, and I worked my way up the corporate ladder eventually becoming one of the only women VPs at a bank in New York. I opted out of the corporate world, however, and over the past 14 years I have launched three successful businesses right here in Connecticut. I married the man of my dreams, and I'm raising an amazing 11-year-old little girl. I own my own home and I give back to my community. I'm a town commissioner; I'm on environmental and PTA committees; I'm on two local underage task forces in town, chambers of commerce, Brownie leader, life is full.

We own Mo's Wine and Spirits in Fairfield. It's a mid to large store and Wilton Wine Shoppe, a small store in Wilton. Together we employ -- my husband and I -- 15 to 20 employees, six of whom are full-time. And while my idea of the American dream was not necessarily to own a liquor store, my MBA and my husband's background, palate and passion have combined perfectly to create our well-run, respected establishments in our community.

Now while we always knew the day would come that we had to open on Sundays, we never in our wildest dreams could imagine that our entire industry could be sacrificed at the altar of big money and lobbyists for grocery store chains and big-box stores. And while it's being fed to the

public as overturning blue laws, this bill goes so much deeper, as we've all heard today.

We would like to state, for the record, that if your -- if our legislators feel that Sunday sales will generate needed revenue for our great state, then they should approve this bill, and we will support you.

I, like a lot of owners across the state, kept hoping that I could just close my eyes and forget about this bill. It just seemed too unbelievable and incomprehensible that a bill of this complexity and magnitude could be dropped on our doorstep with no time to rally 1200 disparate package stores to fight for their livelihoods. And it seems this whole thing was rolled out with a razor vision. Pick off the beer guys then work on the wholesalers who have had enormous pressure to concede, add a ton of money and shake up an entire state.

And it has worked. Our ranks are scared and angry, and they're still just hearing about this bill. We've heard the rumors about the behind-the-scenes machinations and arm-twisting. Who knows? But is this politics as usual? I really hope not because we're the people with the families, the children and the lives. Then why are we being left behind?

We're the retailers, we're the ones appointed with the responsibility to sell the alcohol to the masses, the ones who bought into the current system, as it is, and the people that invested our sweat and financial equity into a system that is being systematically dismantled by big-box and grocery store chains. I wake up at night, and I try to figure out why.

I want to state for the record that all of our local legislators have expressed their full

support, and I can't tell you how grateful we are for all -- for all of them. And so I -- I'm here to offer a solution. Slow this bill down, please, dissect its contents and demand an economic impact study to determine how this will affect our industry and the state coffers. Convene a bipartisan, industry-wide panel to study ways to accomplish this in a transparent, inclusive way.

Sever the Sunday sales from the rest of the bill if you deem that this provision is revenue producing or politically savvy.

Now, as a final note, I just want to state that I pay my taxes to the State of Connecticut and the United States of America. I'm incorporated in the State of Connecticut not out of the state or out of the country. And our CEOs live right here in Fairfield, and it's me. I'm the little guy and the mommy who still believe in the American dream, and the intelligence of our political system to slow down ill-conceived bills and safeguard small businesses while doing what is appropriate for our great state of Connecticut.

Thank you so much for your time today.

SENATOR DOYLE: Thank you.

I recognize our ex-officio member, Senator -- Senator McKinney.

MAUREEN ABRAHAMSON: Thank you, Senator McKinney.

SENATOR MCKINNEY: Thank you, Mr. Chairman. I want to thank the members of the committee for just giving me the opportunity. I wanted to -- it's been a long day. I've been watching and listening a lot. There are a lot of my constituents here.

And I think I just want to say to Maureen and Patrick and the others here from the district I represent, thank you for coming up to express your point of view. And just to say that for all of us in this legislature who have had constituents come up today, you know, Maureen's 11 year-old daughter plays on the same soccer team as my 11 year-old daughter. Her husband, Mark, coached my daughter in basketball. We're all involved with local charities. When you want to get that gift basket to sell at your PTA auction, you know, you go to Mo's or you go to Harry's and they're willing to help you out. They are in our communities. I don't know the CEO of Walmart. And I don't know the CEO of Costco, but I know the CEOs of all the package stores, and so I just want to thank them for coming up.

Obviously, you know, I've been a strong opponent of these things and Sunday sales, but I think there's room for compromise for this legislation and our legislature this year. And the last thing I wanted to say, because I think they won't say it, but I will, when people talk about the package stores having protections that no other retailer has, they didn't ask for those protections. We passed those laws as a result of prohibition and from the laws that we created, these men and women have invested their time, their energy and their dollars to follow their dreams. And I think that's a very different view when you realize that they didn't come up here and say, protect us unlike others. We established the laws and from those laws they were created. And I think when you look at it in that respect and understand that they are small business people who have invested their dollars and spent an entire day here, I just want to thank them for coming, and thank the committee for, you know, I would say to all of

you out there, usually at this time, there's one or two members of the committee left. The fact that all of the members of this committee are still here is really to their great credit.

So thank you, Mr. Chairman.

SENATOR DOYLE: Thank you.

I will echo Senator McKinney's response or statement that, in fact, a lot of these public hearings, to be fair, I mean for whatever reason at this stage of the game a lot of times it's like the chair -- the two chairs and two ranking members remain, so this is a really impressive performance, and I commend the committee.

Any other questions from the committee members?

Seeing none, thank you very much.

MAUREEN ABRAHAMSON: Thank you very much.

A VOICE: Thank you.

SENATOR DOYLE: Thank you.

Next speaker is David Leon. Is this David? Okay. Larry Cass, Julia Lewis, Thor Oliver, Monica McCall, Mitch Ancona, Rakesh Patel, Patrick Misciagna.

David.

DAVID LEON: I'd also like to thank Chairman Doyle, HB 5021 and especially my senator, Senator Witkos, who I think only left the room maybe once this whole day and has been here and it's greatly appreciated, as well as the rest of the committee.

My name is David Leon from Bloomfield Discount Liquors in Bloomfield and Super Cellar in Avon. I am in a family business that also includes my brother and brother-in-law. I'm a third-generation package store retailer and have been in business 23 years. I'm a Market Watch leader award winner, which is given to a handful of retailers nationally every year. We employ 40 people in Connecticut.

And like the discussion today, we're in business to -- to make a profit. We work hard to make a profit and support our families. It is my belief that any legislation affecting us or any retailer should either be of benefit to the state with additional revenue and/or to the consumer with some type of benefit. I also believe that the only potential revenue and consumer benefit may come from some sort of Sunday sales and that many of the other issues will help put most of us out of business, thousands of jobs lost, and lead to a monopolistic marketplace of big-box stores selling alcohol, a significant decrease of brands and choices for the consumer, and ultimately, when most of us are gone, higher prices.

The mindset that more, more, more is better, better, better is just not true. We are open 78 hours a week. People just won't drink more because of more hours and more outlets. We already have more permits per capita than any state in the country. If this is deemed to be a revenue issue, we are -- we have been agreeable in the past to higher permit fees, but absolutely, in my opinion, the two-permit law is more than reasonable. Additional permits has no benefit of any kind to -- to the consumer or revenue to the state.

The fact remains that despite any of the new pricing schemes being discussed presently for Connecticut, consumers will continue to leave the state Monday through Sunday, especially bordering New England states because of no sales tax and lower excise taxes that's been discussed all day. Again, proposed changes in pricing policies will not change this. We run a discount operation, as well as many of the retailers that are here today. We sell all national brands at low prices and give our customers very aggressive pricing. If the tax structure remains the same, I believe there's no need to dramatically change the pricing laws. It works well. We give fair prices.

And to sum up, we are the definition of small business. We are the ones that support countless charities in our communities with time, money, and donation of products. You all know this because you are at these events, as well. The system has been fair and worked for years, and change for the sake of change, if there is no benefit to the state or consumer, makes no sense.

We are already committed to compromising on the biggest public issue, Sunday sales. Continually year after year, in this chamber we've had discussions on many things that the retailer constantly, consistently year after year, the retailer, the retailer, the retailer, how much can we -- how much can we give? We -- our margins are small. We work seven days a week, as it is. Our wholesalers, they ship out all their products at guarantee margins. Our Bud distributor -- every 30 pack of Bud they ship, they're making a guaranteed at least 20-percent gross profit. Most of us are selling Budweiser for 5 to 50 cents a case, that's 1 to 2 percent. We can't pay our utility bills with those kind of margins.

So I'm just asking for your support and thank you for your time.

SENATOR DOYLE: Thank you.

Any questions from the committee members?

Senator Witkos?

SENATOR WITKOS: Thank you.

Dave, I wanted to thank you for, you know -- I don't even think you left the room at all today. Thank you for coming up. And we had conversation which somebody else spoke about earlier, the fallacy of a quantity price can get you a cheaper when we come to find out that that's not the case, case one is the same as case 30 if you had the quantity pricing.

DAVID LEON: Correct.

SENATOR WITKOS: Is there anything that you can think of off the top of your head from what was discussed today that would be another fallacy where we think if we did this with all good intentions in the proposed bill would have the adverse affect? And if you can't think about it today, too, that's fine, we'll get back to that.

DAVID LEON: Well, the -- the only brief issue is I would say, again, I think, with this medallion system in the permits that I think that -- I think the committee is -- is sort of looking for us to say, it may not hurt us, it may not help us, we're kind of in the middle. I strongly disagree with that. I think going to a potential six permit system is -- is very damaging, could possibly be catastrophic, because, again, the value in our store now, if I go to sell a store, people buy it based on our

sales and goodwill and everything, we can make a nice profit from selling our business to someone. And in this system, the big-box store can buy a permit from, again, from a down and out retailer, move it into our community, so all of the sudden if I go to sell my store and Stop & Shop bought the medallion and they moved it into my area, you know, my potential asset, everything I've worked for for many years is gone. So I would just say that that one issue where I think there's some thought that we're okay with that, I strongly disagree with that.

SENATOR DOYLE: Mr. Witkos, could I just follow that up?

Your premise again, is -- again, as you know this committee, you know, the Governor and all these negotiations are -- are negotiations in the Executive Branch. Now, we're in the Legislative Branch, the General Law Committee and the full legislature will have to make some decisions at some point and no one knows what it is. So, you know, everything's on the table, but who knows what the final bill is.

That being said, the medallion system you just described, you again -- your premise is going from two permits to six. That's not necessarily part of the medallion system. That's what I'm trying to get at. So when I talked to a few other people, you know, your premise there is an absolute tie from two to six for medallions, and that -- that may not be the case is my only point. So, again, if you could -- maybe you believe that, but I'm just trying to grapple with if it's still two maybe, possibly the medallion system is worth something. So I'm just -- I'm challenging your assumption, I don't know if you want to respond.

DAVID LEON: Well, I just -- my response is what -- what do you exactly feel -- what's the difference between two to six permits versus the medallion system? What -- what do you perceive is the difference?

SENATOR DOYLE: They're separate and distinct issues altogether. Two to six is over here and medallion is over here. So they're not related. I mean, they're related but they don't have to be related.

DAVID LEON: Right.

SENATOR DOYLE: And so I was trying to bring out to several speakers, what's your opinion on it? Is it -- is it possible that it's of value? In your world, if it was kept at two, and the medallion system passed, there's the possibility it could have some value to you, is what I'm trying to get at.

DAVID LEON: Right.

SENATOR DOYLE: And so that's my hypothetical to people. And I -- ultimately, who knows what's in the final legislation. I'm just trying to say it's not necessarily as you portray another, I mean, I --

DAVID LEON: Well, what I'm saying is, I think, in the way the medallion system is, for us, as some sort of an asset, it's a bigger asset now that if we go to sell our business the way it is now that the benefit for us selling our business the way it is now is far greater than, I think, the potential medallion system.

SENATOR DOYLE: But a medallion system with increased permits from two to six? You follow me?

DAVID LEON: No -- no, I'm just -- I'm just saying
--

SENATOR DOYLE: I don't think it's much difference is
what I'm saying. You're --

DAVID LEON: Okay.

SENATOR DOYLE: Maybe we just, I mean, it's just --
(inaudible) just drop it, but I think we kind of
disagree. There could be a little more value --

DAVID LEON: Okay.

SENATOR DOYLE: -- is what I'm -- I'm wondering. All
right. Thank you.

Any further questions?

Thank you and thank you for the discussion.
Thank you.

DAVID LEON: Thank you.

SENATOR DOYLE: Larry Cass, thank you.

After Mr. Cass, it's Julia Lewis, Thor Oliver,
Monica McCall, Mitch Ancona, Rakesh Patel,
Patrick Misciagna, Patricia Swain.

LARRY CASS: Thank you, General Law Committee.

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My name is Larry Cass. I own GlenRo Spirit
Shope, a 5,000-square-foot store -- I'm sorry -
- in Monroe, Connecticut. My wife and I put
pretty much everything on the line to buy the
store 20 months ago, over a million dollars is
what we paid for it.

I'll try to be brief. I'm not going to read off
of this because a lot of things have already
been addressed. The one thing I do want to

bring up that I did promise everyone I would is that last year nobody knew whether or not -- nobody knew whether or not we sold these in our stores. So to go into this humongous bill from Governor Malloy, and I think we should chop it at the 5021 for Sunday sales; 5022, for beer and convenience stores; 5023, for beer exclusivity, yadda, yadda, yadda. I really think we're doing a disservice and disjustice to everyone, every - every person in the state of Connecticut by not fully understanding the ramifications of 5021.

My wife and I donate countless days, bottles of wine, probably in excess of \$10,000 every year. You know, like I said, we're a fairly big store. This Saturday night we'll be -- small plug -- Smoke in the Valley, The Taste, in Ansonia at Warsaw Park. Now, my store is in Monroe, and yet we're the sponsor store for Ansonia. We have a humongous circle of influence and we do very, very well, because I believe in and two things: service and selection. And I believe only one of those could be possibly hurt by this bill. My service will never, ever be compromised; however, my selection could be compromised by quantity discounting and min bottle.

Prior to this, I've been at the store five years, I worked there in high school, 25 years ago. I spent 12 years in the restaurant business -- and I'm going to throw just a couple of things at you that will add, perhaps a little value -- min bottle in Absolut, 1.75's, when I was a Connecticut distributor for three years, was 35.99. Sweden sold Absolute for \$2 billion to Pernod Ricard. So if you want to know where the money is and you really want to know where the money is, the money is in the wholesalers. Notice a lot of them didn't speak today. They

didn't have the -- to get up here and speak.
Okay. Right now min bottle is --

A VOICE: 31 or 29.

LARRY CASS: -- 31 -- 31.99 today. On the first, it will be 21 -- 29.99. So they get this little game. Why was it 35.99 for years, and it's been eight years since I started at CDI, and next month it's 29.99; \$6 times six bottles is \$36 a case, and I do hundreds of cases a year, and that's just my small store. Imagine what everybody else does? So you want to know where the money is, they're sitting on it, and they're hiding it from you, and that's why we can't compete with Massachusetts.

Thank you.

SENATOR DOYLE: Any questions from the committee?

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

Thank you for your testimony. Thank you for taking the time on behalf of small businesses to be here because as we keep hearing the testimony, we keep learning new and -- new things along the way, and that's something that I had observed early on, too, is somehow the distributors aren't, in part, of the proposal here today or even, you know, most of the testimony here today as well. So I thank you for, you know, taking the time in that regard. And I think, you know, I -- as a businessperson myself and we put so much time and investment in the business plan and planning for the future of our families, et cetera, I think I'd probably be a little ticked off if I put so much money into a business 20 months ago and all of a sudden the rules are getting changed on me. So I just want

to appreciate, obviously, the time that you took to come up here to share your personal story and time away from your business to be here. Thank you.

LARRY CASS: Thank you. If I just may add?

SENATOR DOYLE: Sure.

LARRY CASS: The customers do know what min bottle is. Abolishing min bottle would be, you know, I'm not going to use all these superlatives, these micro-macro economic impacts, like I stated here. They know exactly what min bottle is. You can go to almost any customer, well, they're selling it for 11.99, well, I can do 11.99.

And I'll add one other thing. In 20 months, I've had six people arrested, different people, four minors for fake IDs. And I give my girls \$250 every time they get a fake ID and the cops arrest somebody. And I've had two people in the parking lot that we did not serve that were intoxicated, and you mean to tell me in a convenience grocery store that they're able to see through a glass wall when someone's intoxicated. We saw it. We called the police, 261-3622 is the nonemergency number for Monroe Police Department, and we had both people arrested in the parking lot. If you want to make a statement, that's what you do.

SENATOR DOYLE: I do commend you for your efforts on underage drinking. I mean, I'm serious you go above and beyond that's (inaudible) incentive for your employees, that's a good idea.

Any further -- Senator Kissel. Senator Kissel.

SENATOR KISSEL: Just for something really quick.

So many people have come here today and said that it's the tax differential that puts us at a competitive disadvantage with Massachusetts, but you're sort of laying the burden on the wholesalers, and I haven't really heard a lot about that. Why -- why -- and, you know, the gentleman that came up, Mr. Berdon, went through everything -- I'm just wondering why -- why are they the bad guy in this?

LARRY CASS: They're the bad guys because of that \$36 a case, you know, when we pay the floor tax last July 1st for Governor Malloy, the 20-percent hike, it did hurt, and our taxes relative -- and I saw the chart -- relative to the border states are higher. So, again, we're not on a level playing field. We have a 6.35 now, not 6 percent, like Governor Malloy implemented.

The money is inside of the wholesalers. You know, they get these great trips to Puerto Rico, and I was a salesman for three years, you know, I'm kind of throwing a stone at a glass house right now, but I enjoyed Puerto Rico quite a bit because I'm a number junkie and I was able to figure out how to get the numbers in and how to win the contest. What they spend is astronomical, you know, the Diageo number on how much they do in annual revenue. That's just a huge number. Do you think there's a little profit built in there? There's quite a bit of profit built in there, and that's what -- no one's really coming up here and saying, you know what, if we -- if we knock it down this three-day amending thing, you know, if there's no period to amend, first off, they're all going to go high, they're not going to go low. I mean, think about it, at an auction do you start at the highest bid or do start the lowest bid? You start at the lowest bid. So they're not to come in and say, well, Absolut, I want it at 250, oh,

no, no, 200, oh no, 150 -- that's where the --
where the cushion is.

SENATOR KISSEL: I don't want to believe that it's
based (inaudible) dozens of people to speak, but
-- and I'm a little confused by how it actually
works in practice, but if -- did you submit
written testimony?

LARRY CASS: Yes.

SENATOR KISSEL: Okay. Only because you have -- you
have inside information -- not in a bad way --
but from an aspect of the industry and now
you're in a different aspect of the industry.
And I find folks that can give us both sides of
the story very helpful. So to the extent you
could point to something in the proposal that
you feel is very bad about the deal that's been
cut with a certain entity that would be hopeful.

LARRY CASS: Well, Kendall Jackson Chardonnay. We've
all heard of Kendall Jackson Chardonnay. Again,
min bottle kind of floats up and down. Pricing
on Kendall Jackson, I remember back in the day
was 97.92, when I started eight years ago, then
it went to 103. That's when it's on sale.
That's when it's posted, whether we have to buy
it for 30 days, 60 or 90 days. I believe right
now this month, we have to buy it for 90 days
and just imagine I have probably 5,000 SKUs so I
have to keep track of that as well. So at
113.92, which I believe this month's current
posted price and next month it goes to 140.92,
there's that \$27 cushion again. They have this
cushion that they just eat up all day long, you
know, and they hammer restaurants because -- and
that's why this channeling problem -- they
hammer restaurants because they don't buy by the
case. They buy by the bottle for the most part.
So they get crushed because they can't buy by
the case. They don't know that it's on sale for

113 and next month it's 140, so that \$27 for every case sold next month is pure, pure profit besides the 20 percent or whatever they've already built into their sale price to me at 113 and everyone else at 113.

SENATOR KISSEL: All right. So just in a nutshell there's like a little bit of a merry-go-round and when -- and when it's high, they're building a huge cushion, and then when it's low they still have a built-in profit margin and that's how they make tons of money?

LARRY CASS: Absolutely.

SENATOR KISSEL: Okay. Thank you.

SENATOR DOYLE: Thank you.

Senator Musto.

SENATOR MUSTO: Good evening.

LARRY CASS: How are you?

SENATOR MUSTO: Good to see you come up here. Good to see you again.

LARRY CASS: Likewise.

SENATOR MUSTO: I want to thank you for coming up, and obviously, the knowledge you're bringing to this is something that we haven't heard a lot of, maybe -- sort of the inside knowledge and that some of the things that I've been trying to bring out throughout the hearing. But I just wanted to mention -- I didn't have a chance with the lady from Mo Spirits there -- but I love the shirts and I love all the sweaters and people coming up. I mean, I know you -- you know, I met you at your store. You're in my district and you own GlenRo and you got your GlenRo shirt

on, and you got your Mo shirt on, and these people -- these are the small businesses again, these are the things we'll be talking about all day that is the real problem with this bill. Sunday sales, you know --

LARRY CASS: I'm -- I'm in for Sunday sales.

SENATOR MUSTO: Yeah, you might not have a choice.

LARRY CASS: Well, it's in my written testimony so this was written before --

SENATOR MUSTO: It sounds like -- it sounds like Sunday sales is -- and I -- I meant that to be a little flip. But it sounds like that -- that's something everybody seems to agree on at this point.

LARRY CASS: It is what it is.

SENATOR MUSTO -- and -- but it's -- it's the other parts of the bill that really hurt you guys, and, you know, I'd hate to see those shirts kind of go away and those jackets go away, so, you know, keep it up. I'll see back in the district and, you know, we'll talk more, for me, too.

LARRY CASS: I appreciate it. If I can add just one last thing. GlenRo actually stands for Glenn and Robert, the original owner. I'm only the third owner in almost 40 years. Our anniversary's in October. You know, there is a history there, you know, is not 125 years, but there is a ton of history. None of the three owners are related. The previous owner owns the building, still works there, and we're right across from Stop & Shop. And I hire police every major holiday now for traffic, and obviously, to make sure everything's okay inside the store, but they primarily direct traffic. When I asked Stop & Shop for anything, they say, well, we got to go to corporate, maybe next

Christmas we'll give you a \$25 gift certificate.
You know where I told them to put that.

Thank you for your time.

SENATOR DOYLE: Any other -- any other questions from
committee members?

Thank you, thank you very much.

LARRY CASS: I appreciate it.

SENATOR DOYLE: Next speaker, Julia Lewis. Is Julia
here? Yes, she is. Okay, Julia's here.

And Thor Oliver, Monica McCall, Mitch Ancona,
Rakesh Patel, Patrick Misciagna, Patricia Swain,
Kevin Pinto, Rick Edie.

JULIA LEWIS: Good evening, I guess.

My name is Julia. I am from Ancona's Wines in
Wilton. I am the store manager there, and I've
been working -- I've had income ever since I was
19, so about four years now.

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I come before you today -- I'm looking forward
into the industry. I've always had a dream of
having my own store. I happen to love Trappist
beer, interesting wines, anything that's
different and out of the ordinary, and seeing
these proposed laws now and seeing everything
that's getting ready to change, I feel suddenly
like I've hit my ceiling. And unfortunately, it
-- it's comes to the point where I don't feel
that even with these new laws I wouldn't be able
to open my own store. I would have to buy these
proposed medallions that they're saying, which
would just increase my capital, and
unfortunately -- I wouldn't even be able to
start. It's -- it would pretty much just take
all of the budding businesses and all of the

young people, and actually, probably the lease business in the long run. You wouldn't have any more of these small businesses. You wouldn't have any more (inaudible). You wouldn't just have the big companies that come in and sell the big bottle and nobody cares. And it's one of the things, I care. I care about this business. And it's -- it's grown on me within the last few years, and it's something that I really just come to realize is a part of me. And having grown up in Connecticut, I'd like to stay in Connecticut. I lived in California. I've lived in Virginia. I've lived in plenty of other places, but Connecticut is my home. And Connecticut is where I would like to stay. And with these new laws that they're proposing I don't know if I would be able to.

Basically, in conclusion, I feel that every store owner and store employee here today is here because their livelihood is being threatened just as I am here. The big question really is why? With so much more serious debates going on out there, such as education and higher taxes, I don't understand why we're discussing the system that isn't really broken. It isn't something that needs to be fixed. My suggestion is that we slow down the process. I believe that we've all come to the conclusion that Sunday sales is something that's inevitable and is going to happen, but the rest of bill really needs to be taken with -- not so much a grain of salt, but it needs to be slowed down. It needs to be recognized exactly what they're trying to impose. There needs to be some sort of system to be able to at least test these drastic changes and hopefully be able to evaluate the possible negative consequences.

Thank you for listening to me, and considering my concerns.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Seeing none, thank you very much.

JULIA LEWIS: Thank you.

SENATOR DOYLE: Next speaker, Thor Oliver. Is Mr.
Oliver here?

A VOICE: He had to go home.

SENATOR DOYLE: Okay. Is Monica McCall here?
Monica's here.

Then Mitch Ancona, Rakesh Patel, Patrick
Misciagna -- and I'm sorry I'm pronouncing --
mispronounced your name, Patrick -- Patricia
Swain, Kevin Pinto, Rick Edie, Paul
Jordanopoulos.

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MONICA MCCALL: Good evening, everyone. Thank you
again for your time and taking time away from
your families as all of us are doing this
evening on this important bill. And I think
it's something that does require a lot of our
time. I'll try to be brief and, hopefully, I'm
not redundant as to what has already been said
during the course of the day.

My name is Monica McCall, and I'm currently the
wine director for Ancona's Wines and Liquors in
Ridgefield, Connecticut. And we have a second
store in Wilton. And I'm opposed to parts of
the bill.

A little bit of background about myself. About
five years ago I left the pharmaceutical
business. It was a -- and I started a career in
the wine industry because I truly have a passion
for it. And I spent two years studying wine,

and I'm continuing my studies toward a diploma of wine, which is the path toward prestigious master of wine. I love what I do and I love going to work every day. I can't say that about the other jobs that I've had. What brings me joy is the ability to really help the consumers buy something that's fun and that's enjoyable.

One of the aspects of the bill that I'm supposed to is the proposed pricing structure based on quantity discounting. And the reason for that is, currently, our customers enjoy our wide selection. We have about 3500 different products between the wines, beers and spirits. Right now, I'm busy reviewing hundreds of different rosé wines -- March, April, you'll see pink -- pink on the shelves. If we go to a quantity discount buying structure, the broad selection I offer my customers will be drastically diminished. Most of my purchasing budget would be tied up in must-have national brands. Instead of buying 40 different rosé's, I might only be able to buy 10. And the bottom line is this bill does not really benefit the consumer in terms of product selection, and as we talked today, probably not even on price.

I'm on the frontline with consumers every day. And more and more I hear their desire to learn about wine, and they have a desire to be adventurous, experience more than just a chardonnay or merlot. When consumers find a toothpaste or a soap or a soda, they stick with it. This isn't really true about wine. With thousands of wines to choose from and with it being more of an adventure, consumers are willing to try different types and different styles much more frequently. That's why today, versus maybe 10 years ago, we have interesting grape varieties that you made never have heard of, like a Dornfelder from Germany or a Jacquere from France or a Tannat from Uruguay. A

quantity discount buying structure will not enable me to offer this to the consumer. And the small distributors that carry these unique products, unique wines, will quickly go out of business.

And I'll just wrap it up by one -- one thing saying is that I spoke a little bit about the consumer's desire for education, and education is near and dear to me, and that's why I am in favor of Bill CTS 59, which would allow package stores to offer wine education for a fee. And I feel that this would be a little bit out-of-the-box thinking that might be of -- to modernized the industry and benefit the consumer, and in turn maybe give some additional sales and revenue.

SENATOR DOYLE: Thank you.

Any questions from the committee members?

Seeing none, thank you.

Next speaker -- is Mitch Ancona here? Mitch is here. Okay, good, Mitch.

Rakesh Patel, Patrick Misciagna, Patricia Swain, Kevin Pinto, Rick Edie, Paul Jordonopoulos, Shelby Pons.

MITCH ANCONA: Hi. My name is Mitch Ancona, and I own two package stores: one located in Ridgefield, the other in Wilton. I'm a third-generation owner. By this, I mean my grandfather came from Italy in the 1900s. He started his first store in 1918. Back then it was a general store, he sold everything. Of course, we know what happened in 1920. post-Prohibition, the liquor store, the wine store operated on its own. He also, at that time, had a hardware store and a food store. When my

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grandfather passed away, my dad took over the wine store. Right now, 90 years later, I run that original business plus my second store that I opened about two years ago. I have two daughters, one three and one eight, and dare I try to dream a little bit here, but I always kind of hoped that someday they might take an interest in the family business and take it over, sort of like I did for my dad.

With what's proposed in Bill Number 5021, I fear that's never going to happen. Now, I have a really nice pretty document but -- I even have pictures on mine and everything just to make it amusing for you. I'm going to go off script a little bit here because I don't want to be redundant. I'm going to try to make it before the bell rings.

The whole thing about Sunday sales, I don't want to really be open on Sunday, and I understand it's an option. I'm -- I'm okay with it. I would ask that may be look at limiting it twelve to five, and I say that for my three-year-old because I am the person that makes the chocolate chip pancakes on Sunday morning. So if you don't do that, she's going to be calling and she's -- she's tough to handle.

You know some other things that I've heard come up that I just want to touch on a little bit. You know, the increase in number of licenses. I own two stores. That's a lot of work. I don't think I'd want to own a third. I definitely wouldn't want to own six. I don't know who really would want to own six, but -- why don't you just leave it two.

Let's talk about some other things, beer wholesalers. Man, I've been talking about that monopoly for years, but how do they get away with it? Do you know what I'm saying? And it's

not only just on -- I can only buy Stella from one person and that price is set, but, man, customer service. It's like, so not only am I forced to buy a particular product from a wholesaler just because -- you know, all of a sudden they're showing up at my back door at six o'clock, and I -- I have no recourse whatsoever.

All right. I didn't -- I didn't do a very good job. Other things to talk about -- oh, convenient stores selling beer, I'm against it. All right. But I don't think that's going to sway your mind 100 percent. I would add this if you go in that direction, make the repercussion for selling to a minor equal to what it is to a package store. Okay? If -- that's not the same in a supermarket. So right now, God forbid a package store sells to a minor, they get caught. They get fined and they get closed, 100 percent closed, locked the door, can't do anything. A supermarket gets caught, they can't sell beer for a day. So if you go in that direction -- which I don't think is good direction -- if they sell to a minor, they should stop selling gas, stop selling chips and candy, lottery tickets, cigarettes, and if they have a couple car lifts, stop them doing work on the cars, as well. I think that might make them rethink their golden goose a little bit.

I'm big into wine education myself. My director of wine, Monica, did mention that Bill 59, I think, so I'm all for that. And that does represent, you know, some out-of-the-box thinking. I think there's some things that you can do to tweak our industry, but I don't think we need to change it as drastically as -- as this bill seems to.

That's it. I know you guys are tired. I'm tired. I want to go home.

SENATOR DOYLE: Thank you.

All right. Any questions from the committee?

Representative Taborsak.

REP. TABORSAK: How are you doing, Mitch?

MITCH ANCONA: Good. Thank you for the question. I felt -- that's good.

REP. TABORSAK: Well, you're in a comfortable sit now. So you might as well --

MITCH ANCONA: Oh, it is.

REP. TABORSAK: -- stay a little while, all right?

MITCH ANCONA: Sure.

REP. TABORSAK: Just a question or two. You know, we're trying to digest all this. There's been a lot of change recently in what the Governor's idea of this bill should be, through his office, speaking with different players in the industries, and also we've heard from the Package Store Association just this morning that they are not fighting Sunday sales and that they're focusing their efforts on what I think is viewed are the priorities that you folks -- or people in your business have gotten around at least the -- I guess, the worst things that you would, perhaps, have some consensus on in this bill. And I was wondering if you could give me your take on the most recent proposals coming from the Governor's Office. They're kind of compromises on the issue of minimum bottle and allowing, basically, package stores in certain limited situations to go below -- well, actually, using acquisition costs as sort of the new minimum bottle, and allowing you situations where you could go below that in limited

circumstances. I think that the new proposal talks about being able to carry, like, five products that you could sell, but a min -- a maximum of five products and those products would have to remain the products, I think, on sale, if you will, for a month. So you wouldn't be able to change them daily, that's my understanding. I'm -- I'm trying to understand this as the information becomes available.

Just give me your thoughts on there being some concept that you might be able to get behind where there would be limited scenarios where package stores could sell below minimum bottle. Is there a model that you think could possibly work? Because one of the things that the Governor's driving at -- I know, this question keeps going on and on, sorry -- one of the things that the Governor's been driving at is trying to find a way, I think, to pass on some sale opportunities to consumers. And if there's a minimum bottle across the board, and absolutely no exceptions to that, we know that you can never sell below minimum bottle in those cases -- so with all that being said, all those muddled thoughts, I'd be happy to hear some thoughts from you on -- on this whole -- where this bill is going in that direction if you have any thoughts.

MITCH ANCONA: Be forewarned, I can muddle a thought better than anybody, so --

REP. TABORSAK: Well, it's getting late, so you know, we're all in that --

MITCH ANCONA: Right. So first, to speak to the concept of -- I'm just trying to -- I've been -- believe it or not, I've been doing this for 30 years now -- give or take, 20-plus whatever. I'm trying to wrap my head around it, too. And that's a point that I wanted to make. If -- if

5021 goes in as written, you know, what I have to do is I have to take everything that I have learned from my dad and doing it myself for X amount of years, and completely throw that business model away. I have no idea how to run my business based on the quantity discount scenario. So that's just -- that's just one aspect to speak to. The other thing, everyone's been talking about posted bottle. I have no control over posted bottle. And like Senator McKinney pointed out before, some of the rules that are theoretically seemed to be protective, I didn't do anything to put them there. I just run my business based on what the rules are.

One of the things that I think gets lost on the concept of posted bottle is it's there for lots of different reasons. One of the reasons is it creates competitions among competing brands within one category. You know, so an example of that would be, you know -- you know a mag of Chardonnay that I have to pay \$50 for and the posted bottle is 11.99, and my margin might be 20 points. So now a competitor comes in and the case costs us, you know, \$40; the posted bottle is still 11.99. Now, my margin is much bigger. So now all of a sudden that theoretical bigger national brand that's trying to keep my margin smaller with a low, you know, higher case costs, there's competition with that. And I think that's what makes Connecticut a little bit special is that there are competing brands which is important.

To get to -- see I told you I could muddle -- to get to your point, I don't think there's any scenario that I would ever want to see below cost sales. The -- the whole concept of five SKUs, 10 percent below, it sounds interesting, I guess, as a theoretical compromise, but it's -- it's going to be a rule put in place with

absolutely zero ability to actually police it.
Now, the Liquor Control --

REP. TABORSAK: Can I jump in there just for a quick
--

MITCH ANCONA: Sure. Don't muddle --

REP. TABORSAK: This says -- this says, I think, something that has come up several times in our discussions. From what we understand -- or at least from what I understand, most of the enforcement that goes on at the package store level is enforcement action taken by the Department of Consumer Protection in response to a complaint by either an adult, a -- who finds that their -- a kid purchased alcohol, sometimes another store learns of another store's practices or something like that. So I think that the thinking is that currently most enforcement is done on a complaint-driven system. So, to address your concern about, you know, whether they would have enough resources to monitor these sorts of changes, I think that the thinking is that it would still be a complaint-driven system. So it wouldn't be as if the Department of Consumer and Protection would then go store to store on a monthly or weekly or something like that basis, making sure that each store was complying with the new law. Is that your understanding?

MITCH ANCONA: Yes.

REP. TABORSAK: Okay.

MITCH ANCONA: The Liquor Control Commission has always, sort of, stated that we're kind of a self-policing industry in that respect, that when somebody might be selling something below posted bottle, you could call the State and complain about that, and they would take action.

You know, I would probably, if it was somebody local, they might just call them, give them a courtesy call and say, by the way, you know, you might not have noticed but Absolut went to 31.99 instead of 29.99. You know, with the fluctuation of posted bottle, it's kind of difficult to keep up with it. And that kind of speaks to the point is, you know, am I going to know what all my competitors, what their five SKUs are that they have decided for that month to sell below? No. I'm not going to have any concept. I -- I just don't see where below cost works on any -- any level. Even the whole concept the -- it's in my store for six months and it hasn't moved so I can sell it for 30 percent below, who's going to check on that? Who's going to check on that I'm not going to move that -- through that and buy it again? I -- I just don't see it. I don't see it being policed.

REP. TABORSAK: Well, I think that goes back to -- I think that it would be somewhat -- and I'm reluctant to use this language, but it's somewhat of an honor system with reliance on folks, like you, in the industry and others and other responsible citizens reporting people who are violating the law. And that's pretty much the system right now in place for the most part that ensures that package stores aren't violating minimum bottle. So it is kind of the current system. So I -- just -- I would just put that out there to you. But your -- your comments are helpful. You know, I'm -- I'm just trying to find out if there's some -- something that you folks could live with, particularly, because in your -- in what we're learning today or what we've heard from your organization today, this -- these proposals were not directly addressed as enemy number one. So I'm trying to feel out if there is any sort of area or

compromise that you guys could stomach, but that may be for another day.

MITCH ANCONA: I think -- well, that's the thing. I think we can take any one of these topics and speak for weeks on them. To try to mesh them all into one public hearing, as you know, it's going to run a little long. So I could speak all day about just pricing incentives.

REP. TABORSAK: We won't -- we won't hold you to that, but thank you.

MITCH ANCONA: No, thank you very much. Any more questions?

REP. TABORSAK: And is there any other -- Mr. Chairman.

SENATOR DOYLE: Any further questions?

Seeing none, thank you.

MITCH ANCONA: Thank you.

SENATOR DOYLE: Thank you.

Is Rakesh Patel here? Yes, he is.

And Patrick Misciagna, Patricia Swain, Kevin Pinto, Rick Edie, Paul Jordonopoulos, Shelby Pons, Chris Velozi, Tim Santos.

RAKESH PATEL: Good evening everybody, Senator Doyle, HB 5021
Rep. Taborsak and all the distinguished member of this General Law Committee. It is my honor to be here in front of all of you, especially, Rep. Taborsak. I've known him personally for -- since the beginning of their politics I assume.

But anyway, to just -- to chime on whatever Mitch had mentioned, the only difference that

the five SKUs that you were mentioning, the five SKUs, Costco can pick up one, Stop & Shop can pick up one or the Wine Nation can pick up one and they can get paid outside the state. And we can be competing against that all day long, and we could never make money. And the idea just sitting there and we'll be -- and we'll be sitting there and carrying their products, selling at 21.99 or 22.99, whatever that may be, 10 percent of that that will get paid outside the state. So, again, that will be a disadvantaged to all of us.

Let me just subtract back because I didn't want to forget that thought at all.

REP. TABORSAK: Sorry, Rocky, thanks for coming and testifying. Can you clarify what you mean by they will be paid outside of the state? Be clear for us.

RAKESH PATEL: Okay. There are a lot of deals made by the League Of Corporations, which we never come across. We find out through the grapevine. We don't even know they exist and the bigger stores, box stores, get paid outside the state. They have multiple branches. They don't have to make a Stop & Shop, doesn't have to get paid in Connecticut. They can paid in Massachusetts. Their 10-percent loss leader item, that can be paid by Anheuser-Busch outside.

SENATOR DOYLE: So it's -- it's your position -- yeah, do some -- take a step back for us. You're providing us a hypothetical for -- let's get a little more -- a big supermarket you're saying gets, you know, paid some benefits, you're saying, out-of-state or whatever. I mean, first give us your hypothetical and then will need some evidence.

RAKESH PATEL: Okay. First of all -- sorry to interrupt you -- I'm sorry -- because I -- I was listening to hear their whole conversation and I thought I should give you my two-cents worth without, you know, permission, but I apologize for that.

First of all, my name is Rakesh Patel. I come from Danbury, Connecticut. I was young and not so intelligent. I bought a liquor store at 24 and today I'm 40 years old. I got two children, ages 9 and 11. This is all I know, gentlemen, and I know how this business works. I maybe only working for 16 years, but the model that we have is a great model. We've probably got it right, believe me, the rest of the country does not have it right.

Today I have brought in several Beverage Journals, one from Connecticut and one from New Jersey. I can give that to you at the -- this is New Jersey, I'm sorry -- this is New Jersey and this is Connecticut, one month, that's a difference. We probably carry more product than New Jersey.

With that said, please slow down the whole bill, 5021, because it has a lot -- a lot of effects, unintended consequences, as they say. So please, take a look at it, take a look at us, we matter. I started -- I drop off my kids a quarter to seven in the schools, and I haven't gone back yet so please take a look at that.

And I can -- I can read off my -- rattle my thing off, but I think everyone has understood what we're trying to say. Medallions are absolutely wrong. I'm opposing to that. I'm opposing to the min -- abolishing min bottle. I don't think we should go into that. You know, unfortunately, do I like to work Sunday? No. Do I have a choices? Yes, I have choices, but

is it about Sunday or is it about -- can we separate them all? If we can, then we can probably, you know, tackle one by one. Just understand, one by one, we can tackle them.

And I can give you so many other things that I think I can go on, but I -- on the categories that no one has shed the light on -- on the beer pricing, please ask me questions. I think that's more important. How the dual process work that's more important to you.

SENATOR DOYLE: Representative Taborsak.

REP. TABORSAK: Rocky, if you could, to get back to what you were talking about before. My understanding is that current law doesn't allow any discrimination in pricing in a way that would prohibit what you seem to be talking about where some retailers are able to obtain product at a price lower than yours or they receive something -- I believe that the law says that there can't be that sort of discrimination. This bill may change -- the Governor's bill may change that protection. Are you saying that current practice -- they're -- there are folks that aren't following that? Is that what --

RAKESH PATEL: At a high level, you guys can do deep down research. At a high level, you know, we don't matter. You know, as a mom-and-pop, I'm only going to buy 200 cases of beer and that holds true for the next five years and that was true for last five years. And every -- every -- in every month, they can't support their system by having the loss leaders. I'm not -- not even up to their -- understand that they're not getting paid somewhere. Believe me. They're getting paid somewhere, not by the distributor, probably by the -- from the breweries and distillers. In our case, there are no distillers because their Stop & Shop's don't

have liquor. But, you know, why, you know, the entire bill is on us, retailers. We have not done anything wrong, except to follow the rules and regulation of the game as we all brought into it. Why does the entire bill just focuses on our back? No one else is giving up anything. We're giving up Sundays. To me, it's a huge deal. What are we getting in return?

There was a sting operation last month in Danbury, Connecticut. There were about 40 stores were checked, mine was one of them. And there were 11 -- 11 of them got caught: one was a Stop & Shop, one was a Trader Joe's, there were a couple of little bodegas and a couple of little things, okay. So Trader Joe's and Stop & Shop will not have to close their entire store, yet any other -- any other package store would have to close their store for three days. If there is a discrimination, it's right there.

REP. TABORSKAK: Well, I appreciate that fairness argument there, because I think you make -- you make a point that, certainly, that penalty that you guys in your field experience is much more severe than a -- than a supermarket would, so we hear that point for sure. It's --

RAKESH PATEL: Can I get two minutes, and I'll just rattle off my --

SENATOR DOYLE: Sure.

RAKESH PATEL: -- four line, please.

SENATOR DOYLE: You can summarize and then --

RAKESH PATEL: Summarize and -- if you had this system in place, and Senator Kissel, I remember the last time talking. The reason why I refer to you is because I remember you saying about the florist store that you're mother-in-law or

somebody had it, if I'm correct? Let me tell you one thing, sir. If he had this system in place for the florists and nurseries in my town, there were so many good folks that came to shop my stores. We do not have the system for them. I feel for them. Hardware stores, Meeker's Hardware. The last time we heard they were going to open up again. The did not open up again. We need to -- with your support, I'm sure -- you guys are for us. I don't think any of us against us -- any of you guys are against us. I think you guys support us. I know that. But please listen to ourselves.

These are all folks here that are just mom-and-pop, I mean, you know, we're not a multimillionaire. Do I make middle-class living? Yes, absolutely. Do I pay my taxes in Danbury? Yes. We own four properties in Danbury. We pay good taxes. Just the city of Danbury, we pay about \$35,000 a year in taxes, property taxes. I mean, that's not a chump change. And -- and my kids go to same school system. They were born in Danbury. So we're not anymore -- any different than somebody comes from a different state or -- in borderline. We keep money right here.

With that said, without undue -- I'm going to say -- my name is Rakesh Patel. I'm from Danbury, Connecticut, proud supporter of Joe Taborsak -- sorry, Rep. Taborsak. I'm here in opposition of House Bill 5021. There is so much -- there's so much involved in this bill that I cannot even begin where to start and where to end. We need to slow this bill down, and we need to form a bipartisan committee. We need to involve every stakeholder, retailers, distributors, suppliers, legislators. If you want to put Madd people, you're more than welcome to; if you want to put cops, you're more than welcome to; get an opinion from everybody.

Today I brought three Beverage Journals. I can give that to Rep. And maybe you guys can take a look at it. Another thing is I can make a comparison - all the comparisons, but I think you guys gave me way more time than you guys have been given to everybody. So I thank you for that. And there is a time constraint, and we as Connecticut citizen have the best system in the place, maybe the right system in the country. We are not followers. We are definitely not followers. I have relatives who work in New Jersey. They close the store as to December 31st of the past year. They could not remain in business. And that's their name on that -- that's how I got the thing. And I know nobody takes a pleasure in that. So -- please take a look at the bill. There'll be a lot of impacts. I have two children, ages 9 and 11. I want them to show them as a proud owner of a store -- they do come by during the summer times, you know, they help me out, taking out the bags or something, I know it's against -- they don't sell to anybody, but they come by with my store. It is my store. They come and play with me. And you know what, guys, please stand up and take one for Connecticut, please, take one for Connecticut, no outsiders.

SENATOR DOYLE: Thank you.

Any further questions?

Representative Taborsak.

REP. TABORSAK: Rocky, thanks for coming up here all the way from Danbury, a ride I know pretty well -- and bringing your testimony, your passionate testimony and we appreciate those materials. We're certainly going to take a look at those price books.

RAKESH PATEL: Thank you.

REP. TABORSAK: Thank you very much.

RAKESH PATEL: Thank you all for your time.

SENATOR DOYLE: One question here for you.

Senator.

SENATOR KISSEL: No, I just wanted to say, thank you. You're recollection of my mother- and father-in-law and their florist business going out of business a couple of years ago was exactly spot on, so you got a great memory and thank you for the shout out.

RAKESH PATEL: Thank you very much.

And by the way, they don't call Joe, they call something else, but we're not going to tell everybody, right? Just kidding.

SENATOR KISSEL: No comment.

SENATOR DOYLE: Rocky, you have another question.

RAKESH PATEL: Oh, sorry.

SENATOR DOYLE: Senator Musto has a question for you.

SENATOR MUSTO: I'm sorry about that.

I wanted to ask, something you said gave me pause about the minimum bottle requirements. I'm not sure -- I thought I understood it, maybe I don't. I wanted to check with you. As I understand the minimum bottle pricing requirement, it's not so much that the state sets the price. It's that the state sets a minimum above the wholesale price which you cannot sell under.

RAKESH PATEL: We do not have a power to set the minimum bottle as a retailer. We just follow the rules. These are set by the very suppliers, and at some cases, wholesalers. We do not have that power.

SENATOR MUSTO: Well, I just want to make sure I, again, I understand what's going on. When you talk about minimum bottle pricing and the State's role in minimum bottle pricing, you're not saying that say for, I don't know, a bottle of Absolut that the State is saying you have to charge \$20 for that. What the State is saying - - and again, correct me if I'm wrong because I'm trying to understand this whole bill -- what the State is saying that if the wholesaler sells you a bottle of Absolut for, say, \$20, you have to have a particular mark up on that. Then why do I see people shaking their heads in the back there?

RAKESH PATEL: That is -- that is provided in the book.

SENATOR MUSTO: Yeah.

RAKESH PATEL: We don't print that book. We don't put this price in (inaudible).

SENATOR MUSTO: No. I know the retailers don't. I'm wondering who sets the minimum bottle price.

RAKESH PATEL: Your guess is good as mine, but certainly not retailers.

SENATOR MUSTO: I was hoping your guess was better than mine, because obviously -- obviously, I'm either misunderstanding it, or I'm not communicating it well.

RAKESH PATEL: No. There's a -- the miss -- the min
bottle is set by a combination of wholesalers
and suppliers. It's not done by buyers.

SENATOR MUSTO: But does the State --

RAKESH PATEL: I do not know that part. I --

SENATOR MUSTO: Subject -- I mean, Mr. Chairman, has
the --

SENATOR DOYLE: Representative Taborsak.

REP. TABORSK: We could get a clarification from
OLR. I believe we're talking about -- are we
talking about Section 30-64?

Duke, if you could just give a clarification of
the -- how that pricing is set. What is the
statutory language?

DUKE CHEN: I believe it's just that. It's not the
state that sets the price. It's more that the
retailers can't sell it below the cost that they
get it from. So, like, if the wholesaler sells
that for 19.99, they can't sell it for below
that, I believe.

A VOICE: (Inaudible.)

SENATOR DOYLE: Well, sir, please come to the
microphone.

REP. TABORSK: I would just add, you know, that the
minimum bottle and minimum pricing -- it -- it
comes to us through statutes and regulations.
And, Duke, I -- I think if I'm correct, they
started about 30-64 and it goes through at least
-- with -- if you take into consideration even
the price discrimination laws, 30-68(k), there
are quite a number of laws and regulations. But
we'd be happy to hear from you.

PATRICK MONTELEONE: The sort of simple answer is this. There are two prices, which you can buy from your wholesaler. Okay. You can buy the bottle price, and you can buy the case price. The case price is usually set -- let's say, for example, it's \$120 for a case of 12 bottles. That breaks down to \$10 per bottle. Minimum bottle price is a single-bottle price. So, if we all -- if we decided we were going to not buy a case but buy a single bottle, that price might be 12.99 for us to bring it into the store.

It's a fair trades practice to protect mom-and-pop shops. Right? So if I'm buying it by the case and I'm selling it at 12.99 at the state-minimum price, the price that mom and pop can bring it in for, into their store, by the single bottle is 12.99. I cannot undercut what they can bring it in by the single bottle for. So there's two prices in the book, there's the min bottle price or the bottle price, and then there's the case price. Does that clarify it at all?

SENATOR DOYLE: Well, that clarifies it, but another question is how is that achieved through statutes that's the --

A VOICE: (Inaudible.)

PATRICK MONTELEONE: Right. The distributor and wholesalers set that price.

SENATOR DOYLE: Yeah, but they're -- all right. I'll -- let's try to keep to the format. But someone -- somebody's authorized to set the prices by statute. That's the question.

Well, why don't we just -- we'll -- we'll get -- yeah, no, I appreciate it.

Any more questions for Rocky at this time?

We'll - we'll work on it, Senator Musto.

SENATOR MUSTO: If -- if, Mr. Chairman, the other question I had but this is more for LCO actually. In the bill, I've been trying to find in the bill that -- where it changes the minimum bottle price, because I thought it was section 12, but maybe -- maybe I'm wrong. I -- I think -- I, again, I think I understand the way it works. I'm just not sure --

SENATOR DOYLE: Mr. Chen, are you hearing this question? There's another question for you. Where the minimum pricing is in the bill.

DUKE CHEN: It's at the end, the repealer section. It's repealing, I believe -- in Section 24, I believe, it is repealing 30-63(e), 30-63(f), 30-64, 30-68, 30-68(i), 30-68(k) and 30-68(l). And those are -- it's in the -- in the -- I don't know if you've seen the GAAP bill analyst that OLR did. It's in the very beginning of that. It does the repealed sections.

SENATOR MUSTO: Thank you, Mr. Chair.

Thank you.

SENATOR DOYLE: Senator Musto, we'd look for -- I think in -- later on we can do a little more investigation, but it's statutory section 30-68(m), and references, you cannot sell below his cost and now it defines cost, to the retail permittee. So, I mean, the posted bottle price from the wholesaler -- so this is whether the state -- the state legislature is authorizing the wholesaler to set charges based upon their cost and shipping delivery to the retailer's place of business. So really, we're authorizing them to set it.

I'm sure it's not clear as (inaudible).

SENATOR MUSTO: Well, what I was trying to figure out, Mr. Chair, was whether -- because there's been a lot of talk the minimum bottle pricing and -- and I was under the impression that it was not actually the State setting the price that it was the wholesaler, distributor setting the price for that level, and then there was a requirement that it not be sold for less than a particular price.

SENATOR DOYLE: Right. The State authorizes the setting of the price. By statute, we -- by the -- that would be the manufacturer, yes.

SENATOR MUSTO: By the manufacturer.

So it's still the market --

SENATOR DOYLE: They do it through state statute.

SENATOR MUSTO: But it's still a market setting the price. It's not actually the State coming --

SENATOR DOYLE: Correct.

SENATOR MUSTO: -- arbitrarily, saying a bottle of Absolut is 20 bucks.

SENATOR DOYLE: But the State's permitting a setting of the price, though.

SENATOR MUSTO: Yes. Thank you.

SENATOR DOYLE: Okay. Thank you.

Okay, thank you, Rocky.

Any further questions?

Seeing none, thank you.

The next speaker is Partick Misciagna. Is Patrick -- all right - I'm sure I mispronounced your name, Patrick, I apologize.

PATRICK MISCIAGNA: Senator, I spent 50 years telling people that it rhymes with lasagna.

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SENATOR DOYLE: Oh, lasagna, okay. Misciagna, all right.

Patricia Swain, Kevin Pinto, Rick Edie, Paul Jordanopoulos, Shelby Pons, Chris Velozo, Tim Santos, Rich O'Grady, maybe.

Thank you, Patrick.

PATRICK MISCIAGNA: You all should consider retail because your hours are as bad as ours.

Thank you for allowing me to address you. You do have my text in a yellow folder.

In September of 2009, I was laid off after a 28-year corporate career with three major corporations in the financial sector. Despite a lot of effort, I spent the next 18 months unemployed. During that time, I decided I did not want anyone else controlling my destiny, so I started to look for a way to match my experience with my love of wine. I took all of my savings and bought a package store in June of 2011, not very long ago. And with the proposed bill, as it stands, it would appear I have pretty bad timing.

Before I even get started, my dream could be over.

Look, I'm not adverse to change. Much of my career was spent helping others in business make

effective changes to improve business processes, reduce expenses and increase revenues. What I learned is that all successful and sustainable change is methodical and contains well explored and tested solutions that create a win-win for all parties involved.

As I read this bill, it is very one-sided. It creates a big win for the megastore and will really crush small business owners, like myself. We're supposed to be the heart of any recovery. In the worst economy since the Great Depression, why would anybody pick this time to decimate an industry?

There are a few things I need -- I believe need greater review before you seriously consider this bill, and many you've heard of today, but I'll pose them as questions.

Is the \$8 million in new expected revenue by Sunday sales a real number? My customers who are in Fairfield buy on Saturday for Sunday. If we give them the opportunity, they'll just spread Saturday over to Sunday. So not being in a border state -- border town, I don't see an advantage to gaining additional sales.

As the superstores build up, small businesses will be put out of business. Licenses will then revert to the state. There will be no windfall for a small business owner who eventually tries to sell his or her medallion. You will not increase overall sales in the state but, rather, just concentrate those sales into fewer locations. And that actually decreases competition and the convenience to the consumer

Is the failure of 1000 stores worth it? You will not only lose my five employees paying taxes and spending in their communities, but they will also likely go on unemployment and

task other state resources. There could be 7000 retail jobs lost across the state. But make no mistake, wholesalers will cut staff, too. And there will be fewer trucks on the road to deliver those goods.

We are tasked at managing a controlled substance and go to great lengths to stop sales to minors. Can you expect the same diligence from a 17-year-old grocery clerk or a gas station attendant, especially when their friends come in?

I ask you to consider the downstream impact of a poorly thought-out bill before you try to implement it. A lot of needless harm stands to come to the people who live, work, pay taxes and support their communities.

Thank you very much.

REP. TABORSAK: Thank you, Mr. Misciagna.

Are there any questions?

Thank you for coming here from Ridgefield and testifying.

Next we have Tricia Swain, Kevin Pinto and then Rick Edie.

Patricia Swain, is Tricia here?

A VOICE: I believe that they left (inaudible).

REP. TABORSAK: Okay, okay. Thank you.

Kevin Pinto, followed by Rick Edie, followed by Paul Jordanopoulos.

KEVIN PINTO: Excuse me. How are you?

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My name is Kevin Pinto. I own a store in Fairfield, Connecticut. I have for 19 years, approaching 20. I'm also a commercial real estate landlord, and I appreciate your time and everyone staying here so late and working together on this bill, 5021.

Not to go over and beat a horse over and over and over about the big box stores and Circuit City, Best Buy, Linens 'n Things, Bed, Bath and Beyond, and how there's only one of them still usually standing at the end of the -- the bloodbath. I think we've seen from everything today that there's a lot of spoiled milk in this bill. I think everyone could agree with -- with that. It was all just slapped into one piece. I do feel for stores that just purchased, stores that have business loans that just made great investments, not only for them but for their personal leases that they guaranteed most likely to landlords, to small business -- or to small real estate areas and local towns, that they will probably most likely have to fill if all this was passed with big-box stores, case -- excuse me - case quantity discounts. And you put into jeopardy empty dark spots in local communities that will have to be rented at some point, and lack of revenue generated for the town and local areas.

I'm going to try and make it real quick under the three minutes because everybody beat a lot of these things. It's at the end of the day.

Obviously, there's a lot of consequences for us. One of the things that Senator Kissel brought up about them eating our lunch every day, I believe, is in Fairfield I know a lot of my customers have homes in Vermont, Massachusetts, skiing, golfing, so on so forth, they would always come buy cases of wine and buy things and then travel up for the weekend. With our tax

base the way it is now, they don't. They go up there. They buy them there. They'd like to support you, but when you're \$2 to \$3 more on items and times are tough, when they drive up there, they buy there and they fill up their tanks. I also have customers, being down by the beach and in the water from people from New Jersey and New York, that come in the summer, as well, they will do the same thing, and still I had people come in the stores time and time after again, recently and say, Kev, I'd love to get stuff from you but you know what, you're 2 or 3 dollars more now than New York, than New Jersey, I like you, but I'm going to have to ring it up.

To sum it up very quickly and the last things - I have a few points - and there's a bunch of things in this bill, but one of the things I'll just remember -- when I had a deli for 16 years, and the Coke guy would come in and say, Hey, you know what, I want to take over the fountain soda machine. He'd say, You'll sell more soda, switch to Coke.

And I'd say, I'm not going to sell more soda, I'm just going to sell more -- I'm just going to sell less Pepsi.

The way this bill is all combined right now with everything in there and there's so many parts, so I'm jumping around, but it's designed for big corporations, like Diageo, to take up shelf space. They won't have to carry 50 brands of marshmallow vodka. So that you could blindly walk up, and if you pick one, it's their brand. They can control market share easily by dealing on a corporate level from Indiana, Iowa, or whatever, and just deal and carry two items and put them in the stores with the case quantity discount, decreasing their selection, decreasing their product variety and controlling the

market, pushing stores out of business and leaving empty spaces and buildings.

SENATOR DOYLE: Okay.

Any questions from the committee?

Seeing none, thank you very much.

Next speaker is Rick Edie. Is Rick here?

A VOICE: (Inaudible.)

SENATOR DOYLE: Okay. All right. Paul Jordanopoulos. Is Paul here? Paul. I think he submitted testimony. He's not here.

Shelby Pons. Is Shelby Pons here? There she is. Okay.

Chris Velozi, Tim Santos, Rich O'Grady -- I guess, I'm sorry -- Lisa Mason, Bill DeSilva, Stan Carlson.

SHELBY PONS: I want to start by thanking Senator Doyle and Representative Taborsak and other members of the General Law Committee for the opportunity to testify about Raised Bill 5021.

My name is Shelby Rafaniello Pons. I am testifying as a citizen of Bristol, Connecticut, and as a master's in Social Work Policy Student at the University of Connecticut. As a future social worker of policy practice, I am testifying to support Raised Bill 5021, specifically, to eliminate an old blue law that prohibits the sale of liquor on Sunday, affording Connecticut the opportunity to bring in approximately an additional \$8.5 million of revenue per year.

As a student of social work, I can see the multiple advantages that \$8.5 million could provide to the children and families of Connecticut. In a time when resources are continuously being cut, it would be encouraging to see Connecticut attempt to address the vulnerable budget with sensible solutions. Solutions that involve providing additional job opportunities for the working-class and that do not involve raising taxes.

More than \$3.2 million was recently rescinded from the education budget. These cuts affected services to most of our vulnerable families. They included cuts to many local programs which include, but aren't limited to: family resource centers, after school programs, young parents programs, Even Start, and primary mental health programs. \$8.5 million would not only restore the rescinded amount, but provide additional funding to support services that would support other vulnerable populations.

An additional benefit to Raised Bill 5021 would be more convenience to Connecticut consumers. Outdated regulations prevent consumers from the convenience of purchasing liquor on Sundays. Sunday is the busiest shopping day of the week. Ending the Sunday sales ban will mean more choice and convenience for Connecticut consumers.

I listened to everybody today, and this is my first time ever testifying. I'm doing so a policy class and jumped onto this bill because it seemed antiquated and aligned with religious beliefs. And I thought as a human right person that this would be an interesting bill. I never imagined that it would be 12 hours of, you know, sitting here, or that passionate people and the other side of the story. And so I wasn't unaware of the whole bill and the framing of the

bill and the media was really around blue laws with Sunday liquor licensure. And as a mother of three girls, who will be teenagers someday, I do appreciate the restrictions that are put on underage drinking and driving and the passion that I've seen in the room. And I also -- as a supporter of Sunday licensure, do not -- do not promote drinking and driving or underage drinking and don't want any bad karma on you either.

SENATOR DOYLE: Well, you picked a good bill to follow. The content aside, it's -- it's -- there's a lot of passion on both sides, so it's a good case study for academia.

Any questions?

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

Think you for your testimony. I was just -- needed to compliment you because that's exactly what we're all here for is -- is to listen and to be educated on it. So I certainly appreciate that. Certainly you came in with a position. You did the research that you did and probably have taken a lot more information irrespective of what your thoughts might be when you walk out the door, but if you can take that message back out there that it is important for residents to be informed, no matter what position it may be, appreciate you taking the time in taking your whole day here.

SHELBY PONS: Thank you. It was a great learning opportunity. I appreciate it.

SENATOR DOYLE: Thank you.

Representative Tallarita.

REP. TALLARITA: Thank you.

Shelby, I just wanted, again, say thank you being here. You, again, spent the entire day here. I hope that you get extra credit in your class for what -- what you've done here today with us, but thank you for your testimony and for paying attention and, you know, again, for - for being here like we are and listening to both sides of the issue and trying to form your own opinion and so thanks again.

SHELBY PONS: Thank you. I don't think it will be my last time. I think I'll come back.

SENATOR DOYLE: Good. Thank you.

Any further questions?

Seeing none -- all right, the next speaker, Chris Velozi. Is Chris here? Tim Santos. All right, Tim's here. Then Rich O'Grady and Lisa Mason, Bill DeSilva, Steve Carlson, Mark Taylor and Deion Cooper.

Mr. Santos.

TIM SANTOS: Hi. Thank you for taking your time to hear everybody. I know it's late. I'm tired I'm going to keep this very brief. I got a long ride home.

HB 5021

My name is Tim Santos. My wife and I are retired law enforcement personnel, who own a store on the Rhode Island border, about four miles from the border. I think I'm the only store on the Rhode Island border that has testified. It's an upscale wine shop. We do about 80 percent wine. It's -- I'd be considered the "pa" from the ma and pa's. It's only about 1000 square feet, do about three

quarters of a million a year of small potatoes compared to the large stores. The store has been there since 1964. We've owned it for 12 years.

And I just came here to oppose the bill as it stands. I mean every part of it would -- would hurt us. It's -- I mean, our store is kind of unique. It's -- it's a charming New England store. We specialize in specialty wines. I think our type stores add to the landscape. The charm of New England of what small stores are in New England. This bill -- it's pretty obvious to us all that it's been modeled for larger stores and, I mean, this -- this proposal would clearly benefit the large stores and not my store at all or any store like my store.

I Oppose the quantity discounts. Rhode Island is a quantity discount state. For the general items, yes, they are cheaper than us, Woodbridge, Beringer, things like that. For specialty items or specialty vodkas, scotches or anything like that, we're 4 and 5 dollars cheaper than they are. That's how quantity discounts work. My store, I don't do a lot of the generic -- oh boy, I must sell Woodbridge and Cabot and things like that. I would not be able to compete in that arena. And I probably wouldn't be able to continue offering my specialty stuff at the prices that I can with quantity discounts. It would make it impossible because that's not how it's structured.

Let me see, what else do I have here. Oh, as far as the Rhode Island thing. I mean, people going over there, the gas is 20 cents a gallon cheaper. Flat out, we have bottle bill; they do not. Rhode Island got a -- the Sunday sales a few years back. We had a little hiccup in sales for one year where I am -- as I said I'm four miles away -- and, boom, it came right back.

People are creatures of habit. The people who go to Rhode Island for the cheap stuff are going to go there. It's obvious why, but my customer base pretty much stayed the same. The Sunday sales had no effect after the first year.

Anyway, I'll just wrap it up. The medallions, right now our stores are valued. If I wanted to sell my store, 30 -- 35 percent of my gross, medallions is the total unknown. I mean, I have no clue what -- what that would bring. I think it's just too unknown. I mean, maybe it's worth more, maybe it's worth not, I mean, there's no way -- it's kind of an algebraic formula as opposed to a simple math. I take my gross and I take 35 percent and that gives me a baseline. I don't know what it would be worth with a medallion, no clue, moving that store.

So that's it. I just wanted to keep it short and wrap it up.

SENATOR DOYLE: All right, thank you.

Any questions from the committee?

Senator Leone.

SENATOR LEONE: Thank you, Mr. Chairman.

Good evening. You mentioned all the pros and cons, mostly cons but -- I wasn't clear on your intake on the Sunday sales proposal. I know you don't like all the other aspects of the bill, but you being a border store, it's in --

TIM SANTOS: As far as me, personally, I wouldn't do the Sunday sales, personally. I would continue status quo.

SENATOR LEONE: So you don't think if Sunday sales were passed that you would get additional revenue to your store being on the border?

TIM SANTOS: Well, I have -- as I've said, I'm an 80 percent wine store. The people that are going over to Rhode Island, I know a few of the owners of the stores, right across there, they are members of the yacht club with me in Westerly. They're not selling cases of wine on that Sunday from twelve to six. I mean, they're selling Natural Ice 30s and half pints and pints. That's the crowd that's rushing over there before they go. It's -- it's a different clientele. It's different product that they're selling. Just the way it is, I don't think I'd -- I'd -- I mean, other than maybe a little bit of beer sales, I really can't see it being worth it for me, personally, in my store and my clientele to remain open on Sunday.

SENATOR LEONE: Great. Thank you.

Thank you, Mr. Chairman.

TIM SANTOS: You're welcome.

SENATOR DOYLE: Thank you.

Any further comments?

Seeing none, thank you very much.

TIM SANTOS: Thank you. Thanks for your time.

SENATOR DOYLE: Sure.

Rich O'Grady. Is Rich here?

Then Lisa Mason, Bill DeSilva, Steve Carlson, Mark Taylor, Deion Cooper, Mark Hallway and Paul Agranovitch -- I'm going to mispronounce that.

All right, Rich. What's your last name, Rich,
I'm sorry?

RICH O'GRADY: O'Grady.

SENATOR DOYLE: O'Grady, okay. Thank you.

RICH O'GRADY: Well, it was good morning, good
afternoon, so good evening.

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all right. I'll make this really fast. I'm
going to talk fast.

My name is Richard O'Grady. I'm 61 years old.
I own the Warren Spirit Shoppe in Warren,
Connecticut, which is a town of 1400 people.
I'm really the only business in town other than
an antique shop and a bed-and-breakfast. The
nearest anything is 8 to 12 miles away. The
nearest grocery store is about 15. I spend a
lot of money, in my opinion, on my sales -- and
I'm much smaller than the previous, Mr. Santos,
in terms of dollar sales. I do sell beer, wine
and spirits. It's pretty much 30, 30, 30. I do
-- I'm a major sponsor of the fire department,
the volunteer fire department, the 4K run. I
give to the schools, the churches, individual
kids. I employ locally, and I use all local
people for snowplowing, electrical plumbing, et
cetera. And I think that that's important that
you understand that we do bring something to the
party.

Rather than continue to go through what I wrote,
I have a couple of things that I -- that I just
wanted to add. And I think Mr. Patel started to
hit on it. I've spent 35 years in General Foods
and Kraft, K-r-a-f-t, okay. And I spent -- of
those 35 years, I've spent more than half of my
life in corporate in-sales planning. And when I
heard channel pricing, I just wanted to make you

aware of a couple of things. We were -- when I worked in the food industry, we pretty much were forced by the different factions to come up with what's called, channel pricing. And what it was is we had pricing for supermarkets, we had pricing for box stores, we had pricing for convenience stores and, et cetera, okay. All the deals were different. All the packaging was different. And I have to tell you that with Costco and BJ's and everything else, they squeezed us, as manufacturers, to give them the very best prices that we possibly could. And they created packages that the regular retailers did not have. Stop & Shop would complain, and what Stop & Shop -- what we ended up doing is to be fair with Robinson-Patman, we made it available to all the stores. Okay. But they had to buy it in -- in pallet quantities, and that's very similar to what you all are discussing about in terms of, you know, discount pricing.

Things that I support, okay, Sunday openings, holidays -- by way -- by the way, on Sundays, let me pick the five hours that I want because where I live, being parochial, I'll open at eight o'clock and close at one, and sell newspapers. I'd allow beer -- wholesalers to use depletion allowances, sell some more food items, sure, but the rest of the stuff, I just don't agree with. I think the medallion -- I don't understand it, I really don't. I think it's a bad idea, and I do think that this whole program is designed for box stores and, you know, the larger supermarkets. That's exactly what I think. When I read it over I said, this is, you know, that's what it's designed for.

And in terms of people selling below cost, that's the dumbest thing I've ever heard in my life. I mean, when I was in first grade, I learned that if I paid 10 cents and sold it for

8, I lost two. Why do I want to do that, you know? And if you think that these box stores or anybody else is going to lose money, they're not.

And one other thing and then I'll shut up. Big Y, Big Y runs "Buy Two, Get One Free" or "Buy One, Get Two Free," all right. Do you know how they do that? I'll explain it to you. It's very simple. First off, they're making the red where the margin on the -- on the -- let's take yogurt, for example. They make the regular margin on the one item. The other two that they're given away for free, what the food manufacturers have is what's called an accrual program. And the more you buy in the first three months of the year, that money then is added into a kitty and then Stop & Shop, for example, can spend the money -- or Big y -- can spend the money against those products, and spend it anyway they want. So, they take the money and they spend it, and they give away two free items. Sure. There's loss leaders, but they're not losing any money. But what you're asking us to do is actually go out there and lose money. And, you know, I'm not going to do that. I wouldn't do that, doesn't make sense to me, you know -- and by the way, I'm only 1400 square feet, so, you know, and I'm the only game in town, but I don't rape the people in terms of prices.

And I think there's a misconception on this minimum pricing. This minimum pricing changes every month, depending on what the case cost is, okay. But, as everyone has said, we don't set it. And usually minimum pricing is like 8 to 12 cents, maybe profit for us. So, you know, why would I want to -- I don't do bottom (inaudible). I only do it if I have customers that come in that are really good and say to me, hey, Rich, up in Torrington or down in New

Milford, I can get, you know, I could pay 11.99 for Kendall Jackson.

And then I say to them, Okay, I'll -- I'll do the same.

But I don't do that. I don't change the price on the shelf, I just don't do it. Because I -- I wouldn't be able to make my -- my bills. So that's what I have to say.

SENATOR DOYLE: Thank you.

Are there any questions from the committee?

Representative Taborsak.

REP. TABORSAK: Thank you for coming here today. You were one of the few people that commented on channel pricing, and I just wanted to offer out this to you. It may have -- it may have been -- and I don't know because I wasn't a first-hand observer in drafting this bill -- that channel pricing was something that folks in the restaurant business wanted. Would you think that would be ill-advised by them to -- if -- if that is what happened to want channel pricing for themselves based on what you know?

RICH O'GRADY: No, but - what it does, it opens the door. It opens the door, particularly, if some of the other pieces that you're referring to in terms of box stores getting, you know, permits and everything. They'll -- they'll ask for the same thing. They'll -- they'll force -- they'll force the issue.

REP. TABORSAK: Okay. So fair enough. I appreciate the comments.

Mr. Chair.

SENATOR DOYLE: Further questions?

Seeing none, thank you very much.

RICH O'GRADY: Thank you.

SENATOR DOYLE: Next speaker -- is Lisa Mason here?
Lisa's here.

Then Bill DeSilva, Stan Carlson, Mark Taylor,
Deion Cooper, Mark Holland, Paul Agranovitch, Al
Provenzano, Steve Hennessey.

Lisa.

LISA MASON: Hello, Senator Doyle, Senator Leone, HB5021
Representative Taborsak. My name is Lisa Mason,
and I work at the Middlesex County Substance
Abuse Action Council in Middletown. We are one
of 13 regional action councils created by
legislative mandate to prevent substance abuse
and promote healthy communities. Communities
across Connecticut have created effective
coalitions in partnership with law enforcement
to prevent the sale of alcohol to minors,
enforcing existing laws and educate businesses
that sell alcohol.

With this work, underage drinking rates have
declined, however, alcohol continues to be the
number one drug abused by young people. I am
concerned that the bill does not address the
negative consequences that will result from the
increased sales and lower prices of alcohol.
Expanding alcohol sales to convenience stores
will require increased enforcement activities by
the Connecticut Department of Consumer
Protection, Liquor Control Division, to assess
whether these vendors are complying with the law
that prohibits sales to underage youth.

House Bill 5021 does not acknowledge the need for increased enforcement activities nor provide funding for additional Liquor Control staff. Extending the sale of alcohol to Sundays and specific holidays will increase -- will probably increase the number of alcohol-related and fatal car crashes. No plans are included in House Bill 5021 for increased DUI checkpoints to prevent accidents, nor does it provide first responders and the Connecticut Judicial Branch more resources to deal with an increase in alcohol-related car crashes.

Research shows that a significant number of young people who drink are binge drinkers. Binge drinking accelerates the process of addiction, especially in young people. Expanded access to alcohol results in more binge drinking by young people. Communities already report a lack of treatment services for young people with substance abuse problems. A cost-effective research proven strategy to counteract these negative consequences is substance abuse prevention services at the local, regional, and state level.

Research shows that using multiple prevention strategies can change public opinion, individual behavior and encourage community stakeholders to do their part. Proven strategies include media campaigns, education for youth and family, training for community stakeholders to support prevention efforts, enforcing laws and changing social norms. Investing in prevention saves money and results in healthier outcomes for individuals and communities. Connecticut has the infrastructure in place and the knowledge to enhance its Substance Abuse Prevention Coalition.

I respectfully request that the Connecticut General Assembly study the social and financial

costs associated with House Bill 5021 before it passes this legislation. If the legislation passes, I request safeguards to be incorporated, including the expansion of substance abuse prevention programs to protect Connecticut residents and communities.

Thank you for this opportunity to share my concerns.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Seeing none, thank you very much.

LISA MASON: Thank you.

SENATOR DOYLE: Next speaker, Bill DeSilva. Is Bill DeSilva here? No, he isn't. Is Stan Carlson here? Is Mark Taylor here? Deion Cooper. Deion's here.

DEION COOPER: Hello, everybody. I want to thank everyone for allowing us to be here concerning the bill Raised 5021. My name is Deion Cooper. I live in New Haven, Connecticut, and I attend the University of Connecticut for Social Work in a concentration of community organizing. I am testifying today to support the Raised Bill 5021, concerning alcohol liquor pricing and their hours of operation. The bill will bring financial stability to a state that is already struggling with a high unemployment rate.

During my undergrad experience at Springfield College, my family would have me stop at the local liquor store and purchase a bottle of wine. This would save them a trip for driving the long distance to Springfield or New York on any given Sunday. The biggest advantage of this bill is the fact that liquor stores do not have

to open on Sundays if they don't want to. Unlike us, let us show Indiana that that have a ban on Sundays, that it's time for change.

This is for my class. I'm learning this and listening to all these people in here with different opinions. I ask questions to a lot of these legislators here and some of the people that own package stores that I come to -- that maybe we could all decrease the taxes, you know, on sales of liquors that it can set off and balance off a little bit. A lot of them go to church on Sundays so it should flexible when they want to open up on Sundays, because, you know, I go to church, you know, most churches get out, like, two o'clock, ten o'clock, and it's easier because nobody really buys alcohol early in the morning. You know, I'm just assuming, and I'm taken from my experience, you know.

And that's basically all I've got to say, you know. Any questions?

SENATOR DOYLE: Yeah, Deion, where you going to school?

DEION COOPER: University of Connecticut.

SENATOR DOYLE: In Storrs?

DEION COOPER: No, West Hartford.

SENATOR DOYLE: West Hartford. This is part of your class -- you're --

DEION COOPER: Yes.

SENATOR DOYLE: -- you're -- you're kind of following --

DEION COOPER: My master's, yes.

SENATOR DOYLE: So you're following the history of the bill?

DEION COOPER: Yes.

SENATOR DOYLE: Good.

Any questions? Seeing none --

DEION COOPER: Thank you.

There's still a ways to go on the bill, so follow -- follow closely.

DEION COOPER: Yes. Thank you.

SENATOR DOYLE: Next speaker, Mark Holland. Is Mark here? Is Paul Agranovitch -- is Paul here? Yes, he is.

Next, Al Provizano, Steve Hennessey, Keith Doherty, Patricia Dickerson, Theresa Kuerner.

PAUL AGRANOVITCH: Good evening and thank you to the members of the General Law Committee. I think one thing that we've seen is that our rules and regulations are extremely complex. It's taking this time. I had a few things that I had started out with. I've got quite a few other things that I'll just put on here quickly. Some of them are just questions that we've had before that -- and I think probably weren't properly answered or just didn't have a chance to be.

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One of the things, just real quickly about myself, is that I'm a child of the sixties who is now in his sixties and from the kid who had long hair down to his shoulders to someone who barely has hair now. What we did in the sixties, we changed a lot of things so I'm open to things changing. I don't have a problem with

it. But as things happened back in those days, if the end of the road is -- is a positive result, it's fine. It's worth going with.

I've had -- I've been in the business since 1982, which is a good year, because that's also the year my daughter was born and several years ago she decided that she'd like to join me in coming to the business. I'm thrilled that she did decide. She's here right now. And up till about two months ago, I was hoping that if down the road, this is something she wanted to continue in the business, I would be all for it. Frankly, after the month -- last month and a half or so, if these proposals get in, it's something that I would not want her to be involved with. It just simply wouldn't be worth it. It would be gutting the business and everything that we've had going forward into it.

One of the things that concerns me is that, supposedly, these are things that are proposals from the Governor that are going to help us. Yet, within the past year, we've had an excise tax of 20 percent raised, we've had Massachusetts deleting its sales tax, while the state of Connecticut decided, well, if they don't have any, we are going to raise ours. So there has to be a consistency with what we're doing. It just doesn't make any sense to put all these bricks on our back. We're supposed to carry it across the goal line and yet were being penalized. So it just doesn't make any sense.

Now a couple things real quickly, we are -- one of things was mentioned quite a bit earlier, I think it was the afternoon, maybe the morning, it was about the non-amending being done away with. It sounds great but the reality is the distributors and the wholesalers set the price. So they're told it's going to be X amount, so doing away with that period, it -- frankly, it

doesn't do any -- it sounds good; it really doesn't do anything.

Something else about beer territories, it was stated and it was accurately stated that there - - according to -- basically, according to counties, you can only buy specifically from that area. If a -- your beer wholesaler is out of stock, we can't go elsewhere to buy it. We can for liquor, we can for wine, we can go to another distributor that is not in our area. We cannot -- we have to pay COD, but you can't do it with beer. So, therefore, we can't buy the beer, we're out of stock, the State loses money. Where is the sense of allowing beer wholesalers to keep their territories? There isn't; it's noncompetitive; we lose money from it.

Quickly, again, on this, MADD, I did not make a stand on this. I was told one of the reasons that MADD -- and this was on their website -- that they didn't make a stand -- one of the things they wanted was, one o'clock to two o'clock for restaurants to be able to sell. They said the reason for that is, well, that way people won't go across the borders at two o'clock. They'll continue drinking in Connecticut. It's an argument that puts, certainly, dollars ahead of people, it is absolutely ridiculous. If I wasn't in the business, I'd be offended by it, saying, stay open the extra hour and continue drinking. It just doesn't make any sense.

Quickly again, selling below cost, as far as the value of that, A, you're not going to know when it was purchased, as far as what the price would be. Liquor Control would have no ability whatsoever to know who was selling below cost. They wouldn't have the slightest clue what cost was, particularly, if you're in to take 10 percent below that. And one thing I would also

add is that if you're going to sell below cost, you're selling at a lower price, therefore, there's less tax money, because that's what I thought this whole thing was all about.

So in two last points, if you'll just indulge me quickly. The way that this bill was crafted, we have had absolutely no input into it. It is a bill which is pounding us into the ground. Our thin profits are becoming less and less. We've had no say in it. Everyone else get something out of it. We are the bottom line, and we get nothing from it. And the final last thing is the Governor mentioned he got bought -- he got \$5 he saved on a bottle of wine in Massachusetts, which is great. There a minimum of 25 to 30 cents a gallon less. If you fill up your gas tank, you get \$5 right there. Truckers going on 95, get gas in Rhode Island, they get in New Jersey, they will not buy it in the state of Connecticut. They're already here. You're not asking for people from Wyoming to come here. These are people who use the state, they're right here, they're polluting our air waves, they're working on our -- the roads. We don't get anything from it. Lower the tax, be competitive and these rules should have absolutely no effect. Thank you so much. Anything I can answer, I'd be more than happy to.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Seeing none, thank you very much.

PAUL AGRANOVITCH: Thank you very much.

SENATOR DOYLE: Next speaker is Al Provisenzano. Is Al here? Maybe I've mispronounced it. Al?

Steve Hennessey? Steve here? Yes, Steve's here.

Keith Doherty, Patricia Dickerson, Theresa Kuerner, Dave Hardy, Nella Mazzotta.

Steve Hennessey.

STEVE HENNESSEY: Good evening. I think several of us are too old be up this late, including me, but in any case. My name is Steve Hennessey, and I'm a consultant in the liquor industry, a business broker, and I work with the Department of Liquor Control for 20 years, leaving as the deputy director. Many people that were in the room today have been my customers in recent years and involved in various regulatory issues, and so I'm fairly conversant with the industry.

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People in the industry right now are scared. Two weeks ago, I lost a \$800,000 sale of a liquor store in Connecticut because of the law that was proposed scared the potential buyer so badly that he wouldn't buy the liquor store. This is a liquor store that did close to \$3 million in business, so this is not a small store.

SENATOR DOYLE: Can I interrupt you? Can I interrupt you?

STEVE HENNESSEY: Yes.

SENATOR DOYLE: Just what's your -- so you've got a background in Department of Consumer Protection and retired, so you're like a consultant to other package stores, in general. Just please describe what you do.

STEVE HENNESSEY: Correct. Yeah, I'm a consultant in regulatory issues, help people get licenses. I'm a broker, putting buyers and sellers

together. And in this case, you know, I found a buyer for the business, a sizable business, and yet it wasn't sizable enough that they weren't scared away by the prospective of quantity discounts. And I think that's the big issue here for most of the stores. You saw a lot of people in the room today who are in the smaller end of the business. They are the \$500,000 stores. They are the ones who are going to get hurt immediately. Any quantity discount chain will put them out because they can't buy anything. They have 1000, 800 square-foot store, no room to store anything. They're going to be affected.

Excuse me -- and you see, I think, for many people in the room who didn't speak today, English is a second language for them. They're getting started. They came to this country, they've saved up some money, they got into the business. And now they are very afraid of losing it, because they won't be able to compete on the level with these larger stores. And I think the quantity discounts, given at the wholesale level, well, nobody will see that. My experience in Liquor Control tells me that they don't police at the wholesale level very much at all. Their focus, perhaps as it should be, is on sales to minors and intoxicated persons. They do a very good job of that. They're not really trained in, nor do they have the time and personnel to police the wholesale level. So the idea that they're going to know when someone gets a discount that they shouldn't, isn't going to happen. Unless somebody on the inside makes a phone call, they won't be aware of it.

Up until recently with the change in the economy, the deals were very common in the wholesale business. Two cases on 10, things like that, happened all the time. I know it from my customers. I've seen it and yet Liquor

Control doesn't pick up on any of this. So the idea that they're going to know about these larger deals, ones that are legitimate, isn't going to happen.

So I think it's something for all of you to consider, and hopefully, eliminate at least that portion of the law. Sunday sales, I think, everybody's fairly resigned to it at this point. The quantity discounts and the related pricing issues, I think, are things that everyone's quite scared of right now.

SENATOR DOYLE: Thank you.

Any questions?

Representative Esposito.

REP. ESPOSITO: Thank you, Paul.

Mr. Hennessey, from your experience with Liquor Control -- I asked this question earlier this morning, but you've been in the agency and I -- I've asked with the -- if this bill does become law, and with the influx of these convenience stores and gas stations selling alcohol or beer, will the Department have enough personnel, from what you know of it, to police these stores as they are policing the present, you know, liquor stores and taverns?

STEVE HENNESSEY: I left Liquor Control 15 years ago, and they had considerably more agents than they do now. And yet the number of businesses have gone up in the state of Connecticut since then. If you add more stores on top of that, it's going to be an impossibility for them to control it very well. And historically, the little grocery stores, bodegas, that we find in some of the larger cities, like Bridgeport and New Haven, have been very problematic for Liquor

Control over the years. They see a lot of sales to minors, sales on Sundays, which are not legal now. Sales in the middle of the night. And Liquor Control does catch some of them, but they, certainly, don't at all of them.

REP. ESPOSITO: So not to put words in your mouth, but the only way they'd be able to do that has to be to add personnel to police the additional stores and --

STEVE HENNESSEY: Yes. They do send people out on a regular basis, every weekend, to do spot checks in various parts of the state to either do stings or do stakeouts on stores. They do catch a lot of things. But they only have, you know, 10 people or something, to send out in the course of a week, and that's a lot to expect of them.

REP. ESPOSITO: Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you. Representative Taborsak.

REP. TABORSAK: Yeah. I guess I just would make a brief comment. I'm glad that you're here today to share your knowledge and, in particular, your knowledge of liquor control, because one of the problems we've been grappling with here is the number of folks have expressed concerns about how Liquor Control and the Department of Consumer Protection would monitor some of the Governor's proposals in dealing with the price control reforms -- measures, whatever you want to call them, and what we've learned I think today and what I think I've learned a few days ago is that Liquor Control really focuses currently on stopping sales to minors, on sales to intoxicated persons, and those kind of the sting operations and checkups. What they don't focus on is enforcing price laws as they exist today so that would be something that would

change. Currently, that is a complaint-driven process. It's basically regulated by the owners of the businesses, keeping an eye on another. There's some level of an honor system at work there. Would that be a fair assessment?

STEVE HENNESSEY: Yes. I think pricing is always the train that keeps a very close eye on itself and lets the commission know when somebody's out of line. As Mitch Ancona said, you know, you might call your competitor and give him a warning if he does it once. The second time, just turn him into Liquor Control. And, you know, with the thousands of SKUs out there, you can't put somebody in the store to spend all day checking the book against the shelf. But the problem is going to be the deals that happen at the wholesale level that no one sees. The wholesaler, the salesman and the owner of the store know; no one else is going to see these things. And that's going to be where the largest potential for abuse lies.

SENATOR DOYLE: Thank you.

Any further questions?

I just -- I'm curious that your main criticism is discount pricing. Does that mean the rest of the bill you don't have a problem with, or is this your main concern?

STEVE HENNESSEY: My main concern, not my only concern. Certainly, all of my customers have expressed to me how little they want Sunday sales, but at this point, that might be passed, you know.

SENATOR DOYLE: But, I mean, you, unlike many people here today, really have unique experience, being from the inside. So any other areas that you feel -- I mean, try to take your customer out of

it, try to be -- from your intellectual perspective, do you see any big problems with any --

STEVE HENNESSEY: I think the medallion is a bone thrown by the Governor to the package store industry because he expects package stores to go out of business, and he's trying to give them something to sell. However, those are only going to be worth something in the first few months as the situation changes. Once the larger stores start to come in -- I don't think we're going to lose 75 percent of the stores or anything like that. A man who is in Warren, for instance, no one's going to hurt him, he's out in the middle of nowhere. People don't want to drive from Warren all the way into Danbury to buy a bottle of liquor, but anything in a metropolitan center is going to be largely affected, you know, urban -- or suburban Fairfield County, things like that.

SENATOR DOYLE: So what's your prediction of the percentage that could be closed down?

STEVE HENNESSEY: I would think maybe somewhere in the 400-, 500-store range, something like that. Without -- without --

SENATOR DOYLE: Over time, though, right? You mean over time?

STEVE HENNESSEY: No, I think fairly quickly. I think you'll see a lot of the smaller stores, many of whom are just making a living. You know, they're not putting much away and any sort of crunch on their business, they're going to feel that immediately and then they're going to fold. The medallion will be there for the first few. After that, once the large stores get established, there won't be much of a market. Right now, you have a constant turnover in

stores. You know, somebody comes in with \$100,000, you buy store. They run it for a couple years, they sell it off to somebody else. They buy a \$500,000 store, and they keep trading up and employ more people, banking some money, and so forth. Well, now that little store that they have starts to get a little tight. They put it on the market. There aren't going to be any buyers. So it'll fold, or they'll just keep squeaking along until they can't make it anymore.

SENATOR DOYLE: Any others?

That's your main --

STEVE HENNESSEY: I think those are the main points.

SENATOR DOYLE: Okay, thank you.

Any other questions from the committee?

Seeing none, thank you very much.

STEVE HENNESSEY: Thank you.

SENATOR DOYLE: Keith Doherty? Is Keith here? Keith is here, okay.

Patricia Dickerson, Teresa Currier, Dave Hardy, Nella Mazzotta, Gregory Nemerajance, and Patel Alkeesh.

Okay. We'll try this again. Patricia Dickerson, is Patricia here? No.

Theresa Kuerner? Is Theresa Kuerner, with a K, here? No. Okay.

Dave Hardy? Dave Hardy. All right, then.

DAVE HARDY: Good evening.

SENATOR DOYLE: Good evening.

DAVE HARDY: Representative Taborsak, members of the committee, my name is Dave Hardy. I'm a partner of the law firm of Carmody & Torrance, and I serve as legal counsel to the Connecticut Beer Wholesalers Association.

Connecticut Beer Wholesalers Association appreciates the opportunity to be with you this evening and you curse the passage of Bill Number 5021, and to briefly identify the reasons why the Association and all of its members support this bill. By representative expression of support for this bill has unanimous backing of all Connecticut beer wholesalers members. Connecticut Beer Wholesalers Association represents the interests of 11 beer wholesalers in this state. Its member wholesalers are locally-owned, multigenerational family businesses that provide, on a combined basis, over 1000 jobs in Connecticut.

In recent years, the Connecticut alcoholic beverages market has become increasingly uncompetitive with the markets in our bordering states. It may surprise the members of this committee to learn that Connecticut currently ranks 49th out of the 50 states in per capita consumption of beer. While much of the competitive disadvantage in the Connecticut beer market extends from increases in excise and sales taxes, the new financial burdens that have been placed on beer wholesalers under recent amendments to the bottle bill, there are also features of Connecticut Liquor Control Act that place our state in a competitive disadvantage.

First, the inability of consumers to purchase alcoholic beverages for off-premises consumption on Sundays and the current limitation on

purchase hours during the other six days of the week, forces Connecticut dollars into the hands of retailers in our neighboring states and reduces overall sales in our state.

Second, the inability of wholesalers to differentiate and lower their pricing to retailers on the basis on the quantity of products sold, leaves Connecticut wholesalers without an important and effective competitive mechanism that wholesalers and neighboring states currently have.

While the Connecticut Beer Wholesalers Association supports changes to the Liquor Control Act that will lower prices on the shelf to consumers and increase tax revenues through additional sales, it believes that these ends must not be achieved at the expense of consumer safety and responsibility in moderation in consumption. Accordingly, the Association has been working and will continue to work with the Governor's office and this legislature to ensure that Connecticut liquor laws are modernized and made more competitive while still preserving the fundamental principles of the three-tier system, which since the repeal of Prohibition has fostered safety, moderation, responsibility and the local accountability of participants in Connecticut's alcoholic beverage market.

The Connecticut Beer Wholesalers Association is confident that the bill that emerges from this committee will strike the appropriate balance between achieving a more competitive pricing for consumers and preserving a safe and orderly marketplace. Thanks for the opportunity to express our support today. I'd be happy to answer any questions that you may have.

SENATOR DOYLE: Thank you.

Senator Witkos.

SENATOR WITKOS: Thank you.

There were many questions that came up earlier during the testimony about how the -- the manufacturers and wholesalers really weren't touched in many corners of the bill, but yet, were instrumental in helping to craft legislation that really dealt with the retailers. And some of the folks that testified prior to you, Mr. Hardy, said that -- excuse me -- they had difficulties -- the law does not allow them to go to another beer wholesaler if their wholesaler is out, and it's very territorial in how the beer is distributed in the state of Connecticut. And what could you comment to that and would your association be willing to offer changes that may, ultimately, affect the consumer for lower prices.

DAVE HARDY: Thank you, Senator Witkos. I'm really not familiar with the situation of wholesalers not being able to provide product to a retailer being that common of a problem. But in terms of what the wholesalers can bring to the table in terms of trying to achieve lower prices for the consumers, we've already done so by working with the Governor's office to address some of the aspects of the bill when it was first released that were of concern to us. Mainly, the -- the illumination of the prohibition on price discrimination and inducements. We are also concerned about the elimination of price posting and the elimination of transparency and stability in pricing. And so we have worked closely with the Governor's office to -- to raise the concerns, and those concerns have been addressed in large measure in the substitute concepts that have been circulated to this committee.

SENATOR WITKOS: How much conversation or input do the wholesalers have with the manufacturers, as far as setting that price? Is there a discussion or you just accept the price as given to you and you have a markup from there and it gets passed on?

DAVE HARDY: Well, to be sure, the suppliers are very influential in terms of encouraging what prices to retailers should be. That's the reality of the situation. And I think it's important to note that suppliers sell into -- for example, Massachusetts and New York, at a lower price than they sell to the state of Connecticut. And that's because the marketplace here is not as competitive, and it's not as an attractive market for the suppliers. And so, certainly, the starting point for getting lower prices is to get lower pricing from the suppliers and, again, by allowing Sunday sales and by allowing quantity discounts, depletion allowances. Those are tools that will begin to incentivize the suppliers to begin lowering their prices into the wholesale tier and, of course, it all flows from there down to the consumer.

SENATOR WITKOS: Well, I have to have you explain that a little bit more to me because from every single person that we heard testify today that quantity discounts will actually raise the price to the ultimate end-user here in Connecticut, and they provided examples but you're saying that -- that would -- for us having that would entice the suppliers to lower their prices in Connecticut. Can you just explain that comment.

DAVE HARDY: That's correct. The concept of depletion allowances from supplier to wholesalers and then quantity discounts from wholesalers to retailers do go hand in hand. And the -- what we see in our neighboring states, in New York and Massachusetts and Rhode

Island is that these kinds of discount programs are allowed and, obviously, we have lower prices in our neighboring states and a lot of that has to do with taxes. There is no question about it. But it's at least one area where we can level the playing field that is between Connecticut and the neighboring states. And we believe that the quantity discount and depletion allowance programs will ultimately reduce prices on the shelves for consumers.

SENATOR WITKOS: We didn't have any suppliers testify today -- unless we did when I stepped out of the room. Are you aware of the profit margin on the products -- the difference between the states versus the amount of sales, I know that you make more money the more sales that you make but is the profit margin in those products significantly different between Massachusetts, Rhode Island, and New York versus Connecticut? And, if so, do you know what those are?

DAVE HARDY: Yeah. I apologize. I do not know the answer to that question, Senator Witkos.

SENATOR WITKOS: From your perspective, what are the differences that you, from the wholesalers perspective, that -- between the states that we should be aware of -- versus Connecticut?

DAVE HARDY: Well, I think the main two, obviously, are the Sunday sales and then the depletion allowance and quantity discount program. Those are the main two areas where, you know, Connecticut can bring its liquor laws into line with those states. Those are the primary competitive mechanisms that are not available to Connecticut wholesalers that are available to wholesalers in those states.

SENATOR WITKOS: A lot of the suppliers set the rates or the prices for distribution to you in the

state of Connecticut. And they -- according to your testimony, they don't find that the Connecticut market that competitive so the -- because we don't have certain things that other states allow. But we do have -- a somewhat of a monopoly, or a territorial safeguard for the wholesalers, the distributors, and what do have built in to your profit margins that you receive from the supplier that maybe is different than other states, if you look at a national, I guess, looking at a national company?

DAVE HARDY: I'm not sure I understand the question, Senator. You know, each wholesaler, you know, sets pricing for its products into retail and, you know, they have to juggle making a reasonable profit and selling product and so I'm not quite sure. I'm sorry (inaudible).

SENATOR WITKOS: Let me rephrase the question. You get a price from a supplier and in order to make a profit you charge that price plus 6 percent to the retailer for bringing it to their store. Now, how does that compare with somebody in Massachusetts or somebody in Rhode Island that gets the price from their supplier and they charge 2 percent or 4 percent or 8 percent?

DAVE HARDY: Yeah. I don't know, but I do know that the national suppliers provide to all their wholesalers, you know, recommended resale pricing and, certainly, encourage their wholesalers to adhere to those pricing recommendations. So the answer is I do not know, but it would surprise me if that kind of recommended pricing varied substantially from state -- state to state.

SENATOR WITKOS: Has there ever been an audit -- you work for legal counsel for -- you say your legal counsel for -- wholesalers?

DAVE HARDY: For the Connecticut Beer Wholesalers Association.

SENATOR WITKOS: Has there ever been -- or is there an audit that the suppliers do to make sure that those -- the recommended retail prices is actually followed?

DAVE HARDY: Well, they can know because wholesalers have to post their prices every month to retailers and publish them in the Beverage Journal and post them as public records for the Department of Consumer Protection, so certainly the suppliers are able to monitor at what price the wholesalers are selling it to the retail market.

SENATOR WITKOS: Thank you.

Thank you, Mr. chairman.

SENATOR DOYLE: Thank you.

Any further questions?

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

Thank you for your testimony this evening. You had mentioned you represent the Connecticut Wholesalers Association and that they were anonymously backing, as you said, the Governor's bill. Is that the Governor's bill before us here today?

DAVE HARDY: Unanimously backing.

REP. REBIMBAS: Oh, I'm sorry. Did I misspeak?

DAVE HARDY: Yeah, yeah. Unanimously backing --

REP. REBIMBAS: Okay.

DAVE HARDY: -- the bill. That's correct.

REP. REBIMBAS: So every distributor in the state of Connecticut backs the bill that's before us here today?

DAVE HARDY: Every beer wholesaler represented in the Connecticut Beer Wholesalers Association does.

REP. REBIMBAS: And that's -- but yet at the same time you also testified that you had raised some concerns regarding the Governor's bill, regarding price discrimination and price posting. So are you in support -- is your association in support of the bill here today, or are you in support of the bill with the raised concerns that you have?

DAVE HARDY: We -- we welcome the changes to the bill that have been circulated recently as an improvement upon the initial proposal. But we have backed the original proposal and continue to back this substitute proposal.

REP. REBIMBAS: So you're backing a proposal that you have concerns about. Is that your testimony?

DAVE HARDY: You know, obviously, we don't get to write the bills, and we recognize that there has to be a balancing of all the interests that are at stake here, and so sometimes you have to take, you know, the good with the bad, and on balance, the association believed it was a bill that responsibly balanced all the competing interests and, therefore, threw their support behind it.

REP. REBIMBAS: I can appreciate your position. But it's the responsibility of this committee to hear the testimony in order for us to then

determine what we're going to do with the bill here, moving forward. So I'd be more interested in hearing about some of the concerns that you have with the bill itself.

DAVE HARDY: The ones I mentioned, having to do with the elimination of the prohibition on price discrimination inducements was chief among our concerns. And then the second concern had to do with the complete -- the complete elimination of the price poster or at least some mechanism to provide for some kind of transparency and predictability and stability in pricing. Those are our two main concerns that emerged on our read of the original bill and -- and those issues have been, you know, addressed to our satisfaction in the -- in the substitute proposal.

REP. REBIMBAS: So those are your two main concerns. What are some of your other concerns?

DAVE HARDY: Those are really the chief concerns. I mean much of the bill doesn't directly affect wholesalers, and as many of the people testifying here today, has significant affect on retailers, and so we focused on the issues that were really focused on the wholesale level and how we do business.

REP. REBIMBAS: Earlier in your testimony you had indicated that you wanted the ability to have lower prices, but one of your concerns that you raised is this price discrimination and price posting, isn't that counterintuitive to the two?

DAVE HARDY: No. I don't believe so because we believe that a quantity discount mechanism allows for a responsible nondiscriminatory way to introduce some flexibility into pricing and strikes the right balance between what the state has now versus a system where, you know, you

have different pricing everyday. So -- so we are supportive of quantity discounts serving as a platform for providing at least some level of flexibility in pricing.

REP. REBIMBAS: And that's a level of flexibility for the wholesalers; is that correct?

DAVE HARDY: From the wholesalers to the retailers.

REP. REBIMBAS: From the wholesalers to the retailers. We've had testimony here today from the retailers, the package stores, that certainly are looking for lower prices, as well for them, in order to be able to purchase their inventory. One of the things that was brought to our attention is the district -- the -- for lack of a better, I think, it's the three-tier structure, but you guys have districts where they can only buy from one wholesaler. They can't buy from a different wholesaler that services maybe a different part of the state, that may be selling, let's say, the product at a lower price. Is that something, seeing that you're in -- or your wholesalers are in support of being able to sell less, are you willing to allow the retailers to be able to purchase from any distributor that they see fit in order for them to be also have the same ability to purchase at the price that they're looking for?

DAVE HARDY: No. The preservation of territories is maintained by particular distributors.

REP. REBIMBAS: Territories. My apologies that's the term I was looking for, the territory.

DAVE HARDY: Is a critical component of the three-tier system. For one, it serves as a basis for collecting taxes. It provides a local presence. It prevents -- it keeps out-of-state suppliers from dominating the market. The territory

serves a very important purpose under Connecticut law in terms of maintaining an orderly marketplace and a safe marketplace, as well, given the nature of the product that we're selling.

REP. REBIMBAS: And I can appreciate your testimony in that regard. Certainly, the territories seems to have worked in the state of Connecticut under the prior legislation. Under this proposed law, based on the testimony that we heard, and certainly the same stance you are taking on behalf of your association, we're listening from the retailers that they, too, are looking for competitive prices, so the only way that that would possible is they, too, weren't restricted by these territories.

You also during your testimony indicated that there would be additional sales as a result of this proposal. In what way?

DAVE HARDY: It's the -- the lost sales to our bordering states on Sundays is primarily what we're talking about.

REP. REBIMBAS: So that would be the Sunday sales in that regard?

DAVE HARDY: Correct.

REP. REBIMBAS: Let me just put my notes here if you don't mind giving me a quick second. You had indicated, also, providing a level playing field with the surrounding states. And so is that Sunday sales only, or do you also agree that could be as a result of the excise tax?

DAVE HARDY: Well, certainly, I don't think I'm speaking out of school. If we could repeal the excise tax, I think we'd be all for that. But, you know, we recognize the reality of the

State's fiscal situation, and certainly, it's our belief that this is at least a scenario where we can do something about trying to level the playing field by bringing our laws into line with those of our neighboring states.

REP. REBIMBAS: Would you be asking this committee to consider doing something with the excise tax?

DAVE HARDY: No. I don't -- it's not -- as far as I understand, it's not in the bill that's before the committee, and I'm certainly not here to urge any particular action on the excise tax. Just noting it as a -- certainly, an issue that presents a challenge from a competitive standpoint in Connecticut.

REP. REBIMBAS: And what's your association's position on the bottle bill that we've actually heard testimony here today earlier?

DAVE HARDY: The -- the position of the association is that the bottle bill, under the recent amendments that went into law back in 2008 and 2009, has really added an additional expense and burden on their operations, and obviously, you know, that's also something that makes it difficult to price product competitively. So the view of the association is that the bottle bill a burden to them -- to them and to the extent that, you know, if relief were available to them, obviously, those are two issues that the association is willing to talk to -- willing to talk about.

REP. REBIMBAS: It's my understanding you had indicated that you've continuously been in conversation with the Governor's office. Will you be continuing your conversation regarding the excise tax and the bottle bill on behalf of your wholesalers?

DAVE HARDY: Well, at the moment, what we are focused on is what's contained in the current bill. And so those are the, you know, those are the issues that we are working on now and to the extent that the excise tax and bottle bills are separate or larger issues that need to be addressed on another day, you know, we're always going to talk about them.

REP. REBIMBAS: I just want to make for clarity, for the record's purposes, the current bill does not have a lot of the things that you've been talking about in your testimony, your suggested changes to the current bill. So I just want to make that clear that that's a very important factor as we move forward in this regard.

I believe I have no further questions. Thank you for your testimony.

DAVE HARDY: Thank you.

SENATOR DOYLE: Senator Musto.

SENATOR MUSTO: Thank you, Mr. Chairman.

You said something that kind of interests to me. I been trying to listen to this all day. You mentioned that there were some benefits to the territory system that -- and I'm sorry I didn't write them down. I'll be happy to be corrected -- but you seemed to say that it kept out national distributors, it had allowed for collection of taxes. I mean, why don't you say it because --

DAVE HARDY: There are public safety issues, as well. For example, a year or two ago when the State determined that these products that were a mixture of alcohol and caffeine weren't safe, they should be pulled from the shelves. The State was able to get all those products off the

shelves very quickly and effectively because it knew that at any given time there either was an exclusive distributor of a particular product and they could just call the distributors responsible for that product and say go to your stores and get it off the shelves, and it was done.

SENATOR MUSTO: Very quickly, so that's the benefit of the territory system.

DAVE HARDY: That's correct. Local accountability and accountability for a product which everybody knows is not milk. You know, this is a product that needs to be sold and marketed responsibly, and it's a perishable product, so the territories do serve an important purpose in maintaining, you know, a safe and orderly marketplace for the product.

SENATOR MUSTO: But the liquor does not have territories, right, liquor and wine?

DAVE HARDY: They do as well. The territories of the wine and liquor distributors, if I understand it correctly, tends to be broader than the territories of beer wholesalers. Beer wholesalers are typically focused on a county or in some cases two counties. My understanding from the line side of the business is that the territorial reach of the franchises of those distributors tends to be broader than -- than the territories that beer wholesalers occupy.

SENATOR MUSTO: But when you talk about a beer territory, you're saying that one distributor can sell one type of beer in the territory. It's exclusive.

DAVE HARDY: That's correct.

SENATOR MUSTO: Okay. In the liquor and wine, that's not the case.

DAVE HARDY: That's correct. So for liquor and wine, there are -- statutes permit suppliers to sell their brands to two different suppliers under certain circumstances.

SENATOR MUSTO: Okay. So I guess my question is, if you're saying that the benefit of the liquor territory -- excuse me -- the beer territory is collecting taxes, keeping out nationwide distributors. I mean, the liquor is doing that, as well. The liquor distributors are collecting taxes. The liquor distributors are local. They've got the local control, all the things that you're saying the territories do, liquor distributors are doing, as well, and they'll have the same territory system.

DAVE HARDY: Well, what that protects the territories of both beer and wine wholesalers is the same portion of the General Statutes. So the protections that ensure that those territories are maintained, you know, does emanate from the same statute.

SENATOR MUSTO: But I -- again, I mean, I thought there wasn't --

DAVE HARDY: -- with the exception of -- in the situation of wine, that brands can be sold on a dual basis.

SENATOR MUSTO: Well, liquor as well.

DAVE HARDY: And liquor as well.

SENATOR MUSTO: So everything but beer?

DAVE HARDY: Correct.

SENATOR MUSTO: Okay. And we don't -- is there, again, is there a question about if it were the territories -- because we're not talking about getting rid of beer distributors, necessarily, but if the territory system itself were to go, right, then -- so that someone in Fairfield County, say, could buy Bud or Guinness or Harp, or whatever, from two different distributors. Are you suggesting that nationwide distributors would come in and not pay taxes and do all the other things that you say the territory system is defending at this point?

DAVE HARDY: No. I'm not suggesting people wouldn't pay their lawful taxes, but beer is a perishable product, which is another thing that leads to a distinction between the products. So there's an issue in terms of making sure that sales occur on a timely manner, and there's also a reality of the bottle bill which makes beer wholesalers responsible for redeeming any of the products that are sold in their particular territory.

SENATOR MUSTO: Do they also redeem water bottles, Coke bottles?

DAVE HARDY: No. They are only obligated to redeem those products that they sell.

SENATOR MUSTO: Okay. So again, I mean, we're focusing on -- I'm focusing on the territory system itself. The benefit of the territory system, right, it's not about taxes, it's not about nationwide distributors, it's not about doing other things that Coke and Pepsi, as far as bottle redemption goes. I haven't heard a -- and as far as the perishability of the product goes, there are any number of products we can think of, you mentioned milk yourself, I think is more perishable than beer. I know we put "born on" dates on beer, but, you know, it's certainly not as early as on milk.

I'm just trying to figure out what's the real benefit to the State of Connecticut, to the consumers in the state of Connecticut of the territory system. And that being said, I can understand and appreciate that Budweiser or Guinness may want to deal with only one distributor, you know, to make sure that their product is being marketed, branded, quality controlled correctly, but I'm wondering why the state of Connecticut should be mandating that?

DAVE HARDY: Well, both the beer and the wine wholesalers and spirit wholesalers do serve an important function in terms of preventing vertical integration of the market. I mean Prohibition happened for a reason, among others, because of the so-called (inaudible) houses --

SENATOR MUSTO: Can I just --

DAVE HARDY: Yeah.

SENATOR MUSTO: Again, I need to focus you on the territory system, I'm not talking about the three-tier system. Just the -- it's unique to beer. It's got nothing to do with wine or liquor, as I understand it. That's I think we --

DAVE HARDY: Well -- well --

SENATOR MUSTO: So the territory system itself, what is the benefit of the territory system? Why should we allow -- why should we mandate, in fact, as a state, that one beer distributor be the only beer distributor that can sell to restaurants and stores in a particular territory?

DAVE HARDY: The General Statutes actually do not mandate -- there's no statute that says there

shall be territories for beer wholesalers. What there is is a franchise protection that states that a -- a supplier who was appointed a wholesaler for a particular product for a particular region in the state of Connecticut cannot diminish that after they have -- cannot diminish the franchise rights or scope of that particular wholesaler without a showing of good cause -- before the Liquor Control commission. So that's -- that's a -- that's the part of the General Statutes that keeps both beer and wine wholesalers within assigned territory to which they've been appointed by their suppliers.

SENATOR MUSTO: I understand that. What's the benefit to the State?

DAVE HARDY: The benefit -- well, the benefit is in keeping the relationships between the tiers clean, avoiding the undue exertion of control from one tier down into the next and the issues that -- the social issues that can result from that, from having overly competitive environment, a race to the bottom on prices, irresponsible marketing practices, irresponsible sales and handling practices. It prevents all those kinds of things that are important to consumers. And it also provides for increased of choice and selection of products for consumers, as well, because it prevents big volume suppliers from dominating the marketplace.

SENATOR MUSTO: But do we have any of those problems with the wine and liquor system, distributor system?

DAVE HARDY: Well, I don't know if I can speak on the wine and liquor side of the aisle on this.

SENATOR MUSTO: You suggested that there are -- that it prevents vertical integration. I think the

wine and distributor system certainly prevents vertical integration. You got a three-tiered system for all of the above.

We're just going to say beer and other. You suggested that it's provides more consumer choice, I think, which -- which I'm not sure I understand because if you can buy different things from different suppliers, you might actually get more consumer choice. I'm not sure how having a territory, an exclusive territory, provides more consumer choice, but certainly with the distributor system for other, you have, you know, the same issues.

I'm just -- I'm not hearing anything that focuses on the benefit of giving a beer distributor a territory and that -- that there is any benefit to it, at all, as far as the state goes. I mean, I understand why the beer distributors like it. It certainly makes sense and maybe why the suppliers like it, again for the reasons I mentioned before. They may -- they may enter into those contracts willingly even if the State didn't mandate it to protect their brand. What I don't understand is what purpose it serves the State of Connecticut?

DAVE HARDY: If, for example, regions or territories were not protected, you could have a situation where suppliers would come in and they might very well like to have just, you know, one supplier in the state of Connecticut and -- and that is anticompetitive as far as we're concerned. You know, in the current environment, beer wholesalers know that their prices need to be competitive with the prices that are being offered by the wholesalers that sell their brands in the surrounding territories.

SENATOR MUSTO: Can't -- can a supplier designate one wholesaler for the entire state as the law currently stands?

DAVE HARDY: It could, if a new supplier were to --

SENATOR MUSTO: Well, any supplier, I mean, Bud. Right? Bud could come in. I know Bud has contracts already set up with different distributors, but Bud could say we want one distributor for the entire state.

DAVE HARDY: They can't do that without demonstrating that there's good cause to terminate or diminish their existing supplier -- their existing wholesaler in any given territory.

SENATOR MUSTO: Right. But there's nothing -- your statement, I think, was that having the territory system means that in places surrounding it where there are all the wholesalers, that they have to keep their prices competitive. The reality is that the beer distributor, maybe a new one, because Bud already has some contracts set up that are legally enforceable, right, but if Senator Leone's beer company decided to come in and sell beer in the state of Connecticut, he could say I just want you, I don't want to deal with 10 distributors, I just want one distributor and you're going to do the whole state. And he could do that as a private company. He wouldn't need the state of Connecticut to mandate it. So, again, what makes the territory system so important to consumers in the state of Connecticut?

DAVE HARDY: I talked about the public safety issue I gave the example of the products that were recalled several years ago. And also the -- you know, there's a public policy in promoting a reasonable moderate consumption and having the

division of the tiers promotes reasonable levels of competition, given that we're talking about a product that can be dangerous.

SENATOR MUSTO: Thank you.

Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you.

Any other questions?

Representative Baram.

REP. BARAM: Thank you, Mr. Chairman.

My understanding to continue along the line of questioning is that one of the benefits of the tier system is to deliver a variety of products, for instance, small breweries, microbreweries and products that are made in Connecticut or other places, would not have the market outreach if it weren't for the distributors who are willing to take their stores and not only deliver, you know, the mainstream products but also, you know, the upstart products and the new variety of products that you oftentimes find in the package store. And it's my understanding that those kinds of products wouldn't have an outlet if it wasn't for the distributors who can use their leverage when they're delivering to a package store, let's say, Bud, and they say by the way, we have these other new products that might not be as popular or as well known but they're able to market and distribute and that this indirectly helps start-up companies throughout the state of Connecticut that deliver those products to those markets. Is that a fair characterization?

DAVE HARDY: That is, Representative Baram, yes, very much so.

REP. BARM: Another -- another point that I have learned with the distributors is that there is a great investment in the vehicles and the infrastructure to deliver these products to market. You indicated, you know, the bottle bill, the 5 cents redemption, but also the labor, the trucks, and everything that goes into the delivery that these companies had made huge investments because of the system that we have set up and it is probably impractical to expect that any one distributor is going to be able to deliver to the entire state if that were made possible just because the cost of doing that, of increasing their vehicles and their employees just isn't practical. So the tier system helps create a delivery system throughout the state.

DAVE HARDY: That's correct. Just as package store owners have testified here today that they made an investment based on the system and existing set of protections that provided them value. The same holds true for the beer wholesalers, they have bought into a system and made investments based on certain protections that are available to them under the law and certainly provide the necessary incentives to make sure that there is a good marketplace for the distribution of beer.

REP. BARAM: And finally, when you're talking about public safety, again, it's my understanding that the distributors are sort of a check and balance to make sure that everything is bottle properly, package properly. It's not just a question of delivering it. There is a thorough inspection of everything that goes out to make sure that it's done properly and complies with state law. Is that correct, or are there any other public safety aspects to the delivery?

DAVE HARDY: That is correct. Also the fact that products are perishable, they're able to monitor, you know, the age of the products and - and, you know, for example, product recall situations. Again, that's a situation that can be handled very quickly and efficiently under the current system.

REP. BARAM: Thank you very much.

DAVE HARDY: Thank you.

SENATOR DOYLE: Representative.

REP. BACCHIOCHI: Thank you. I just have a quick question. Do you know if other states have similar three-tier systems or territories?

DAVE HARDY: They do, Representative Bacchiochi. The majority of states in the United States, since the repeal of Prohibition, did incorporate these three-tier systems and, you know, the -- that is the general model in most of the states in our country.

REP. BACCHIOCHI: Would you say that the states surrounding Connecticut generally have the three-tier and territory -- ?

DAVE HARDY: Yes, they do.

REP. BACCHIOCHI: Thank you.

SENATOR DOYLE: Thank you.

Representative Taborsak.

REP. TABORSAK: Okay. Thank you.

Mr. Hardy, just prior to your testimony, at some point in the night, a -- a speaker had described the problem where they run a package store and

run out of a product of some sort and that the wholesaler was actually out of the product and were unable to replenish the product. What is it -- can you guys do -- do -- do your member do anything in those situations? I mean, presumably they run out of product sometimes. That must happen here and there. Is there an arrangement or something they have with other wholesalers to help each other out? Is there a system in place? Can you describe this, please.

DAVE HARDY: I believe the law does provide for one wholesaler selling product to another wholesaler. You know, for example, if the New Haven Anheuser-Busch distributor runs out of certain product, the Hartford Anheuser-Busch distributor can sell and provide to that distributor product if it -- for some reason is short sure on any particular product.

REP. TABORSAK: And is that something that happens frequently?

DAVE HARDY: I don't believe so.

REP. TABORSAK: That's it for me, Mr. Chairman. Thank you.

SENATOR DOYLE: Thank you.

Any further questions from the committee?

Seeing none, thank you.

DAVE HARDY: Thank you very much.

SENATOR DOYLE: Next speaker is Nella Mazzotta? Is Nella here? There she is.

Gregory Nemorjance, Patel Rakesh, Sakin Patel, Boyce Kaman, Jr., Craig Gonsor, Kenneth Branka -
- Branga -- Brangos, sorry.

Nella Mazzotta.

NELLA MAZZOTTA: Thank you for the opportunity speak tonight. I want to correct some previous testimony that said that the liquor and wine distributors have territories. They do not, with the exception of Goodwin and Eder Brothers, who was explained earlier has two different sides of the state. And even with that, everything listed in the book that they have in common is at the same price. So that -- that's false that the liquor and wine distributors have territories. It is only with the beer.

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As for the beer, I don't normally order the beer, my husband does. We kind of divvy of our responsibilities in the store, but when he's traveling and I need to order beer, it is confusing because I take all the beer sheets from the different companies. Well, they all sell the same thing. So I placed an order and only half my order comes in because they'll be a note on my invoice saying, we cannot sell this to you. So now I have to go figure out which company can because they all have Heineken on their sheets.

So -- and the other part of that, too, is -- speaking of Heineken -- the only company I can get Heineken from, I'm not treated very well by. The drivers are not very nice to me, my salesmen hardly ever comes to see me, even though I've repeatedly called the company and complained, but I can't get Heineken for anybody else. So I have to take the bad treatment from the drivers, I have to take the neglect from the salesperson, and have to accept the fact that even though I call the higher-ups nothing's ever done. So we don't have any choices in that.

I'm sorry. I had a whole idea of what I -- everything I was going to say, but a lot has already been said, and I don't want to be repetitive. But some things did -- I just want to make some small points but important points. The idea of selling items below cost. There was some reference made to it being in our best interest to maybe move product that was going bad or was going to expire. First of all, if something is expiring, I'm not going to sell it to my customer, whether it be a full boat or below cost. I never want a customer to come back and say you sold me a bad bottle. And if it does -- on the rare occasion that does happen, a wine bottle is corked or -- I will go to the shelf and grab another bottle and give it to them. What would be my benefit in selling them something that's expiring?

Now, on that note, right now as we speak, I have cases of beer in my stockroom that my beer salesperson came through and pulled off my floor because they were: A, expired; or B, going to expire in a day or two, so they weren't even expired yet. They do this because every once in a while corporate comes down and does spot checks. And they want to look good with corporate so they pull it off my floor, sometimes without even my permission when I'm not there. And they will take that, and they will replenish it. So that really is not a problem.

As for the bad wine, when my salesperson comes in and I say, David, these two bottles. Look at them, they're clearly bad. You could tell by the color.

No problem. Give to me.

Next week he comes back with two fresh bottles. So the they're not doing us any favors telling

us we can sell anything below cost because there are some safety nets and the wholesaler -- it's not just our distributors that take care of us, a lot of times it really comes from the top. Nobody wants any bad product going out there, so do we want to sell anything below cost? No, we don't. It's not necessary and it does not help us.

Lost liters would hurt us greatly. Oh, I'm sorry.

Back to selling things below cost, one of you brought up the point of trying to find items that would be of good value to the customer, help the customer save money. I agree with you. With the economy being what it's been the last two years, I have really concentrated on finding good value items for my customers and there are things out there that we can do. For instance, there are wines, for instance, that the next the vintage is available and the winery needs the distributor to pick up the next vintage, but they still haven't sold through this vintage. They'll put on a closeout list, which is offered to us at a greatly discounted price. We pass that on to our customers. So we have what we call our bargain bin. And we tell our customers -- they know, we don't have to tell our customers anymore, they know that that's a section of the store where I look for great deals. At one time, I brought in 15 cases of an incredible Italian wine that normally sold for \$25, and I was able to sell it for \$14.99. Again, the winery was putting pressure on the distributor. They needed the next vintage picked up so the distributor needed to blow it out, gave it to us at a great price, and we passed that savings along to the consumer. So there are opportunities out there for us to pass good values onto our consumers.

SENATOR DOYLE: Okay. Please summarize.

NELLA MAZZOTTA: On the convenience store issue. Just last week I had underage people come in. Well, they didn't have IDs. And they were clearly underage, and I would not serve them. There's two stores down the street from me. I took down a description of the three kids, and I called the stores down the street and let them know they're on their way. Look for this. They're coming. And we do this back and forth. We all watch each other's back. I don't believe the convenience stores will do this. Why? If they get caught selling to a minor and it's been said before. They'll be told they can't sell their beer for a day, whereas, we have to lock our doors. Who has more stake in this? We can't afford to lock our doors and we can afford to lose our permits. It's our livelihood. We clearly have a greater stake in this, and we clearly take a greater responsibility in protecting our license.

Thank you.

SENATOR DOYLE: Thank you.

Any questions from the committee?

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

And thank you for your testimony. I just wanted to just quickly, you brought up a good point regarding the Heineken, and I'll get to that. I have no reason to believe that this tier system and in the territories for the distributors isn't working in Connecticut. A lot of the testimony that was just previously said by the attorney who represents the Connecticut beer wholesalers regarding the safeguards and how

important it is. It's the same argument, we could have just flip-flopped it and made the same argument regarding the retailers. So I just have a hard time when someone comes before us and says testimony in their interest but forgetting other interests. So I think those safeguards, I think you're making a good argument for them, but now you've piqued my interest, though, because when we talk about the territories, you indicated that even though everybody has a distributors. Everyone has Heineken on their list, you've actually made the request of that person who delivers to you but they didn't have it. What is the reason that they didn't have it or couldn't provided to you at that time?

NELLA MAZZOTTA: They couldn't provided to me, because I wasn't in their territory. But I -- not ordering beer on a weekly basis, I don't know the territories. So although they all may be selling the same items, each -- each distributor can only sell certain items to me.

REP. REBIMBAS: Understood. So you just simply called the wrong person that was servicing --

NELLA MAZZOTTA: Correct.

REP. REBIMBAS: -- your territory. It's not that the person that services your territory didn't have the product to offer you; is that correct?

NELLA MAZZOTTA: Correct.

REP. REBIMBAS: Thank you for your testimony and your clarification.

SENATOR DOYLE: Thank you.

Any further questions?

Seeing none, thank you.

REP. REBIMBAS: Thank you.

SENATOR DOYLE: Thank you for coming from Middletown today. Thank you.

Our next speaker is Gregory Nemergent. Is Gregory here? Greg Nemergent? Patel Alkish? Sakshin Patel? Boyce Kaman, Jr.?

Boyce is here. Okay.

BOYCE KAMAN, JR.: I've been sitting in that chair now for 12 hours. I haven't gone to the bathroom. I haven't eaten. If I'm a little confused, that's probably why. I've never been to the Capitol here. I was born in Hartford, Connecticut. I'm 51 years old. I worked at UTC for 10 years. With 10 years' worth of layoffs, it eventually got to me. I went down to the other end of the state to work, 77 miles each day or each way. So that was 154 miles. I needed to do something else. Back then everyone handed you credit card with a cash access. I collected them. I did what you're not supposed to do. One day I hit every single one up for an access. I risked everything I had, and I developed a store. I have a store in East Windsor. I worked really hard for it. It had only been there year and a half when I took over. I'm next -- I'm in a grocery store in Geissler's Plaza.

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I don't want to go over all the things that everyone has pretty much told you already. I think, along with myself, I'm sure everyone here has learned and awful lot that they didn't know about the industry. I'm scared to death that you guys could change it without fully understanding it first. Unintended consequences definitely will happen.

I have two sons. I put one through college. The other one wasn't a college-type kid. I bought a store in Windsor Locks. I bought the smallest store there was in Windsor Locks. It was dying. It was doing \$150,000 in sales and it was dying. I gutted it, did all the work myself. Opened it up so that it was all sales basis. It's still the smallest package store in Windsor Locks. My son learned the business. He learned it for five years.

Geissler's, it's a grocery store -- it's a grocery store chain in Connecticut. I think they wanted to have 10 by 2010. I think they were slowed down by the recession. Thank God for them. They are a Connecticut -- they're are Connecticut business. They originated in East Windsor. They've grown. They know with the change out there, if they don't grow they are dead. So they are rapidly trying to grow as fast as they can. They wanted to open a package store in Somers. Somers is on the border. It's a scary place to be. In fact, they are one of the only grocery stores in Somers -- grocery store in Somers. And they came and asked me how do you run your business? How much do you keep in inventory? Now, they're my landlords in East Windsor. They own the property where they started. I have a lease with them. I've gone through my period. I've gone through my five-year extension. I'm on a year-to-year with them and I can't get anything better because it's their plaza. They asked me how to start up a store. I was scared -- but I figured, why?

I'm sorry -- you're my landlord. Why are you going to ask me how to open a store? But I decided I'm going to be a nice guy. I'm going to help you. I'm going to explain it to as much as I can to you and hope the best to me. Well, being the good guy ended up turning things

around for me, because they were in Somers and they had the debate. They got a developer to come build -- build a plaza. They built a plaza. They don't own this one. They are a renter there. They design their own package store to go right next to it. They found out that they couldn't get the -- they have an unlimited amount of beer licenses they can have in a store -- in the state of Connecticut. They found out they couldn't get a liquor license and a beer license at the same time. I was helpful. I asked them how they were going. They told me they had that problem. I'll buy it off you right now. They then didn't charge me a price. I jumped in. I -- I -- they asked me, do you have a half a million dollars to invest with us.

Yeah, I do. All I had were debts. I didn't know how I was going to do it. I jumped into it. I figured if they're willing to go to Somers and be on the border, and I'm sure they've looked at it, although I'd never go on the border. I'm going to take a shot.

One of the guys who testified here -- (inaudible) his name now -- he worked in -- he was the consultant. He bought and sold businesses. He worked for the liquor commission. I actually ended up talking to him about it. He helped along with another company get a loan. I sold my store in Windsor Locks because I had to. I could only have two. I borrowed a half a million dollars. I put \$150,000 into it myself. And for three years we've grown.

I was terrified of being there. I am very aggressive. I buy everything on a case discount. I pass every cent back to my customers because I've got to compete with Massachusetts, who can buy it cheaper than I can because of the sales taxes.

There are some buys that you can buy once a year at the best price in November. And that's set up for the large guys, because they know that no one else can afford to stock that much in. Well, I'll do it anyway. And I borrowed money, like I said, (inaudible) to build up the capital so I can buy for that year. I can sell as cheaper as anybody in Connecticut. Three years we've grown.

SENATOR DOYLE: Please try to summarize. Thanks.

BOYCE KAMAN, JR.: Okay. This is my last comment.

SENATOR DOYLE: Okay. Thank you.

BOYCE KAMAN, JR.: Three years I've grown. I met a 1 and a quarter million sales there. Every year, it got better until this year. This year I dropped. This year I dropped because Connecticut -- well, Massachusetts, I bumped up when Massachusetts added their sales tax for liquor. That helped me a lot, because I'm so aggressive my customers come in, and I'm competing with the big box store up in West Springfield, because my customers don't go up there. They come in, they said, You are so close to them that I'm not going there.

Massachusetts repealed their sales tax. Connecticut responded by raising theirs and then raising the excise taxes. I immediately lost customers. It wasn't just sales. I tracked the number of people who came into my store. January of this year, I made \$7000 less than I made in January of last year. The difference is nothing I can do anything about. I am as aggressive as you can be.

Can I sell for less than I pay for? But I can only afford to do that for a month until I'm out

of business. The system has been set up by -- for the large big box stores, and it's designed to push us out. Sure. They'll open on Sundays. I was never in favor of Sunday sales. I won't make extra money, but I'd be happy. Please let me open on Sunday. You know. Work me 24 hours a day, seven days a week, 365 days a year, but let me survive in the building. You've got to let me survive.

I've sat here since nine o'clock. I was thinking about what I could say. I was practically in tears. You're going to notice my -- my testimony. It's this big, because I got in the line and they told me, oh, you have to have 40 copies of what you're going to say. I had 25 big sheets of paper. I divided in half and wrote one sentence out 40 times. Actually, I wrote it 42 times because I thought you might drop one of these little pieces of paper and you might not let me speak. All it said was, Please don't let grocery stores have liquor permits.

Now I'm not talking about the grocery stores that have beer permits have liquor permits. You've heard enough talk today and I won't repeat any of it. You will turn this off. I mean, gosh guys, I'm a middle-class citizen at work here. I'm a Connecticut resident that I hope you're all looking for. And I'm sure the Governor's trying to look out for us, but he hasn't sat here today and learned what you've learned. I'm sure he's got good intentions, but he doesn't know you know.

And one last comment, you know, and this is only a rumor because we talked to the guys who come and do sales. They come in our store every day. What have you heard? What have you heard? What have you heard? One of the things we heard three weeks ago was -- several weeks ago was that beer wholesalers that came here to talk

before, they were told by the Governor, I'll rip away your exclusivity, if you don't support me. So you're asking him why do you support a bill you have reservations on? Because because they want to save their business. They have exclusivity for the territory. They want to survive. We want to survive. All you're going to do is hurt the local citizens in order to benefit some big box stores. I pay taxes. What you took -- let 20 percent excise tax, you've probably already lost by my loss in sales. Unintended consequences, if you don't understand the whole system, please don't mess with it. Take your time. Talk to me. I mean, I'd be available for anybody. I'm not sure any of you -- we haven't been talk to. The Governor didn't talk to us. They've talk to the beer guys. He talked to some big box retailers who said, you know, if I was going to do it, I'd give you Sundays. And these are the things I like. And if you really think about it and look at those things, that's what this bill is. Please help us. And I'm done.

SENATOR DOYLE: Thank you.

Any questions?

Senator Kissel.

SENATOR KISSEL: I believe you said you live in East Windsor, but your package store is in Somers. That's one of the towns I represent. Penny lives there. It's not a scary town or anything like that.

BOYCE KAMAN, JR.: I should've been talking to and I believe may be even Somers, you're the other one. I'm sorry I haven't.

SENATOR KISSEL: No. We are Somers over here. We've got your town.

BOYCE KAMAN, JR.: I'd love to talk to you.

SENATOR KISSEL: And once in a while -- well, you know what, once in a while when I do "Senator on Your Sidewalk". It's something I try to do once a month. And when I go to Somers I do in front of the Geissler's, so you're right next door so I'll come over and say hi.

BOYCE KAMAN, JR.: (Inaudible.)

SENATOR KISSEL: Thanks for being patient. Thanks for being patient.

BOYCE KAMAN, JR.: You know, right now the way the changes are going to be, I'd bail out. I'd go -- right now my store is still worth something. I don't know what kind the of value is going get me, but I know I can get 30 percent of my sales. My son works for me. I can't get out of the business, because I can take my money and run and leave my son without employment. Sure. He'll figure something else out but, you know, that's my kid. This is my business. I can bail, but -- I already owe -- I still owe \$200,000 of my money. You know, don't kill me.

SENATOR DOYLE: Any further questions?

Thank you.

BOYCE KAMAN, JR.: Thank you.

SENATOR DOYLE: Thank you.

Our next speaker, Craig Gonsar. Is Craig here? Kenneth Braga? James Joseph? George Joseph? Selim Joseph? Paul Paul? Steve Taccogna? Oh, Steve's here.

STEVE TOCCOGNA: I was starting to worry that we'd be back to good morning by the time I got up. So, first off, thanks for letting me speak. I'll be brief. The bill currently being debated in its current form and even with the proposed modifications would not be the modernization of an industry but it would, in fact, be a serious and irreparable blow to a robust small business community that contributes in a meaningful way to nearly every municipality in the state.

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I myself have two stores and have been involved in the industry for eight years. In that time, I've seen firsthand the struggle to establish and grow a new store from scratch. I've managed charity events and have raise money for the arts, for schools, for local firefighters and to benefit local hospitals. We've donated or, otherwise, supported charities and community efforts and interests in the places we have done business every step of the way. And we are not alone in that genuine tie to the community.

In my current endeavor I continue to support the community. I pay taxes. I provide jobs. I employ people in the community, and I live in the community in which I work. I have a family that relies on my income from this industry, and I have employees with burgeoning families of their own. The simple fact of the matter is that many of these proposed changes -- if many of these proposed changes were to come about and change the face of our industry overnight so very drastically, the benefit would no longer be to operate a store that is a participant in the local community. That privilege would fall to Walmart or Costco or some other flavor of big-box store. My employees and the employees of many others in this industry would no longer have any modicum of security.

The modernization of our industry may be overdue and needed but such drastic changes implemented in such a manner, all at once, are so grossly out of line with the reality of our business. We are an industry of families, men, women, and friends that work in our communities and are a very active lot in that -- this regard. Most elements of this bill on their own would not pose the same threat that all of them at once would.

For all the problems faced in 2012, by the state, and by this country, for all the talk that small business is the backbone of not only the American fabric but of any recovery that we all hope for, this bill is the antithesis of what every sensible citizen hopes for. This bill will destroy not a handful of small businesses but an industry that is predicated on small business. We are an industry of small business owners that are, by definition, active participants in our community and a staple of the local middle-class. If you deem a change in the liquor laws is overdue, then by all means, address that need. I only ask that you do so in a manner that is measured, well considered, and sensitive to the realities of this very personal, very community-oriented, family centric industry. Thank you.

SENATOR DOYLE: Thank you, Steve.

Any questions from the committee?

Seeing none, thank you very much. Thank you for waiting.

STEVE TOCCOGNA: Thanks.

SENATOR DOYLE: Next speaker, is Greg Swann here?
Sam Sullivan? Mr. Patel? Sipes Patel? Joel Martin? Dave Zomponti? Keith Cooley? Danielle

Tristain? Jedef Virel? Chinton Patel? Ikash Patel? Astor Patel? Haisha Patel? Minish Desai? Dennis Lanny? Dave Chanhhan? Frances Demelio?

Oh, sorry, sorry. Is it Dave?

DAVE CHANHAN: Dave Chanhhan.

SENATOR DOYLE: Thank you, Dave. Sorry. Thank you very much.

DAVE CHANHAN: I want to thank the committee. All this, I think it's been said already. I'm not even going to go into it. It's been a long day. Sort of like immature in this statements in a way, he said, you know, I obviously have an opinion, you know. A lot of people have numbers here, they've been in business for long enough. Total UConn product. Came out of UConn, \$500, started with my small 300 square-foot store. You know, worked hard seven days a week. Got into my 2200 square-foot store and now up to 5000. Sort of like, living the American dream. And because the law in Connecticut -- the small business law in Connecticut allows you to grow at this pace the way I've grown.

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This bill, 20 years from now, there will not be another UConn product that will be able to sit here for review and repeat what I'm telling you guys because it's clearly for big box stores. A three-tier system it protects the wholesaler, protects the distributor because of the territorial rights or exclusiveness on their particular item and the retailer, the min bottle protects us. That's basically -- I mean, what are we doing right now? We want to sell Absolut for \$22.99. Why not? If you can bring the price down to where we can afford to sell it at \$22.99. We'll be able to sell Absolut at \$22.99, just like Massachusetts. But it's not -

- for some reason is not getting to us at the price where probably Massachusetts is getting that or -- or Rhode Island is getting it. Somewhere it's not the problem -- the retailers are not the problem. The problem in this three-tier system that you have defined is the upper level, are the problem. I don't think retail -- we are not making killer profit. I've been 10 years in the business, I should've been somewhere in the Caribbean right now sucking on piña colada, but I'm not actually working six days a week and, you know, my 16-month-old now is home and I'm sure, you know, I'd like to go see him, but it's more important to me right now because this is for my survival and for his survival.

So, just to say we should be able to sell things below cost, well, why don't we ask them to sell things at below their cost and be competitive. You know, tell the wholesalers, you know, pick five items out and sell to us below their cost. And see if they can afford it. I mean, below their cost, we have to feed our families. I don't understand any business where you can make sense of, well, buy a product and now you have to be competitive. I mean, we are not asking for -- you know, our territorial rights which is min bottle is in danger. This distributors have to be protected, the wholesalers are going to be protected -- thank you.

I'm really not to take a whole lot of your time. This is just as simple as it is. We are not asking for handouts. We're not asking for a golden spoon. What they're giving is a golden spoon to the bigger Costco's and Wal-Mart's. They're asking me to change your, you know, Main Street guy with a Walmart. You know, Target is going to target -- they're going to be targeting small business or Stop & Shop is going to go out and -- were not asking for anything from Stop &

Shop, nothing from Walmart, they're asking what we have. And what we have is -- is basically what we have. What we have is our survival. This is about survival and greed -- and you guys need to work for survival and not greed. Just -- corporate America, nothing is enough, ten years ago (inaudible) business, you know, then they got into the gas station business and now the liquor business, so thank you for taking time.

SENATOR DOYLE: Thank you.

Any questions from committee members? Any questions?

Seeing none, thank you.

DAVE CHANHAN: Thank you.

SENATOR DOYLE: All right. Next speaker, Frances Demillio? Is Frances here? Nick -- Nish Patel? Sandy Amon? Gus Palanrias? Theresa Matthews? Michael Scalise?

Michael Scalise is here.

MICHAEL SCALISE: Hello, I'm Michael Scalise. My HB 5021 family and I have a -- a package store in Colchester, Connecticut. And I've been taking notes most of the day on what -- all the conversations going on, and I kind of wanted to throw in some points and go over a few things that maybe were not brought up.

First of all, our pricing structure, I still feel like after the entire day, I think maybe an hour ago there was some sort of idea how it actually worked. Minimum bottle -- and I don't know if anyone is completely aware of it, runs about nine cents within our bottle cost, when we purchase an item by the bottle. And obviously,

if you look at the Beverage Journal and you see it, you'll see posting patterns that run 30 days, 90 days, but it gives you an opportunity to buy longs. If you have the money you can buy for a year. You can buy for six months. You can buy for three months.

I also dislike quantity discount because I would actually have to select one vendor to purchase from to hit a number. I couldn't say, well, I needed 25 cases of Smirnoff, it's on sale this month, let me give some to Ryan, let me give some to Jerry. I actually have to select one person to buy it from and then one distributor actually wins from this. Versus me spreading things along and giving money to everybody that I do business with.

In 2006, every distributor, I think, was in this room and if you look online, wine merchants disputing quantity discounts and the jumbo case that they had created and soliciting to small stores or to stores rather in Connecticut. After wine merchants of Connecticut lost the case and I believe they were bought by Johnson Brothers, they then left the state because they felt that they would not be able to retail their items with the benefit of getting those quantities in the stores because those quantities take their competitors and eliminate them. SKUs are obviously limited and companies, like Diageo, or these big brands want just to have their -- their products in the stores. They don't want to see other creams than Bailey's, other rums than Captain Morgan, so by not having quantity discount and having a posting pattern, like you have in Connecticut, you actually support smaller brands as well, so smaller brands have an option to come into the market.

My store -- my sales are actually up this year but according to Diageo sales at my store at my I'm down 20 percent with their items because I've introduced new brands to my customers. And that is, obviously, a disadvantage for Diageo, when they can get those quantities in the store and pull stacks into stores, case displays, take money that could be put into other products, they actually gain market share.

So variety -- quickly to Stew Leonard's, there was a great example earlier, I believe one of the grocery gentleman brought about. He said that Stew Leonard's came into town and 11 licenses were not -- all stayed there, all the stores get -- that's because of the current regulations we have. Stew Leonard's is not going to come in and bury everybody in the neighborhood. They come in, they choose their products, they sell them, there's proper pricing laws in place where these stores can sustain their business in the community, even though there's a giant retailer there.

And quantity discount -- the concept of that obviously favors larger stores and increasing the size and the amount of those stores is also something that would affect, I think, greatly pricing. The idea that the reach -- the reach of the large chain stores that you see, that it runs within the state, and I'd like to bring a point on mine it's page 616, but it starts with, "no manufacturer, wholesaler or out-of-state shipper permittee shall discriminate in any manner and price discounts between one permittee from another." And it goes on basically and adds a segment where retailer -- or wholesalers will be able to get what seems like terms of the offer -- and I actually highlighted that directly -- to a particular retailer. So the supplier, let's say Diageo, could say that we want Walmart to sell this product at this

particular price and then they would pass that to the wholesaler -- to the distributor and the distributor would have to pass that along, or they wouldn't be able to get it. That, by design, is designed to have somebody, like a large corporation, like Walmart, take advantage of the marketplace and put small people out of business. And I think that's a very grim landscape. I think that the American dream cannot be something for elite people and just solely the elite or large corporations and, in reality, if business was let to go free, none of us would exist. What keeps us safe are committees, like this, and people reviewing and saying what they can do to keep that dream alive. And these regulations in this bill as far as I can see, by design, is created to eliminate small business.

I actually opened up Bill15120.org and you can go there yourself, and I'm doing a very small documentary film on this entire process. I interviewed stores, I've interviewed -- and I actually blame myself because I do see a country now that were in where we have an immense debt. We have the lowest small business startups in 40 years, and I, myself, have sat around and just dealt with it. But I'm not anymore and this is my effort to actually stop it. I also put together five people to call every single store in the entire state of Connecticut over the past three days to get them motivated to come here. We also got hooked a link up to your -- the legislature's -- to be able to find and help them contact their legislators. We've done everything we can and will continue to. Some of the things though behind this bill, I'm not going to get into them, are very uncomfortable for me. And why came to this point and why was designed in this way.

I'd also like to go into the medallion system.
When I spoke to the hundreds of --

SENATOR DOYLE: You've got to try to summarize.

MICHAEL SCALISE: Yeah, I will. And I'll speed it up. When I spoke to the hundreds of people that I spoke to, personally, the medallion system was one of the biggest fears. And unless you take what is the current 2500 amount of people and just turned that license into a medallion, the idea that each area of the state could be shifted or moved or bounced around, seems to be terrifying to virtually every store that I spoke to.

And then the convenience stores, I actually liked today, I heard 80 percent of the convenience stores were owned by families. I thought that was awesome. However, there is a really great thing called impulse buying. And we spend a lot more time in gas stations, so. And also just add selfishly, if you knock 10 to 20 percent out of your regular retailers, 10 to 20 percent, in 10 percent, let's say, they decrease in business. That may be enough now to knock people out of business even though, let's say, it doesn't seem like a lot but 10 percent on the store's gross could actually put them out. People are really just getting by these days. And that's, obviously, applying to the retailers, and I'm sure I missed some other points, but I hope and I encourage you to go to Bill5120.org and submit your own comments if you feel like it. There's a common section right there.

And I -- many of these things make me uncomfortable, and I'm not for really many -- any of these changes.

As for Sunday sales, though, honestly, if it takes us off the radar, which I think it would, or at least would help then it's not something I really dispute anymore.

SENATOR DOYLE: Okay. What's the reference -- you referenced some website.

MICHAEL SCALISE: Oh, bill5021.org.

SENATOR DOYLE: That's your --

MICHAEL SCALISE: Yes.

SENATOR DOYLE: You, personal, or your association.

MICHAEL SCALISE: Me, well, me.

SENATOR DOYLE: So it's a website you created.
Repeat it again for the committee?

MICHAEL SCALISE: Right, to help the community, inform them. I put the bill up there, and we're just taking -- we've had a few people go on the record explain some of their thoughts, because it is important, I think, we have a new vehicle now. We have YouTube, we have the Internet. We can -- we can take information and get it out there, and I think that I have to as a person in this industry, take an extra step in something of this nature.

SENATOR DOYLE: Representative Taborsak.

REP. TABORSAK: Thanks for your testimony. Just -- can you tell me, again, the line in the Bill that you referenced?

MICHAEL SCALISE: Yeah.

REP. TABORSAK: You felt it was a mechanism for sort of a reduced sale to box stores.

MICHAEL SCALISE: This is a -- and I think this is, if I'm reading it correctly, gives a --

REP. TABORSAK: Which section of the bill?

MICHAEL SCALISE: I'll tell you, it's page -- Section 7 -- hang on one second -- I believe it Section 11, and it says B.

REP. TABORSAK: I'm sorry. Section 11, do you know the line number?

MICHAEL SCALISE: I'm sorry -- Section 12. And it says -- I'm just starting at B. "No manufacturer or wholesaler or out-of-state shipper" -- (inaudible.)

SENATOR DOYLE: That language is deleted so that's --

MICHAEL SCALISE: That wants to be deleted. That's current. Correct? Okay.

SENATOR DOYLE: Yeah, the underlined language after is the new language.

MICHAEL SCALISE: Right. So what it's doing saying that should not be any prejudice. And the new one says, "Notwithstanding any other provision in the General Statute, manufacturer, supplier, or wholesaler may offer price promotion to wholesalers that require the wholesaler to reduce their prices to retailers, consistent with the terms of the offer in order to receive a discount from the manufacturer or supplier provided in a wholesale opts out not to participate in the price promotion, the wholesaler shall not be entitled to the discount from the manufacturer."

What I think that does, it actually overreaches the middleman. It actually says that accompany that is worth billions of dollars, like Diageo, can go to Wal-Mart and tell Brescome and Barton that they are going to get this particular incentive and if they don't take it, then they're going to probably have it go through somebody else or, if possibly, the brand is franchise solely through, let's say, Brescome and Barton, then that end game is kind of where it goes.

So why not take a company, like, let's say Walmart or a big box chain, and say, okay, guys we're going to have you sell this product for free and we're going to offer you an incentive to make up through the wholesaler. That seems like that's a nice open window.

Also there's a major loophole in this that I think no one brought up. Enormous stores buy inventory for one year very often. And I think that the one year -- I think it's very easy to have one year's worth of old or six months' worth of old inventory and six months of new inventory in a warehouse. So that you can reduce your prices by 30 percent and somehow get some sort of incentive that can make up for that.

And I think there's a lot of loopholes. Obviously, the pricing structure, the new part hasn't been really defined but there a lot of things in there that it just seem very particular and they seem more designed, instead for someone to reduce prices. I've never heard of a package store in history, and I've been in this industry for eight years, come up to me and say they had a hard time getting rid of an item. And they needed to find a way out of doing it. This seems like something placed in their

particularly so it could be used in another fashion.

SENATOR DOYLE: Thank you.

Senator Leone.

SENATOR LEONE: Thank you Mr. Chairman.

Can you just elaborate on that six-month old inventory, six-month new inventory. How that's going to be beneficial?

MICHAEL SCALISE: Yeah. I think that it leaves an opening. I think that many retailers don't realize -- and I can give you a -- this is a great example right here. It says "buy through forever." It tells you to buy forever right on this piece of paper. That's what they're telling you to buy for, forever. It actually writing the text, and I actually like to leave it or submit it to committee. But it actually says "purchase it for as long as you can." And, at that point, there are retailers who have deep enough pockets to purchase something forever. So, let's say, forever is one year and that inventory comes into a warehouse and they say, well, I mean you just draw a line after six months apparently everything is 30 percent off until you hit the new six-month mark, which came in six months ago. So it's -- it's a pretty simple loophole, I think, to literally take a product and find an incentive from a supplier. And these are things that are currently, just completely illegal, I mean, and use it to their benefit. I think that that particular point in the bill was designed for other uses. Not to have somebody easily discontinue an item.

SENATOR LEONE: Thank you.

Thank you, Mr. Chairman.

SENATOR DOYLE: Thank you.

Any further questions?

Senator Kissel.

SENATOR KISSEL: I want to thank you for staying here all day. You're a very smart guy.

MICHAEL SCALISE: Thank you.

SENATOR KISSEL: I think you're seeing a lot in the bill that probably we're not meant to see. At this point in the day, I'm a little jaded. I haven't seen this since -- I love history, I got a degree in history, as well as some other things. And you know this is like the Gilded Era, the Gilded Age, where you have major institutions on the government side and the big business side, and they have this, like, unholy alliance. And I'm really disgusted by a lot of what I'm seeing in this bill. I'd like to give the Governor the benefit of the doubt, but I really get concerned at this point in the day as to whether all of our small package stores, or even medium, are just getting sold down the river.

You know the whole notion of, you know, you can buy for a year and always have this revolving thing that you just pointed out. You know what, it's like a light went on. Yeah, you're right. And how many other things are buried in here? And if there's sort of -- it's sort of like the large and hanging over everybody saying you better go along with this bill or were going to upset your apple cart. And then we have, like, these lobbyists in here that are fearful because, God forbid, they didn't go to the table and sit down with the administration. I'm concerned about this.

You know, I mean, I've always championed Sunday sales. I know that we've had our disagreement regarding that. That seems to be like the smallest little thing in the building right now. All these other things really have me concerned, because I've seen it with a small pharmacies, and I've seen it with other things in this building, and it's not that I don't like the Governor. I do like the Governor, but I get very concerned, very concerned, when these large businesses sit down and work out these deals with government, because it is not working to the benefit of the middle class. The middle class is getting jaded and upset and whether your occupy Wall Street or your Tea Party, something is wrong in this country. And I don't like what I'm seeing in this bill. And you raise a lot of very good points. I just had to get that off my chest. Thank you.

MICHAEL SCALISE: Thank you, Senator Kissel.

SENATOR DOYLE: Thank you.

Representative Rebimbas.

REP. REBIMBAS: Thank you, Mr. Chair.

And thank you for your testimony. I just pretty much wanted to echo the same comments and I'll just make a brief. Thank you for being a responsible business owner in the state of Connecticut and thank you for being a responsible citizen to have noticed something and actually wanted to take action. And wait until 9:45 here today to testify, because there is something wrong when small businesses need to be fighting to stay in business in the state of Connecticut and so, again, thank you for your testimony.

MICHAEL SCALISE: Thank you.

SENATOR DOYLE: Thank you.

Any other questions from the committee?

Seeing none, thank you.

The next speaker, Carlo Russimonto --

MICHAEL SCALISE: I did want to say thank you to all of you to. We had a totally different picture of how it was supposed to feel here today, and it's good to see people that actually stay here to listen to all of us. So thank you.

SENATOR DOYLE: Spread the word.

MICHAEL SCALISE: I will. I have a whole different confidence now. I thought I was going to have to get into politics, but I feel okay now. Thank you.

SENATOR DOYLE: Carlo Russimonto? Is Carlo here? Brad Hill? That's right. He better not leave here.

Lou, you're not going anywhere.

Mark Tomba- I'm sorry, Tombasasio? James Breslin?

All right. At this point in time --

Lou, keep it quiet over there.

All right, at this point in time, there's no one else signed up, would anybody else in the room like to testify.

No one else? It's your last chance. All right thank you for -- wait. Okay.

No. He has a right to testify. Please state your name for the record.

SENATOR DOYLE: Please state your name for the record.

PETER CARPENTER: Peter Carpenter, I own the Village Wine Cellar in Litchfield, Connecticut.

HB 5021

And I've been sitting here since 1:00 o'clock, I guess, and outside. I'm not even going to try and explain it, but I really think everybody listening today that -- I don't see that you guys really understand what the low bottle and the pricing is in Connecticut.

I don't want to explain it to you because it's not needed, not here. But you need to look into it. Because there is a system that was put in in the seventies, and it works, and it works for the small guy, and it works for the big guy.

With the volume discount and the multiple cases, I don't agree with. But I don't think that as many times as I've heard it explained today, that you all get it. So --

SENATOR DOYLE: Why don't you try to explain it to us?

PETER CARPENTER: You know what. I'd rather have you explain it to me. And if you got it right, I'll say yes.

SENATOR DOYLE: Well, this is a public hearing for the public to speak.

PETER CARPENTER: And I understand. That's why --

SENATOR DOYLE: So, no, no, I mean, sir, with all did you respect, you said we don't understand it and

it's our job here to try to learn and I'm asking you, you know, directly, if you'll please try to give us --

PETER CARPENTER: I'll give it another shot.

SENATOR DOYLE: Thank you. We will all wait and we we're going to listen. Thank you.

PETER CARPENTER: It is -- and I wasn't prepared to do this.

SENATOR DOYLE: Take a breath. I'm not -- I mean, take a breath.

PETER CARPENTER: If a case of beer -- a case of wine is \$10 a bottle and \$120 a case, that's full price. It will be listed as \$120 a case this month. And the bottle price will be \$10.09, for all intents and purposes.

SENATOR DOYLE: Nine cents is your profit; is that right?

PETER CARPENTER: Nine cents -- if you sell it for --

SENATOR DOYLE: At the minimum, yeah, at the minimum, minimum nine cents profit.

PETER CARPENTER: The minimum you can make is nine cents.

SENATOR DOYLE: Yes.

PETER CARPENTER: So it's 120 this month; it's 100 the next; it's 120 the next; 100, the next. That's pretty standard. So if you buy it every other month, you'll make \$20 a case. You can sell it for whatever you want, but it's \$20 reduced.

Smirnoff, just had a 90-day buy. So whatever those numbers are, it goes 120, 100, 120, 80, 120. It bounces. Many of the items do that. So the largest stores with the higher volumes, buy at the lower prices. Many of them -- there are eventually, occasionally, a forever buy. That basically means is there's going to be a price increase, and it's never going to be that cheap again.

Sometimes it is a one-year buy. They'll do a \$50 savings, and you won't see it again. It may be 30 the next time.

When it comes to the volume discount, where does that help anyone? That's trying to get away from that full price of 150? It needs to go -- if the break is 25 cases for the best price in Connecticut, and that's where we are now, the time frame just doesn't work for the buying. I would say any store doing less than two million a year, maybe they can do it that long buy -- longest to buy. Nobody has the link to that volume buy, it will, just by the nature of it, it may not knock the SKUs down in the state, but all the stores are going to have to swap. I mean when Smirnoff 750s has 22 flavors now, and if it's going to be five cases to get the best price, and I only buy -- whatever the math comes to -- to get every case down to the same line price item.

And I'm very concerned that that doesn't, no industry is really like that that I know of, and I understand we're controlled, but you don't want to destroy what's making the small store stay in business and the opportunity for them to stay. They may not make as much money, but they can still survive.

SENATOR DOYLE: Thank you.

Any questions?

Thank you very much.

PETER CARPENTER: Thank you.

SENATOR DOYLE: Anyone else --

PETER CARPENTER: Sorry.

SENATOR DOYLE: No problem. Thank you.

Anyone else want to testify?

Now, we're going -- last chance.

Capitol police -- all right.

At this point, I'll take a motion to adjourn the public hearing.

VOICES: So moved

SENATOR DOYLE: Is there a second?

A VOICE: (Inaudible.)

SENATOR DOYLE: All favor, say aye.

A VOICE: Aye.

SENATOR DOYLE: Thank you committee for staying so long.

(Hearing adjourned.)

**JOINT
STANDING
COMMITTEE
HEARINGS**

**GENERAL
LAW
PART 3
555 – 824**

2012



STATE OF CONNECTICUT
GOVERNOR DANIEL P. MALLOY

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**Testimony of Governor Daniel P. Malloy
Governor of the State of Connecticut
to the General Law Committee
February 28, 2012**

Senator Doyle, Representative Taborsak, and distinguished members of the General Law Committee, thank you for allowing me to offer testimony regarding House Bill No. 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

Regardless of how any of us feel about Connecticut's liquor laws, there's no denying that most are complex and longstanding. Many date back to prohibition, with countless provisions and nuances added along the way. In putting together a package of liquor law reforms it was not my aim to completely do away with or rewrite that system. Alcohol is a unique product, and a transparent and accountable system of sale is important.

However, as the years have gone by and other states have continued to modify their own laws to reflect modern-day realities, our statutes have collected dust. **Not only do Connecticut businesses lose hundreds of millions of dollars every year to our neighboring states, but the consumers who do shop here are paying exorbitantly higher prices**, as the examples attached to my testimony demonstrate.

How long are we going to allow parking lots in Massachusetts, New York and Rhode Island to fill up with Connecticut license plates every weekend? How long are we going to watch our residents cross the borders to buy in other states the exact same products they could be buying here, from local Connecticut retailers? And how long are we going to continue to cheat the consumers who do shop here with exorbitant prices and inconvenient hours?

We should not wait any longer. The bill before you would do the following for Connecticut consumers and Connecticut businesses:

- Bring our hours and days of sale in line with neighboring states.
- Allow package stores to sell a wider variety of complementary products.
- Give some convenience stores that sell a large quantity of grocery items the opportunity to sell beer as well.

- Get our shelf prices in line with neighboring states by allowing wholesalers to offer quantity discounts and by removing “minimum bottle” price posting that unfairly inflates cost to consumers.
- Create a medallion system for current package store owners that will add real value to the investment they’ve already made in their business.

That’s what this proposal does. I also want to highlight a few things it *doesn’t* do:

- It does not harm Connecticut’s “three tier” system of distribution.
- It does not allow for the sale of wine or spirits inside grocery stores, but rather allows for grocery store owners to operate a separate package store if they so choose, and only if they purchase a medallion from an existing package store owner.
- It does not completely remove the cap on how many licenses one person may operate, as some states have done.

Of course there are many more things it doesn’t do, but I wanted to mention a few to make the following point: while this proposal is expansive, it is far from extreme. Other than a new medallion system, there is not a single concept or idea contained in this bill that is not current practice in one or all of the three states we border. **These changes do nothing except catch us up with neighboring states in an effort to keep Connecticut dollars here in Connecticut.** The package only seems extreme when compared to our own, outdated system.

In addition, my office has continued to discuss this package with representatives from every level of Connecticut’s liquor industry, and also with members of the General Law Committee and the General Assembly at large. **That positive dialogue has led to a number of suggested modifications to the original bill as proposed.** I suggest my office and the Department of Consumer Protection, with your input and guidance, work with your staff in the days ahead to construct substitute language based on these compromises. Attached to this testimony is a list of the proposed changes for your consideration.

The conversations that led to these suggested changes have demonstrated one thing very clearly: while progress is always possible, change can still be hard. If it weren’t, Connecticut would not be the only state other than Indiana that bans the off-premise sale of alcohol on Sundays. (By the way, earlier this year Indiana’s general assembly didn’t act on their Sunday Sales bill, but many are hopeful it will pass next year; this very well may be Connecticut’s last chance not to be dead last in this regard.) I know that there are people here today who are concerned about change, and how this bill might impact them. I want to briefly respond to a few of the concerns we’ve heard.

First, there is nothing in this bill that purposefully favors large retailers over small. In fact, even if this bill becomes law there will still be **more protections in place for smaller operators in this industry than in any other single industry in Connecticut.** Those protections include a controlled pricing structure and a limit on how many stores one person can own. There is simply no other product we handle in a similar way, including the sale of guns.

Does this bill increase competition on the retail level? Yes. But I refuse to believe that Connecticut's many small package stores are only in business today because of the protections provided by the state. **They are in business because of the hard work and commitment of their owners, and because of the unmatched level of customer service that can only be found in a small retailer.** Connecticut residents, including myself, will continue to patronize stores where we get the best service.

Second, the changes in this bill can and will grow jobs in the state. Recapturing approximately \$570 million in sales each year that we are losing over our borders will help not just package stores, but other businesses as well because we will be **keeping shoppers in Connecticut.**

Third, there are those who believe lowering sales and excise taxes will bring us in line with neighboring state's prices. Again, as the attached examples dictate, even completely doing away with these taxes wouldn't close the gap on most items. That being said, I absolutely agree that Connecticut's tax rates must remain competitive with the region. If this bill passes and we can see the impact it has on overall sales in state, I will commit to working with the General Assembly to review the taxes on these items.

The bottom line is this: our laws are outdated and they artificially increase the price of alcohol to Connecticut consumers. This proposal is pro-consumer, pro-"mom and pop" and pro-dollars being spent within Connecticut. By allowing Sunday sales, by lessening distribution and sale restrictions and by amending permit regulations, we're going to help Connecticut regain its competitive edge in this industry, and we're going to give consumers a break at the same time.

Thank you for hearing my testimony. I respectfully ask you to support this bill.

Testimony of Governor Dannel P. Malloy
Governor of the State of Connecticut
to the General Law Committee
February 28, 2012

Attachment A: Suggested Bill Revisions

ITEM 1: Price Posting

- **Current language in bill:** Removes price posting at wholesaler level, including "min bottle" posted prices and amending period.
- **Suggested revisions:**
 - a) Reinstate price posting for wholesalers, but without min bottle posting by wholesaler or amending period.
 - b) Reinstate language in Sec. 12. subsection (b) regarding price discrimination.
 - c) Include "channel pricing" in posting for on- vs. off-premise retailers.

ITEM 2: Cap on Package Store Permits, and "1 per 2500" Limit

- **Current language in bill:** Moves cap from 2 to 9 immediately, and removes municipal limit subject to local zoning.
- **Suggested revisions:**
 - a) Move cap from 2 to 6, with a gradual phase in of one store increase per-year beginning October, 2012 (i.e., 3 stores in 2012, 4 stores in 2013, etc.).
 - b) Reinstate 1-per-2500 person limit for maximum amount of permits per town.

ITEM 3: Retail Pricing

- **Current language in bill:** Removes rules that set minimum retail prices.
- **Suggested revisions:** Retailer may sell at either:
 - a) actual cost of acquisition; or
 - b) lowest posted price in CT; and
 - c) notwithstanding (a) or (b) above, a retailer may also choose up to 5 items (individual SKUs) per-month per-store that may be sold at up to 10% below cost as defined in (a) and (b) above.

ITEM 4: Quantity Discounts

- **Current language in bill:** Removes any restrictions on wholesalers offering quantity discounts to retailers.
- **Suggested revisions:** Work with industry and legislators to define a structure for quantity discounts that includes a cap.

Testimony of Governor Dannel P. Malloy
Governor of the State of Connecticut
to the General Law Committee
February 28, 2012

Attachment B: Massachusetts Price Comparison

The chart below is a comparison of select products that were advertised earlier this month by Massachusetts retailer Yankee Spirits. The Connecticut column is the minimum bottle price allowed by law in February. All prices are pre-tax.

	<i>Mass: Yankee Spirits Advertised Price</i>	<i>Conn: Minimum Allowable Price by Law</i>
1.75LT Absolut	\$25.99	\$31.99
1.75LT Beefeater Gin	\$25.99	\$29.99
1.75LT Canadian Club	\$15.99	\$20.99
1.75LT Dewar's	\$29.99	\$35.99
1.75LT Jack Daniels	\$35.99	\$40.99
1.75LT Jim Beam	\$21.99	\$29.99
1.75LT Sailor Jerry Rum	\$22.99	\$29.99
1.5LT Beringer White Zinfandel	\$7.98	\$10.99
750ml Beringer Knights Valley Cabernet	\$14.98	\$21.99
750ml Blackstone Merlot	\$6.98	\$8.99
750ml Ch St Jean Cabernet	\$8.98	\$12.99
750ml J Lohr Cabernet	\$10.98	\$14.99
750ml Robert Mondavi Private Select	\$6.98	\$9.99
750ml Simi Chardonnay	\$10.98	\$15.99
1.5LT Woodbridge	\$9.98	\$12.99

Hello, my name is Steven Carlson, and I am the manager of Warehouse Wines & Liquors in Danbury, CT. I wanted to take the opportunity to speak today about the potential consequences of Bill #5021.

Simply put, the passage of this bill the way as currently written would be extremely harmful to the many family-owned package stores throughout the state of Connecticut. I refer not to the introduction of Sunday sales but the introduction of quantity discounting, the repeal of minimum pricing, the increase of permits allowed per permittee and the abolishment of restrictions on distance between permittees and the definition of permittees. Taken as a whole, these provisions serve to foster an environment charitable to large "big-box" retailers at the expense of the small businessman.

There are now 1200 plus liquor stores in the state of Connecticut. Each one of these establishments, no matter the size, is allowed to purchase goods at the same price as any other. Furthermore, no establishment is allowed to sell any good below a reasonable price. This has produced an environment with a level playing field wherein no smaller retailer can be squeezed out by larger entities, having the power to offer the same manner of quality pricing and selection as their neighbors. If this bill should pass, this ability vanishes. Larger entities could potentially sell items at whatever price they choose, even below cost if the absorption of the revenue loss proves ultimately beneficial in hamstringing their competition. Furthermore, quantity discounting gives a clear advantage to larger entities with deeper pockets. Smaller retailers would soon find themselves unable to compete.

I speak, in part, from experience - until recently, I was also employed at a liquor store in New York State. New York has allowed quantity discounting for a number of years now. Having worked in both locations, I can say that the system we currently have in place allows for better selection and better pricing for the consumer. To get a good price on, for instance, Jack Daniels 1.75L, we in CT can buy one case. To get a similar price in NY, a retailer must buy 50 cases. This necessary outlay of money for the ability to stock one item -- one item -- at a reasonable price means that one of two things happens:

- 1) The retailer buys the 50 cases, thus making it so that many smaller, esoteric brands, no matter how good or how much in demand, cannot be afforded and thus cannot be stocked, or
- 2) The retailer buys a lesser amount of cases but now cannot offer Jack Daniels at a reasonable price.

Either scenario is damaging towards not just the retailer but the consumer - this system, in essence, forces the consumer to either sacrifice selection or price.

Additionally, removing the distance restrictions and loosening the restrictions on who can hold a permit while simultaneously increasing the number of permits one person can hold results in a clear endgame - the introduction of grocery-store and warehouse-club-backed liquor stores. While the proposal would not allow, say, Stop & Shop, to sell liquor inside their store proper, they could still do so within the same complex -- all that would be required is to wall off a portion of a given store and create a separate entrance. And they would be able to do this even if there was already a previously-established liquor store down the street, across the street or even within the same shopping complex. These grocery stores and warehouse stores are the groups that would benefit most from the previously-mentioned quantity discounting, as they possess buying power even the largest of us could never muster. How could a small family-run establishment compete in the face off all this? They couldn't.

The result would be a wave of store closures across the state. Hundreds of currently-established stores would no longer be able to compete, putting many taxpayers and consumers out of work in an economic climate that is already unfriendly towards the unemployed. Loss of fair competition, loss of selection, loss of jobs and ultimately loss of state revenue -- what is the positive gain from this?

Looking at the models presented from other states is interesting. Nearby states where markets sell wine like New Hampshire, Vermont and Maine are smaller states with smaller, more sparsely distributed populations. Wine in markets could be construed as necessary due to the lack of businesses and business opportunities in those areas. In Connecticut, however, we have many stores, more than a number of larger states. With wide selections, knowledgeable staff and reasonable prices, these stores serve their communities very well. The rush to overhaul the

system to favor big-box stores in the name of helping the consumer would sacrifice all of this and fail to even achieve its stated goal - limited selections, loss of experienced service and the rise of a general "cookie-cutter" mentality would do nothing but harm the consumer in the long run.

At bottom, all we really want to do is earn a living so we can provide for our families
Please, consider the impact this bill would have on our ability to do this simple, essential thing
Thank you for your time and for letting me speak

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CONNECTICUT
Restaurant
ASSOCIATION

Connecticut Restaurant Association Testimony

Before the General Law Committee

February 28, 2012

HB 5021: An Act Concerning Competitive Liquor Pricing and Hours of Operation for Permittees

Good afternoon Chairman Doyle, Chairman Taborsak and Members of the General Law Committee. My name is Bill daSilva and I am the Chairman of the Board of the CT Restaurant Association as well as a partner in the SBC Restaurant Group, with locations in Branford, Hamden, Milford, Southport, Stratford and Stamford.

Restaurants in Connecticut employ over 145,000 people, are a driving force in the state's economy and generate tremendous tax revenue. The restaurant industry operates on extremely thin profit margins, earning roughly 4 cents in profit for every \$1 in sales. Any increase to our costs, especially following the passage of mandatory paid sick leave and increased unemployment costs, will undoubtedly damage an already fragile industry.

When HB 5021 was initially proposed by Governor Malloy, the CRA had specific concerns regarding the elimination of the current price posting system for wholesalers, as well as a proposal to allow the wholesalers to offer quantity discounts to the retailers and restaurants when purchasing alcohol and beer. The CRA was concerned that these proposals could potentially increase the price of alcohol for restaurants for two reasons: 1) without a published price, wholesalers would have the ability to charge any price, and 2) allowing quantity discounts would give a greater benefit to big box stores that have the ability to buy in much larger quantities than restaurants.

The CRA has discussed these concerns with the Governor's Office as well as members of the General Law Committee. The Governor's Office has indicated a willingness to alleviate our concerns and we ask that the General Law Committee consider the same. Our suggestions to do so are as follows:

- Maintain the current price posting system that requires wholesalers to publish their prices
- Establish a "channel pricing" structure, on-premise establishments will compete in a separate channel than off-premise retailers with regard to purchasing alcohol and any quantity discounts.

We thank you for the opportunity to present testimony.

Christopher Vellozzi
Castle Wine & Spirits
1439 Post Rd East
Westport, CT 06880

28 February 2012

To The Legislature:

Thank you for this opportunity to speak here today.

I am going to make some generalizations in belief that your are, or soon will be, well versed in the details of the proposed bill that so many of us here are in opposition to.

Should 5021 be passed, it will be an invitation to the large, faceless box stores to compete within the CT liquor market by the only rules *THEY* can succeed by. These corporate giants compete by price, and price alone. This will be short lived however for it will not be long before their competition has been dismissed, overall product selection has been diminished and we are forced to shop where and for what best suits *THEM*, not the public. Their business model cannot, and will not have to adapt at this point to compete with the entrepreneurial spirit of the small business as they will have been wiped out. Gone will be the customer service, the passion and the dedication to community as it exists today, everyone loses. We will become the next cookie cutter market controlled by a select few who will squeeze out the profits and send them back to wherever state their headquarters is based in.

It is estimated that thousands of jobs would be lost here in CT. As smaller retailers are forced out, not only will our jobs be lost but the many jobs in the industries and communities that support and supply us with our goods and services be lost as well. Where does this stop? We must have answers to these questions, so we can make well informed decisions, the implications to our state and local economies are just too great not to. The customers of those of us here today, your constituents, are the ones who your decision on 5021 will represent. They however are being misled in the media by the same big corporations that stand to profit the most from the passage of these laws. Sunday sales are being touted in the headlines, supermarkets and elsewhere but this is not at issue any longer. We are in agreement here with the big corporations, let us get rid of this antiquated blue law, you have our support.

I do ask you however to investigate further the other points of this bill and see if they will produce the desired results. We must be certain that its passage would best serve the CT economy, and most importantly, the people of CT. I feel strongly that it would not.

Oppose

#5021

2/25/12

To: General Law Committee Members

From: Keith Coley, 50% Owner
Fairfield Wines and Spirits
561 Post Road
Fairfield, CT 06824

Dear Sir/Madam,

I am writing this letter to express my concerns regarding the proposed overhaul of Connecticut's liquor laws and distribution. The following pages discuss the negative impact to our state in the following ways:

- Job losses
- Profits leaving the state
- Service and selection

Thank you for taking the time to consider my concerns.

Sincerely,

Keith Coley
In Law Enterprises, LLC
D/B/A Fairfield Wines & Spirits

Oppose
#5021

My name is Keith Coley and I am a 50% owner in Fairfield Wines & Spirits in Fairfield. I graduated from Fairfield University with a degree in Economics. My father owned two small businesses that I helped him run throughout high school and college. Small business is the backbone of the economy, nationally, at the state level and especially locally.

The proposal to raise the number of permits that each owner can have encourages chain stores to enter the business and will destroy a lot of small businesses in favor of big box retailers whose headquarters are likely located outside of Connecticut. Our employees live in the towns surrounding Fairfield and spend their earnings there. My father-in-law is my partner and he and I live in Trumbull and spend our earnings there. With the proposed changes to the laws governing our business, we're afraid we will all be out of work. If these laws are enacted our store will not survive and the profits won't be spent in Fairfield or Trumbull or even in Connecticut. What has happened to the local hardware stores and pharmacies will happen to the liquor stores. Can anyone remember the kind of personal service you used to get at your local hardware store? You're not getting that anymore and you certainly won't get it from a warehouse-style liquor store. At Fairfield Wines one of the owners is always there to handle any issues that may arise, to give wine advice, to help plan your party and so on. Where are the owners of the big box stores?

The proposal to eliminate price posting and allow volume case discounts is another nod to big box retailers. This is complicated economics but ultimately causes prices to rise. In New York you have to buy 10 or more cases to get the lowest price per case. Today in Connecticut we get the lowest price on just one case. That keeps prices down and selection up for our consumers. Should the law pass, the big box stores will negotiate lower prices on the major items, sell them for minimal profit or even at a loss to drive all of us out of business and then once there are fewer stores, prices will rise.

There is also a proposal to allow beer in gas stations and delis. Our fear here is that kids working the counter at these stores (again, where are the owners?) will be unable to resist the temptation to sell to their underage friends.

Sunday sales. The "headline" item. There is the ridiculous estimate that Connecticut would gain \$8mm in tax revenue from allowing Sunday sales. Why? Are people going to buy more alcohol because we are open another day? Are that many people so desperate or forgetful that they cross the border to buy that much alcohol on Sundays? We don't think so. We understand it is a customer convenience issue and we can't argue with that. We like the day off to be with our families. Those who lobby for Sunday sales aren't in their supermarkets every day. They have a team of managers in place. I can't afford that. Instead of opening Sundays why can't Connecticut lower the excise tax and the sales tax so we can better compete with neighboring states the other six days of the week?

The headlines should not be reading, "Sunday sales would create more tax revenue" but rather, "The Governor's sweeping changes to liquor industry hurts small business owners and favors big box retailers whose profits are neither taxed nor spent in Connecticut".

Thank you very much for your time.

Proposed Liquor Legislation**Opposed**

To: General Law Committee Members

2/28/2012

From: Theresa Rogers
Horseneck Wine and Liquors
25 East Putnam Avenue
Greenwich, Ct 06830

HB 5021

I love my customers, but I adore my Sundays. After you have had those 6 days of listening to the distributors telling you - you took a credit twice - their going to hold your order; or your employee was in a bad mood you love just turning off that part of the brain for Sunday and doing something for yourself. Whether is be Golfing, watching your favorite movie or cooking a creative meal. On the other hand, how many times has there possibly been an emergency on a Sunday with a family member and you had to take them to the hospital and wow you look and their is NO gas in the car. So, no problem, we just run to our closet gas station and fill up - but oh wait - what if gas stations had to be closed on Sundays what would you do? How would help your family to the hospital?

I am Theresa Rogers and have been in the wine business since 1978 and have worked on the streets of NYC as a commission salespeople before women existed in this business. There were occasions where stores did not want me to call on them as I was taking business away from Men. I kept after my career and ended up working for a supplier, and then developed a brand called Bollini Chardonnay the first Italian Chardonnay under \$10. a bottle to be marketed and distributed around the country. I have had to work in markets that had all different laws. You learn to work within the terms.

I purchased my first store in 1986 and sold it in 2005 and purchased Horseneck Wine and Liquors in 1989 (as it was on a 10% per year decline for the past three years and was about to close) I rejuvenated the store by working with the community, educating and knowing what and how to buy. With this said, especially after the market crash in 2008 which hit many areas very hard, believe it or not, Greenwich and lower Fairfield being one of them as we are the bedroom community for New York City and are extremely financially and hedge-fund driven. At least 45 homes in the Town went into foreclosure. The Internet has also taken a large bite out of all of us. Consumers like to shop online and find it convenient to have a box

Proposed Liquor Legislation

Opposed

arrive on their door. Wineries in California are shipping more than ever to clients that, even though they are loyal, go to the valley and sign up for the "wine clubs" in the tasting rooms and even though those wineries have an agreement not to ship into Ct. since they are contracted with a Distributor. Our UPS driver confirms how many cases of wines he delivers each day to homes in our area. Even after you explain to the customer that the wines are available and would cost less as they would not be paying for shipping they still like the feeling of the wine experience from the winery. You want revenues; get the shipping records and make sure the State is properly being sent their appropriate sales tax monies. The consumers are changing and we have to change with them. Over the course of the number of years that NY has been allowed to be open on Sundays and Holidays the store across the border (land and building owned by the store - so no rent) can take advantage of quantity discounting and because they were open on Sundays more consumers have discovered their existence. Consumers that do not have a discriminating taste can pick up a case of wine that is very drinkable (as there are very good wines being made from around the world now that are not expensive) when the only day they have to shop is Sunday as they are working around the clock to keep their families fed and going to sporting events that their children are involved with on a Saturday. We have to know that our world is about servicing the consumer and working on their schedule. Yes, in many ways, you can train your consumer and by offering delivery during the week it makes their life easier and helps us keep clients happy. Every so often there is an impromptu party happening at someone's house on a Sunday and they need a place to buy their liquor and wines. Wine has become such of an everyday beverage for households and so many people walk around saying "my husband knows so much about wine"- how many times do we hear that. We have to make the best of this and keep the consumers.

Theresa Rogers Matthews

February 27th, 2012

Paul Laveris
Glenville Wine & Spirits
15 Glenville Street
Greenwich, CT 06831
203 531 7923
glenvillewine@optonline.net

Opposed to Bill # 5021

To The Legislature:

I am here in opposition to Bill 5021. I question, and I ask that you question, not the motivation but the projected outcome should this bill be passed.

I actually support the motivation for this bill if in fact it was to lower prices, provide increased convenience, open up competition and to grow tax revenue to the state by increasing sales. I simply cannot see this being the outcome of the specific proposed items.

The addition of Sunday opening, extension of hours for retail stores and restaurants and allowing more outlets for beer sales might add convenience for some consumers, but the risks of late night purchasing of alcohol should be considered. Whether or not these changes would increase sales is debatable and not substantiated.

What I see as having a potentially dire, negative outcome would be the elimination of minimum bottle pricing, quantity discounts and increasing the two permit limit to 9.

These proposed changes need very meticulous and deliberate research. This is my plea to you.

Wouldn't the elimination of the minimum bottle pricing and allowing quantity discounts give almost all the power to the very few, top tiers of the business?

Wouldn't allowing 9 permits open the door to the largest "box stores"?

So, now we have two or three global conglomerates controlling most all of the big brand names, dictating to a handful of national retailers - all in our state.

My fear is that the landscape will be radically changed to the rapidly encroaching mall culture of mediocrity depicting a faceless, hollow, and passionless source for our citizens to purchase their wine and liquor. Only a miniscule percentage of small and mid-sized retailers can survive quantity discounts and the elimination of minimum bottle pricing.

This leads me to the most serious of all consequences, the elimination of many hundreds of jobs. Let's take a moment here. I don't mean to be dramatic, but this is dire...I'd like to ask everyone in this room to ask themselves this question. If three major national retailers own twenty-seven liquor permits in our state, putting choice and quality of service aside, what will the net effect be on employment? If the answer is negative then I ask you to vote no to 5021. If the answer is at all questionable I don't understand why are we even talking about these changes now? We don't need profits leaving our state. We need jobs. We need jobs desperately. Now. We need small business ownership to thrive. Desperately. Now. Connecticut citizens desperately need the support of our leaders not the abandonment.



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR L. SCOTT FRANTZ
ASSISTANT MINORITY LEADER
THIRTY-SIXTH DISTRICT

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RANKING MEMBER
BANKS COMMITTEE
COMMERCE COMMITTEE

MEMBER
FINANCE, REVENUE & BONDING COMMITTEE
TRANSPORTATION COMMITTEE

Testimony
In Opposition of H.B. 5021
General Law Committee
February 28, 2012

Good morning Chairmen Doyle and Taborsak, Ranking members Witkos and Rebimbas.

I am Senator Scott Frantz from the 36th district, and I am testifying today in opposition to HB 5021, An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees. Over the years and more recently, I have spoken extensively with small package store owner's both inside and outside of my district to hear their concerns about this bill and others that have come before it. After lengthy discussions concerning HB 5201, I would like to focus on three potentially devastating provisions to the package store industry in this bill, which are:

- The elimination of minimum bottle law
- Allowing retailers to own as many as 9 package stores (up from 2).
- Sunday sales and extended retail hours

On the issues of eliminating the minimum per bottle price policy and allowing owners to obtain up to nine licenses to operate stores anywhere in the state, the clear consensus is that larger stores would undoubtedly drive most, if not ultimately all, the smaller package and wine stores out of business. As quintessential small businesses, many of these stores are family owned, have operated in Connecticut for decades and employ thousands of people, all of whose jobs would become at risk with far fewer potential employees replacing them. Now more than ever the state of Connecticut needs to be "open for business" and not passing legislation that will hurt small businesses and ultimately create job losses in our state.

As a legislature, we must look at both the costs and benefits of bills we usher through the legislative process. In addition to potentially causing the loss of a great many jobs, the social costs and real life law enforcement costs of extending liquor sales on Sunday, extended serving hours in bars certainly outweigh the "possible" revenue boost projected by the passage of this bill. Most recently, the city of Springfield Massachusetts proposed to rescind their serving of alcohol in bars from 2 a.m. to 1 a.m. as an attempt cut down on the alcohol related incidents of violence in their city. It seems we are moving in the opposite direction, and in doing so, we may cause more harm than the remarkably small incremental revenues are worth.

Many thanks for your time and consideration of my testimony.

Sincerely,

L. Scott Frantz, State Senator 36th District



State of Connecticut
 HOUSE OF REPRESENTATIVES
 STATE CAPITOL
 HARTFORD, CONNECTICUT 06106-1591

REPRESENTATIVE LINDA A. ORANGE
 DEPUTY SPEAKER OF THE HOUSE
 48TH ASSEMBLY DISTRICT

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MEMBER
 APPROPRIATIONS COMMITTEE
 HUMAN SERVICES COMMITTEE
 LEGISLATIVE MANAGEMENT COMMITTEE
 PUBLIC SAFETY AND SECURITY COMMITTEE

February 28, 2012
 Testimony re: House Bill 5021

To The Co-Chairs and Members of the General Law Committee:

Thank you for the opportunity to submit testimony regarding the governor's bill, *AAC Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees*.

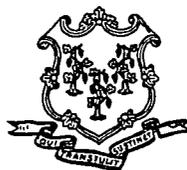
The policy changes articulated in this bill will endanger my local, independently owned wine and spirits shops. Rather than protecting small businesses and their employees, this is a nod to out-of-state big-box stores such as Wal-Mart, Target, Costco, and major supermarket chains. Every policy change creates winners and losers, and this change would clearly advantage the larger corporate retailers over our local merchants.

Under this proposed legislation, supermarkets, big-box stores and even gas stations could go into the package store business. Portions of the bill would allow box stores and food stores to own many more alcohol permits, thus reducing the value of each owner's medallion. This would cost up to as many as 7,000 jobs and add hundreds of new alcohol permits to the state. Seven *thousand* Connecticut residents would face unemployment, and hundreds of small, family-owned package stores would be run out of business. These concerns were relayed to me by many local owners in my district, and I am very concerned for the well-being of these establishments as a result.

Please take these thoughts into consideration as you deliberate this proposal. Thank you for your consideration.

Sincerely,

Rep. Linda Orange
 Deputy Speaker of the House



State of Connecticut

**HOUSE OF REPRESENTATIVES
STATE CAPITOL**

REPRESENTATIVE MICHAEL L. MOLGANO
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MEMBER
EDUCATION COMMITTEE
FINANCE, REVENUE AND BONDING COMMITTEE
TRANSPORTATION COMMITTEE

Testimony

**Opposing House Bill 5021 An Act Concerning Competitive Alcoholic
Liquor Pricing and Hours of Operation for Permittees**

General Law Committee

February 28, 2012

Honorable Co-Chairs Senator Doyle and Representative Taborsak, Honorable Vice-Chairs Senator Leone and Representative Baram, Ranking Members Senator Witkos and Representative Rebimbas, and members of the General Law Committee:

House Bill (HB) 5021 - An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees is wrong for Stamford and wrong for Connecticut. I say this not because I am opposed to growing revenue in our state; I say this because HB 5021 is gambling on unproven sales numbers and completely ignoring the 1,000 small package stores in Connecticut by unfairly providing big "box-store" establishments greater advantage over them.

The bill is an extensive package of reforms regarding the sale and purchase of alcohol. Some of the proposals include:

- Creation of medallions that, upon purchase, allows an owner to open up a liquor store in any town regardless of how many stores are in that town already;
- Increase the number of allowable licenses from 2 to 9, thereby creating a pathway for franchises to overtake and close out the small stores;

Eliminate the State pricing minimum, which again will allow the big box stores, with their buying power and storage capacity, to undersell and drive the small business owner out of business. Right now the minimum allows the small owner to compete.

I've recently met with several small liquor store owners throughout the Stamford area and listened intently to their concerns over the bill's potential to support larger companies over struggling local small businesses. I am worried it will inadvertently create a passageway for big businesses to overtake and weaken the small businesses with their ability to buy more, store more, and open in any town without restriction. I am worried extending hours may present security concerns with liquor stores prone to robbery or worse. I am worried the threat to these small stores will lead to lost jobs, which completely contradicts the accomplishments of the entire General Assembly this past October.

I strongly urge the General Law Committee oppose HB 5021. The State of Connecticut must stand behind the small package stores. The reforms the bill proposes do nothing to help these businesses to grow or remain in business. As one owner said, "Only a miniscule percentage of small and mid-sized retailers can survive quantity discounts and the elimination of minimum bottle pricing." With a fragile economy striving to rebuild in Connecticut, I could never support legislation that would put a stumbling block in its path. Please vote NO to HB 5021.

Sincerely,



Michael L. Molgano
State Representative, District 144
Stamford



P 14

Testimony Submitted By:
Kevin Pimental
Xtramart Convenience Stores

To: Committee on General Law
Relative to Governor's Bill SB 5021
February, 27th, 2012

Good afternoon Senator Doyle, Representative Taborsak, and members of the General Law Committee. My name is Kevin Pimental, Retail Automation Manager for XtraMart Convenience Stores, member of the Connecticut Chapter of the New England Convenience Store Association and member of the Independent Connecticut Petroleum Association. I represent XtraMart, we own and operate convenience stores in Connecticut and are here to support S.B. 5021 which seeks to put an end to the state's antiquated alcohol blue laws. Our stores are located in neighborhoods throughout the state and serve the local community.

Although we are in support of the bill in its entirety, of specific concern to us and the industry is the section of the bill that would allow beer to be sold at qualifying convenience stores. We are constantly asked by our customers why we do not have beer available for them and conversely, why they can't just buy their snacks when they are picking up beer at a liquor store (like almost every other state in the country). In addition to our stores losing sales, the State of Connecticut is losing tax revenue to its border states that do allow the sale of beer in c-stores. Furthermore, acceptance of this bill would allow the State and its Connecticut retailers to remain more competitive and offer an added convenience to its consumers.

We support the change in the law because it will further enhance the convenience to our Connecticut consumers while at the same time increase tax revenue, sales revenue, and potentially add drastically needed jobs to the community.

In harmony with the 'End Connecticut's Blue Laws Coalition', "Connecticut consumers deserve more convenience, more choice, and lower prices when shopping for beer, wine, and spirits. And our neighborhood convenience, grocery and package stores deserve the right to compete on an even playing field with stores in neighboring states that have already repealed their outdated blue laws."

Please join us in support of S.B. 5021. It represents a change that benefits the State of Connecticut, its retailers, and consumers alike. Thank you for your consideration.

Kevin Pimental
Retail Automation Manager
XtraMart Convenience Stores
New England Convenience Store Association - Member

Bill HB 5021 defeats small business. It does not foster competition, it eliminates it. If the large box chains come in to the State and can sell a product at less than I can buy it for, the result is obvious. It's an uneven playing field.

Why take away CT jobs, and take the profits out of CT as well. I have wonderful employees, all part-time, who supplement their incomes in order to live in an already expensive state. But they spend their money earned in this State, as do I. Big Box corporations profits are taken out of state. Jobs are lost, revenue is lost.

The governor could double or triple our permit fees for revenue, and for sure we'll work Sundays in this day and age, fair enough, just please don't take our whole livelihood away from us.

We started a petition late yesterday, ~~I should have been doing this much earlier, but in the space of two hours over 50 people signed it.~~ The interesting thing is that every single person said to us that he or she wanted to support small business, that this is what enriched their town, ~~they were for us completely. There was nothing like, oh yeah, you want me to sign it, I'll sign it.~~ They were concerned with the issue.

Marlborough has a population of over 6,000 people, largely families. The town now has no food market - several independent grocers have come and gone, they just can't make it against the Stop and Shop in East Hampton. We also have no pharmacy - again, there is a CVS in East Hampton so no drug-store will come to town. This could very well also be the case with a beautiful wine shop like mine. If I go the way of the market and the drugstore, there's not an awful lot of CT small-town shopping, commerce, left in our town. Small business is gone, and the State goes the way of the Big Box stores ^{actually} calling the shots, doing what they want. *And the American dream dies a little.*

I also feel that the one permit per 2500 people creates a certain order, rather than permits being moved here, there and everywhere. This works, why take it away.

Our townspeople really want to support small business - why on earth does not our government?

Patricia A. Dickerson. Patricia A. Dickerson.

Country Roads Wine & Spirits
Marlborough CT 01557
508 295-4215

February 25, 2012.



February 28, 2012

WINE INSTITUTE STATEMENT IN SUPPORT OF HB 5021 "AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES."

Wine Institute would like to lend its strong support to the passage of HB 5021, An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees. Passage of H 5021 will provide substantial benefits to Connecticut consumers including convenience, increased hours and more competitive prices. It will also significantly increase the ability of Connecticut retailers to compete with its counterparts across the border in Massachusetts, New York and Rhode Island.

Connecticut consumers will be the ultimate beneficiaries of this modernization of Connecticut's alcoholic beverage laws! If off-premise Sunday sales of alcoholic beverages is enacted, consumers will have increased shopping flexibility and will be able to buy wine on Sundays while they are out and about shopping for other consumer products in Connecticut. They will no longer have to drive across the state border to buy a bottle of wine for dinner or a six pack for the game. More Connecticut consumers shopping in Connecticut will no doubt mean more tax revenue for Connecticut!

Forty eight states currently allow some form of off-premise Sunday sales of alcoholic beverages, including the neighboring states of Massachusetts, Rhode Island and New York. In addition, Maine, New Hampshire and Vermont all allow Sunday sales and have done so for many years. Connecticut is one of only two states to have a total prohibition of off-premise alcoholic beverage sales on Sunday. The time seems right for change.

Wine Institute respectfully urges the Joint Committee on General Law to recommend passage of HB 5021.

Thank you for your thoughtful consideration.

Respectfully,

*Carol A Martel
Northeastern Counsel
Wine Institute*

Wine Institute is an association of over 1,100 California wineries and affiliated suppliers dedicated to advocating the responsible consumption and enjoyment of wine.

To whom it may Concern;

HB 5021

My name is Taylor Tristine. I am 13 years old. My mom and dad own Vines Distinctive Wines and Liquor. If my parents had to open their shop on Sundays, we would never get any family time with each other. We have set aside our Sundays to go to Church. We even go to the grocery store together just because we want to get as much family time as possible. If Vines had to be open on Sundays, we would never see our father and mother at the same time.

My dad works two jobs. He helps my mom at their wine shop and he teaches history at Sheehan high school. Because it is a public school, my dad has to leave before we're even awake to make it to school on time. So we don't see him in the morning. He gets home at about 8:30 each night and we have to go to bed at 9:00 p.m., so we only ever get to see him for a half hour every day. On Saturdays, either he or my mother has to leave for work by 8 a.m. Again, they get home at about 8:30 p.m. We only ever get to see them both on Sundays. It's the only time we ever get to eat as a family.

We practice the Catholic faith. This means that every Sunday, we set aside a couple of hours

to go to Church as a family. We do this because we try to be the best people we can be. The third of the Ten Commandments states: "Thou shalt keep the Sabbath holy." We try to follow the Ten Commandments. We have the right to go to Church on Sundays due to the First Amendment. I would explain it here, but I hope you all know what the First Amendment states.

Do you really think that passing this Bill will raise more money? Where's the proof? Is money really worth the price of family? What if it was *YOU* having to work all the same hours that these people do? Would you be as eager to pass this Bill and spend less time with *YOUR* family? Imagine *YOU* only having 3 days off all year if this Bill is passed!!! So please, if you can find some room in your hearts, do not pass this Bill. Because if you do, you will not only lose most package stores (like my parent's) and you *WILL NOT* be re-elected, but you will also be pulling apart a very close family... and if you manage to do that, shame on you.

Your consideration to this matter would be greatly appreciated. Thank you.



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Testimony of John F. Droney
on behalf of
Brescome Barton, Inc. on
House Bill 5021
"An Act Concerning Alcohol Liquor Pricing and
Hours of Operation for Permittees"

February 28, 2012

Mr. Chairmen. Members of the Committee. My name is John F. Droney. I am attorney from West Hartford, CT and legal counsel to Brescome Barton Inc. Brescome Barton is located in North Haven, CT and is the largest wholesaler of spirits, wine and beer in the state with over 400 employees.

I am submitting as counsel to Brescome Barton Inc. testimony on House Bill 5021, "An Act Concerning Alcohol Liquor Pricing and Hours of Operation for Permittees" as proposed to this committee by Governor Malloy.

We have reviewed this comprehensive bill and have found many changes that will remove or modify regulatory barriers to create a freer marketplace for the sale of alcoholic beverages in this state. A number of these changes will benefit consumers. These include Sunday sales which are now allowed in 48 states, extending hours for package stores, bars and restaurants and quantity discounts which will support moderation in pricing.

However, we also have found a number of provisions which, in our experience and judgment, would dramatically change Connecticut's regulatory control over the sale of alcohol and impact public health, safety and welfare. Of paramount concern is the elimination of published pricing. Today's system of published pricing plays a necessary role in maintaining the delicate balance between an open marketplace and the need for government regulation over the sale of alcohol. Where published pricing has been eliminated, it has led to a disorderly and discriminatory marketplace, as well as loss of jobs, revenue, and taxes through anti-competitive practices. The United Kingdom, is a prime example of a market which is currently overwhelmed with public health and safety concerns, all directly related to deregulation and the uncontrolled pricing of alcohol being promoted by essentially large box store food companies in price wars. Attempts by government officials are currently being made to re-establish pricing controls in the UK, however, the reality is, once the genie is out of the bottle it is almost impossible to get it back in.

In summary, while we applaud the Governor's efforts to modernize the state's alcoholic beverage laws, we strongly caution you to avoid any changes to the system that have been proven effective and necessary, such as published pricing. A move in that direction will have negative economic consequences and only lead to unnecessary health, safety and social problems in this state.

**Testimony of Vijay Patel
General Law Committee
February 28, 2012**

**H.B. No. 5021 AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND
HOURS OF OPERATION FOR PERMITTEES**

Dear Policy Makers:

I own a small package store in Dayville, CT. In past few months I have come across information that will greatly affect me and my family. I am referring to proposed liquor control changes via Dannel Malloy administration. In swift and small note he is trying to sum up policies that will change our lives forever, probably not in a good way. Policies he is proposing, such as extended hours and Sunday sales will affect many small business operations such as myself. For example, in recent years, policy makers extended operational hours. The policy has been in place for nearly a decade but our books have proved the projections claimed by policy makers simply failed. The yielded no real increase in sales, rather added expenses that we now have to bare. It will disrupt the already strained financial stability in these hard economical times because proposed extended hours changes and Sunday sales add to expenses without increasing revenues to compensate for them. If state enforced minimum prices are taken away, we will face whole slew of uncertainties and variables that will create such a domino effect that is bound to sweep many of us off our feet. For example, current prices guarantee markup of around 17% on spirits from which we have to sustain whole of our operations. Getting rid of such safety net will not make it viable for small business owners to sell these products. This will for sure decrease sales and given lower prices, state will also end up losing revenues it collects on sales tax.

If these policies are favored by law makers such as yourself, they will bring about such aggression to our fragile economy that has just shown some signs of improvement. It will undo all the hard work we have done since the economic melt down. It will also be an open invitation to aggressive corporation that harbor bad practices and have such disregard for small business owners which is vital to Connecticut's economy. With policies such as quantity discount, there is no longer level plain field for small businesses like mine to compete against big businesses. There is a comparison made in the policy with surrounding states such as Massachusetts policies. Policy claims that Sunday sales and quantity discounts are what's drawing Connecticut crowds to travel over the border to consume from there. However, there are more than one factors adding up to migrating sales over the border. For one, Connecticut has higher excise tax and Massachusetts has NO SALES TAX. These two factors allow retailers to sell their products at much, much cheaper price compared to Connecticut. What policy should be targeting is the monopoly set on the distribution of the spirits. Why are retailers the only one being targeted and are burdened to bare the full burden of momentous changes? I see all the proposed changes that add more to retailer's plate and only ours. Such changes should target to change industry as whole and not overburden any single aspect.

These corporations contribute very little to nothing to their local economies and end up transferring most of the wealth out of state. This will further inhibit growth for all small businesses that vastly make up the local economies here in CT which buffer the state and it's people from harsh ups and downs of economy caused by big corporations.

While policies like this one help big corporation directly and indirectly, there is little to no assistance being provided to small business owners and we are left to fend for ourselves in an increasingly unfair markets. Due to bad economy we have already seen steep drop in sales and it has become very difficult to have any certainty of secure future. Each day we strive to fight and stand on our own feet without help of tax payer dollars, while big corporations are served such lucrative policies. The policy is also trying to increase number of liquor licenses, which will bury us deeper in the hole. This policy will further make markets unjust and unfair for small guys to compete. Medallion system and option to sell and retire all sound good on paper but these are not taxi licenses we are talking about. If permit holders are issued nine licenses, there will be no real value attached to each license, and given the system, the stake

holders who invested in a business, would not be able to get any money back for their investment given the plentiful supply of licenses available. Given the size and nature of big corporations, they would be able to get licenses from anywhere in the state and move or open new operations anywhere else within the state. If this happens, and they put five or six small businesses out of business, there will be surplus of licenses that big stores can further acquire and move into new territories. Not only that, when this happens, medallions in the system further lose their value. These are small businesses the policy is taking on, and the policy will not only affect just the owner but many surrounding small businesses and employees whose services owners such as myself subscribe to in order to help support local lively hood.

As a small business I know the value of investing in local economy while big corporations are only concerned with their bottom line. In short, the policy will wipe out small mom-and-pop, family operated businesses such as my small package store.

I hope after reading this, you will have change of heart to take another or harder look at this policy and not just bottom line on state budget level. This policy projects to increase revenues via state sales tax and other taxes but ask yourself at what cost? There will be no real or net job growth and mainly what this policy will achieve is shift revenues from small business to big corporations. Shifting jobs around or revenues on bigger books should not be only goal of any policy or any policy maker.

Thank you for your time.

Sincerely,

Vijay patel

Proposed Liquor Legislation

Opposed

To: General Law Committee Members

2/28/2012

HB 5021

From: Rick Eadie
VINTAGE Fine Wines
142 Old Ridgefield Road
Wilton, Connecticut 06897

Madam President, Mr. Speaker, Mr. President, Senator McKinney, Representative Cafero, distinguished members of the General Assembly, thank you for allowing me to speak today. I'd also like to recognize the hundreds of small business owners and the employees who are here today as well, most of them being off the clock.

I am now and have been in the CT wine and liquor industry since 1988. As an employee and as an owner in lower Fairfield County and then covering the whole state on the supplier side, representing importers of Italian wine. I am telling you of my background because over the course of the last 24 years I have personally been involved with over 500 charitable fundraisers for such groups as American Cancer Society, American Liver Foundation, Save the Children, Near and Far Aid, various Rotary and Lions Clubs, way too many schools to list and then there was the one for the Westport Dems awhile back where now Senator Blumenthal was a guest.

Wine tastings as fund raisers are usually fun, community driven charitable events that raise money for a good LOCAL cause. They can also be good for business, driving new customers to the store that partnered with the charity and collecting taxes on those wines purchased as a result of the event. I am not the only person that gets involved with this type of fund raising. Across this state there are wine tasting fund raisers held almost every week.

The Connecticut Veterans Legal Center held their second annual Wine Tasting Event last year honoring Francis Brady, Past President of the Connecticut Bar Association. I am pleased to announce that Governor Dannel Malloy spoke at the event.

The West Hartford Exchange Club held their 6th Annual Wine Tasting Event earlier this month. Portions of the proceeds from the event will benefit Unified Theater. Since its founding in 2002, Unified Theater has served 3,000 students of all abilities in youth-led performing arts groups.

Westport Sunrise Rotary held its 22nd annual wine tasting and silent auction fundraiser last November, partnered with Harvey Skolnick of the Liquor Locker. 22 years and still going strong, that is until these proposed changes go into effect.

The Connecticut Association of REALTORS® Foundation held it's 2nd annual fundraising event, the Autumn Wine Tasting, on September 15, 2011.

The Junior League of Greater New Haven held its Eighth Annual Wine Tasting to support the League and its community projects.

Proposed Liquor Legislation

Opposed

State Senator Anthony Musto, the House Majority Whip, graduated from Fairfield Prep in 1987, I did a wine tasting fund raiser to benefit Fairfield Prep just last October which included a private in home tasting auctioned off that brought in an additional three or four hundred dollars toward the cause.

Just this past Sunday Feb. 24, State Senator Anthony Musto, Majority Whip (D-Trumbull) attended a Job Fair in the Arnold Bernhard Center at the University of Bridgeport, hosted by U.S. Senator Richard Blumenthal. You better get ready for another one because this bill is a job killer.

Thank you for listening, I only wish I could get all the people who have benefited from these fund raisers up here with me.

Oh, I just read in Sunday's Connecticut Post, that some of you lawmakers are looking to enact legislation that directs business back to independent pharmacies because of this CVS prescription debacle. How do you put someone back in business once they close.

Rick Eadie
Wine Director

VINTAGE Fine Wines
142 Old Ridgefield Road
Wilton, Connecticut 06897
203 529 3023

It's not actually about Sunday Sales!

Oppose
#5021

We are all here to address Governor Malloy's proposal to change the existing liquor laws in Connecticut. The only thing most people know about this bill is that it will allow the sale of alcohol on Sundays and Holidays. **But, beware to all consumers – it's not that simple.**

CT now has the highest number of liquor stores per capita in the country. This fact alone ensures competitive prices, as well as numerous choices. The bill includes changes that will surely lead to the demise of most of Connecticut's 1200 or so small to medium package stores. In a time when small businesses are being idealized as the backbone of our country's economy, this bill will *eliminate* the "mom & pop" liquor stores within the first year and at least 50% of the slightly larger stores, who support their families and usually several employees, will be gone within 2 years. I am one of those employees.

The effect this bill will have on CT stores will be devastating. Malloy projects an increase in revenue with expanded store hours, but he never addresses the projected number who will join the unemployed. He also speaks loudly about lowering consumer prices, but should liquor really be the product we should be making cheaper for consumers?

Two of the major issues in the bill that hurt small business: 1) Increasing the number of liquor permits an owner may have from 2 to 9 and 2) Eliminating the current laws making it illegal for a store owner to negotiate prices or get free goods for bulk purchases. In other words, big or small, under the current price structure, all stores pay the same amount for every case of wine, liquor or beer. It's a level playing field. The proposed changes open the doors to big-box retailers and major super-market chains and you can predict the outcome. Large retailers will buy 1000's of cases at a discount and be able to sell wines etc. for less than what a small store will pay for them.

Initially, this may seem beneficial for the consumer, but let's think further down the road. Within a few years, there will be no small package stores. No knowledgeable wine help, no deliveries, no assistance with party planning, and fewer choices. Then, once the large stores are the only game in town, the prices will go back up. Do you want to trust the Wal-Mart model of retail for everything? Do you want an eighteen year old to help with your next fine wine purchase? Would you enjoy living in a community where your choices were reduced to whatever a few large retailers decide to sell?

CT package store owners have obeyed the existing liquor laws for decades. They have served their communities, paid their taxes, hired employees, and managed the responsibility for the sale of alcohol. We help our neighborhoods with school auctions and charity events. The guise under which this bill is being pushed through the legislature comes at the expense of the small business owner. Perhaps the CT laws should be modernized. But this bill is reckless. I invite you to talk to you local package store owner about what it will do to his or her future.

Trish Swain
Greenfield liquor
2/20/11

Proposed Liquor Legislation

Opposed#5021

To: Connecticut Law Review Council

From: Chintan Patel
(Owner)
Crazy Grapes
491 Hope Street
Stamford, CT 06906

To whom it may concern,

I am writing this letter to express my concerns regarding the proposed overhaul of Connecticut's liquor laws and distribution. The following page(s) discusses the negative impact to our state in the following ways:

- **Increase in the number of Liquor Licenses from 2 to 9**
- **The impact of big business on the "mom and pop" shops discontinuing min. bottle pricing and increasing a chance of not being able to collect Sales Tax precisely for the state revenue**
- **The "Medallion" system and its effect on devaluing of licenses**

Thank you for taking the time to consider my concerns,

Chintan Patel

#5021

Proposed Liquor Legislation

Opposed

1. **"Increase in the number of Liquor Licenses that a store owner can have from 2 to 9.** The Governor claims that this change, in conjunction with his proposal to offer quantity discounting to the retailer (not currently available,) will give the retailer more buying power and, therefore, lower prices to the consumer. While this may be true in the short term, we believe that the longer term impact will result in many (if not most) small stores going out of business because they will not be able to obtain product at a competitive price. The result will be:
 - **Prices will increase once competition has been eliminated**
 - **Selection will be determined by several large chains**
 - **Many retail and likely wholesale jobs will be lost as the number of retail outlets decreases**

2. **Offer Quantity Discounts, eliminate price posting and eliminate minimum bottle pricing.** Currently, retailers get no economic benefit for purchasing from the wholesaler in a larger quantity. Rather, wholesalers offer all retailers post-offs (discounts) on select items during certain calendar months no matter how much product is purchased. Retailers are not allowed to sell goods below the State's minimum bottle price, a price which is set by the supplier and is in excess of the retailer's cost. The Governor believes that eliminating posting and minimum bottle price along with the ability to achieve a discount by purchasing in quantity will lower prices to the consumer. Again, we believe that these changes, especially when amplified by proposal #1 above, will eliminate competition over the long run and not achieve its objective. Results will be:
 - **Supermarkets and large retailers will be able to sell items below cost as a loss leader. In many cases, these retailers' sale price to the consumer will be less than the wholesale cost available to the smaller retailers. This will put small retailers out of business.**
 - **Once competition has been eliminated, the larger retailers will be able to raise prices and determine selection.**
 - **Jobs will be lost.**

3. **Medallion System.** Currently the number of retail permits issued in a specific town is set at 1 for every 2,500 people. In order to make the rest of his proposal seem equitable to the retailers, he is proposing to eliminate the current population based permit limitation and offering a medallion system, where each existing retailer would receive a medallion that could be sold in the open market. These medallions would be transportable across town lines. Consistent with every other portion of his proposal, this change hurts small retailers and helps the big box/supermarkets. We believe:
 - **In the short term, there may be too many liquor stores in more desirable areas as large chains purchase medallions in less desirable**
 - **areas for cheaper prices and then move into more lucrative markets which no longer have any limitation on the number of stores.**
 - **In the long term, the medallions will become worthless as the larger stores put the smaller stores out of business."**

Chintan Patel
 Crazy Grapes
 Stamford CT

TO: Distinguished members of the General Law Committee
FROM: Mark Taylor, CM Selection, LLC Member Manager

SUBJECT: H. B. 5021 OPPOSED

Dear Chairman Doyle and Chairman Taborsak and other distinguished members of the General Law Committee'

CM Selections LLC (CM) is a sole proprietor corporation licensed in the state of Connecticut doing business as an importer and out of state distributor. CM is filing comments to request the the committee, in it's deliberations, seek "a level playing field" between small and large liquor wholesalers and distributors. Loss of such a level playing field would have a definite effect on my companies revenues which would put my family at risk, as well as those who depend on me. It would also have the direct effect of reducing tax contributions to the state tax structure. Because, of the possible devastation to my business and family, and the apparent haste of composing and passing this bill, CM suggests the following;

whereas, the negative economic impact of such legislation on small business is speculative and largely unknown, and

whereas, the possible beneficial effect on the state revenue is speculative, and largely unknown, and

Whereas, the proposed legislation, is on it's face, beneficial only to large companies,

CM is requesting that an independent panel be created, and that a moratorium be placed on further legislation, until the following can be accurately evaluated.

1. The effect of increasing the number of licence's which can be issued under a single retail name.
2. Elimination of the "minimum bottle price " and creation of a discount structure which will reduce revenues to store and state. The number of bottles sold will if this law was to be put into effect, would be less than trivial.
3. A review of the effect of across state line sales, taking into effect that Massachusetts sales tax would continue to create an imbalance between state prices, and leave cross state sales unchanged.
4. A medallion system that does not create value, and would needlessly require state employees to manage.
5. A revision of the state label review, which would allow companies to enter business sooner, and have the effect of added value. Use of the Federal COLA label approval as a basis for notification, rather than the label review which is slow and unnecessary Elimination of the commercial Unimerc review which does not add to business.
- 6 Implementation of a law that would not allow distributors to sell below gross cost.
7. That the economic effect of requiring stores to open for Sunday sales, or on Federal holidays, be evaluated.

As noted, in frequent speeches by President Obama, and past presidents, the life-blood of this country is small business, Thus, small business supports our national economy and has a profound beneficial effect on our Connecticut towns and our citizens .Estimate of business that would close, based on the current draft, range from 400 to 600, adding these employees to the state tax dole and hurtful to many in our local economy.

Respectfully, we ask the committee to be thoughtful in it's evaluation and embrace the hard working individuals of our state and our industry.

Respectfully

Mark K. Taylor CM Selections, LLC
1 203 856 6880

Print

Page 1 of 1

Subject: Fw: Opposition to parts of Bill #5021
From: Maureen Abrahamson (momaddy@yahoo.com)
To: fcpackagestoregroup@yahoo.com;
Date: Sunday, February 26, 2012 2:42 PM

----- Forwarded Message -----

From: Colleen Phelan <colleen@onevinewines.com>
To: generallawmail@cga.ct.gov
Sent: Friday, February 24, 2012 2:35 PM
Subject: Opposition to parts of Bill #5021

I am a wine sales rep who sells wines for family-owned estate wineries in California and Oregon. Bill 5021 will make it difficult for me to continue doing business in Connecticut as I think the real purpose of this bill is to open up the liquor market to big box stores.

Small producers do not have the volume to service big box retailers. By passing the bill as it is, you will be limiting the variety of wines and spirits offered in our state. Gone will be the small eclectic producers of quality wines and spirits. It is already quite difficult to bring in small producers because of the dramatically higher label registration costs in this state as compared to others.

Parts of the bill make sense to me, especially Sunday sales. However, this bill is about so much more than Sunday sales. I think there is a way to modernize our liquor laws without shuttering so many small package stores. Frankly, our state cannot afford to lose any more jobs or have more small businesses shut down.

I hope you slow down this process and take time to really consider all parties involved -- not just the big box retailers.

--

Colleen Phelan
One Vine Wines
203-258-8857

Craig Gonsor

Manager

World of Beverages

Norwalk

HB 5021

First, I'd like to thank the committee for allowing me this time to speak. I'd also like to thank everyone for coming today. A very impressive showing on the last day to order February pricing shows just how critical we all know these issues are to us, and our industry, and our hopes to remain in it. Of the people standing here before you, at least half of them will be out of business, out of work, if the Advocates for change get their way. This will happen very, very quickly.

To start with, nothing needs to change here!

I'm a manager, not an owner. I'm good at what I do, no matter what you decide I'll be fine. I'm here because I've been in the Connecticut market for over 20 years. I know many of the people who are here and others who couldn't make it today. I know what good people they are, and what this bill will do to them. I don't want to see that happen.

Nothing needs to change here!

The Connecticut liquor industry as it exists serves the consumers of this state very well. It offers consumers a wide selection, both in the products available, and in the store that they chose to shop. All at fair prices!

Nothing needs to change here!

For whatever reason Advocates have championed this cause, they says it's about tax revenue. Their most optimistic projection says this will generate \$8 million a year. In a state with a \$20 billion budget that's pocket change, maybe if we were talking \$80 million it would be worth tossing a marketplace on its head, costing 1.000's of jobs. It's not 80, its 8, and this makes no sense!

Nothing needs to change here!

Advocates say "Modernizing" our laws will lower prices to our consumers. Yes, if you eliminate the minimum bottle law you will see stores selling lost leaders to draw consumers, to have them drive further than they do today. With the price of gas, what are they really saving? All of these "Modernizations" give huge advantages to big box stores and chains, at the expense of the little guy, or causing his demise.

Consumers have been asking me what I think about "Sunday Sales", I've had to explain that there is much more involved here. That really what we are looking at is a fundamental change in the way people shop for liquor in this state. The end of the family owned liquor store, that guy down the street. You

know his wife, and his mother. You have watched his kids grow up. He is a part of your life, and you are a part of his. Well he's going away! He'll be replaced by your "local" Stop and Shop, or B.J.'s.

I think we here and the media have done a lousy job of letting the good people of Connecticut know what is at stake. What will be gained, and what will be lost. The people I've talked to all feel the same way, putting their friend down the street out of work isn't worth Kendall Jackson Chardonnay for \$10 a bottle, or Cavit Pinot Grigio mags for \$9.99. They feel that people are more important. All of us standing here before you hope that you feel that way too.

Nothing needs to change here!

Thank You.



February 28, 2012

Co-Chair Paul R. Doyle
Co-Chair Joseph J. Taborsak
Senator Kevin D. Witkos
Representative Rosa C. Rebimbas

General Law Committee:

We are submitting testimony in support of H.B. 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

The Independent Connecticut Petroleum Association (ICPA) represents 576 marketers and their associated business in Connecticut. ICPA members employ over 13,000 people in our state. Our members own, operate or distribute product to more than 1,000 convenience stores (c-stores) in our state.

Section 7 of H.B. 5021 would allow c-stores to obtain a permit to sell beer. If passed, this section would increase competition among sellers of beer, provide more choices for consumers and allow c-stores to compete with stores located in Massachusetts and New York.

ICPA believes that H.B. 5021 should pass for the following reasons:

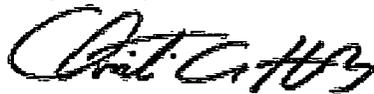
- **Consumer Choice** – Under the current law the government chooses the winners and losers by dictating who can and who cannot sell beer. Consumers should choose who they want to do business with and buy products from. H.B. 5021 allows for equal competition and provides consumers with choices.
- **Greater Competition** – Today the law restricts where beer can be sold. H.B. 5021 would add potential competitors to the marketplace who will fight to keep and gain new customers. When businesses compete – consumers win;
- **Increased Revenue to the State** – Last year, the Office of Fiscal Analysis (OFA) reported that S.B. 864 (which is similar to section 7 of H.B. 5021) would “result in a gain from the alcoholic beverage and sales taxes of \$1.7 million annually”. This means that the state can increase revenue without raising taxes.

- **Loss of Tax Revenue** - Most of New England and New York allow the sale of beer at convenience stores. Connecticut is at a competitive disadvantage because of this antiquated Blue law and suffers stat and local tax losses because of it.

ICPA asks that the General Law Committee to **support H.B. 5021**, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES, and allow for greater competition among beer retailers within our state, enhanced consumer choice, the ability to compete c-stores in Massachusetts and New York who sell beer.

This legislation helps businesses, consumers and the state.

Respectfully,



Christian A. Herb
Vice President

Hendel's Petroleum

February 28, 2012

Members of the General Law Committee:

I am submitting testimony today on behalf of Hendel's Inc., a third generation family-owned business based in Waterford, CT.

I urge you to support Bill number 5021, an act concerning competitive alcoholic liquor pricing and hours of operation for permittees and specifically section 7 that deals with the sale of beer a convenience stores.

Laws should protect the public well being, not impose anticompetitive restrictions on certain segments of the marketplace simply to benefit a different segment of the marketplace. The only safety interest being protected by preventing beer from being sold in small convenience stores are the bank accounts of package store and supermarket owners—which is simply not an appropriate reason for perpetuating the anticompetitive law preventing convenience stores from obtaining beer permits.

Preventing convenience stores from selling beer results in a loss of tax revenue to our State at a time when Connecticut faces a deficit. Since Connecticut is a geographically small state, a significant portion of our residents live in communities which border other states. Why when our state is financially strapped should our tax-generating convenience stores be at a competitive disadvantage since most New England states as well as New York state allow the sale of beer at convenience stores? Why should we be encouraging Connecticut residents to generate tax dollars for our neighboring states and deprive our own state's coffers of revenue it badly needs? And it isn't just the loss of tax revenue on beer sales which H.B. 5021 would stop. The Connecticut taxpayer who purchases beer at a neighboring state's convenience store may then purchase other products, further hurting Connecticut's revenue stream.

What economic and fairness justification is there for package and liquor stores being allowed to sell most of the core products of convenience stores (cigarettes, lottery tickets, newspapers, ice etc.) but to prohibit the neighborhood convenience store from selling beer? There is none. Unless inconsistency, unfairness and anti-consumerism are justifiable regulatory ends. I submit that in America, they are not.

Legislation righting an anticompetitive wrong by leveling the playing field which results in MORE tax revenue for the State? It certainly seems to me that H.B. 5021 is a good prescription for helping to address Connecticut's budget deficit ills.

Thank you.

Doug Hendel

February 28, 2012

Co-Chair Paul R. Doyle
Co-Chair Joseph J. Taborsak
Senator Kevin D. Witkos
Representative Rosa C. Rebimbas

Members of the General Law Committee,

I am a resident of Middletown and a representative of Mutual Oil Company. **I am here today to urge your support of bill number 5021, AAC COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.** Mutual Oil distributes fuel to small business owners throughout Connecticut who own and operate convenience stores (c-stores).

We support bill 5021 for the following reasons:

- Petroleum service stations with c-stores in Connecticut are at a competitive disadvantage with abutting States where beer is allowed to be sold at c-stores;
- "Big Box" retail giants are allowed to sell beer and market our core business of gasoline, while we are unfairly restricted from selling beer;
- The business climate in which we do business is slowly eroding the small c-store owner who is at a disadvantage with our antiquated Blue laws;
- The passage of this bill would stimulate business and revenue for Connecticut by creating a fair business environment and allowing c-stores to compete with c-stores in abutting States;
- Consumers would be empowered with more choices as to where they would like to purchase beer;
- Increased competition would provide better prices for consumers.

I ask that you please endorse bill 5021, end the Blue laws and allow for a fair and competitive business climate in the State of Connecticut for all businesses.

Respectfully,

George Sousa
Marketing Representative
Mutual Oil Company

February 28, 2012

Co-Chair Paul R. Doyle
Co-Chair Joseph J. Taborsak
Senator Kevin D. Witkos
Representative Rosa C. Rebimbas

Members of the General Law Committee:

My name is Abner Burgos Rodriguez and I am here today to submit testimony in support of H.B. 5021, An Act Concerning Alcoholic Liquor Pricing and Hours of Operation for Permittees.

I work for a Connecticut based company by the name of Standard Oil, located in Bridgeport. We own c-stores and sell fuel to independently owned c-store throughout the state.

I am here to provide witness to the damaging effects that the current law has on small mom and pop c-stores along our states borders. I live in Danbury and I frequently visit local c-stores who are unable under the current law to obtain a permit to sell beer. This restriction often results in lost earnings, as consumers make their purchases in New York when they are traveling back to Connecticut.

Potential customers who work in New York, Massachusetts, and Rhode Island, but live across the boarder in Connecticut, will stop in other states for the convenience of purchasing beer because they simply can not buy it at a c-store in the town where they live in our state. When consumers stop to purchase beer, more times than not they will buy products like milk, cigarettes, and other items that are sold at c-stores. These lost sales mean a smaller income for Connecticut business owners.

C-store owner's work hard 7 days a week to serve their customers, but unfortunately Connecticut has a law that undercuts their efforts. If passed, H.B. 5021 would correct that wrong, provide greater choice for consumers, facilitate greater competition and allow family owned businesses to providing jobs in the communities that they operate in.

H.B. 5021 brings consumers back to Connecticut to buy the products that are offered at our c-stores. Along with those purchases, comes tax revenue for the state, jobs security for the thousands of people who work in c-stores and fair competition.

I ask that the General Law Committee support H.B. 5021, An Act Concerning Alcoholic Liquor Pricing and Hours of Operation for Permittees, and allow c-stores to profit, the state to increase revenue, and help ensure job protection for many who work at our c-stores.

Sincerely,

Abner Burgos Rodriguez
Standard Oil



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

REPRESENTATIVE RICHARD A. SMITH
ONE HUNDRED EIGHTH ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 4200
HARTFORD, CT 06106-1591

TOLL FREE. (800) 842-1423
CAPITOL. (860) 240-8700
CELL (203) 460-4871
EMAIL Richard.Smith@housegop.ct.gov

MEMBER
FINANCE, REVENUE AND BONDING COMMITTEE
JUDICIARY COMMITTEE
PLANNING AND DEVELOPMENT COMMITTEE

FROM: Representative Richard A. Smith, 108th Assembly District

DATE: February 28, 2012

RE: **HB 5021 – AN ACT PROPOSING A LOSS OF OVER 7000 JOBS.**

I would like to thank the Honorable Co-Chairs Senator Paul Doyle and Representative Joseph Taborsak, the Honorable Vice Chairs Senator Carlo Leone and Representative David Baram, and the Ranking Members Senator Kevin Witkos and Representative Rosa Rebimbas, and the entire membership of the General Law Committee for their time this morning addressing this controversial issue- **HB 5021- An Act Concerning Competitive Alcoholic Liquor Pricing And Hours Of Operation For Permittees.**

I am asking all of you to remember today what was shouted out loud and clear by the Governor in his inaugural address and reiterated again when he addressed the House and Senate on opening day: **“CONNECTICUT IS OPEN FOR BUSINESS.”** And, when deliberating this Bill, if you keep that simple statement in mind, and if you truly support the premise therein applying it to all businesses, the controversy loses its fervor. Here is why: Passage of this Bill in its current form **will cause over nine hundred small businesses to close over the next five years, representing over seventy-five percent of the current package stores in operation, resulting in approximately 7,000 Connecticut residents losing their job.** How, in good faith, can we as a Legislature proclaim we are open for business and pass a Bill that will close over nine hundred businesses and put thousands on the unemployment line? Not only will small business owners be forced to close their doors and lay off employees, they likely will be exposed to foreclosure and stifle whatever progress has been made to turn our economy around in this State.

You see, when we say we are “Open for Business” that means we are open for businesses of all types and sizes, not just big business – which has been the focus of our Governor to date and which surely is the focus of this Bill. How does this Bill favor big business – let’s take a look:

- 1) It increase the number of licenses from 2 to 9, thereby creating a pathway for the big box stores to overtake and close out the small package stores;
- 2) It creates a medallion system that, upon purchase, allows an owner, who can have up to nine licenses, to open up a liquor store in any town regardless of how many stores are in that town already and create an uncompetitive balance;
- 3) It eliminates the State pricing minimum, which again will allow the big box stores, with their buying power and storage capacity, to under sell and drive the small business owner out of business. Right now the minimum allows the small owner to fairly compete.

Clearly, the net effect of the Bill will be to close small businesses, create more foreclosures and drive up unemployment, ultimately contradicting the Governor's motto that "Connecticut is open for business".

Let us be true to our word and take a stand for business – not just big business. Please reject HB 5021.

Thank you for your consideration. Should you have any questions please do not hesitate to contact my office.

Best Regards,



Richard A. Smith
State Representative, 108th District

**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

P3
P11
L2

Testimony submitted by

Jay Hibbard

VP Government Relations

Distilled Spirits Council of the United States

Before the General Law Committee

In support of Governor's Bill 5021

February 28, 2012



Senator Doyle, Representative Taborsak, Members of the Committee:

My name is Jay M. Hibbard, Vice President of Government Relations for the Distilled Spirits Council of the United States (DISCUS), a national trade association representing the world's leading makers and marketers of distilled spirits. Our member companies are:

- Bacardi U.S.A., Inc. (Miami, FL)
- Beam Global Spirits & Wine, Inc. (Deerfield, IL)
- Brown-Forman Corporation (Louisville, KY)
- Constellation Brands, Inc. (Victor, NY)
- Diageo (Norwalk, CT)
- Florida Caribbean Distillers (Lake Alfred, FL)
- Luxco, Inc. (St. Louis, MO)
- Moet Hennessy USA (New York, NY)
- Patrón Spirits Company (Las Vegas, NV)
- Pernod Ricard USA (Purchase, NY)
- Remy Cointreau USA (New York, NY)
- Sidney Frank Importing Co., Inc. (New Rochelle, NY)
- Suntory International (New York, NY)

I am testifying today in support of Governor's Bill 5021. Governor Malloy has put forward a bold set of changes that we believe will change Connecticut's beverage alcohol marketplace in a positive way by providing greater convenience for Connecticut consumers, increased business opportunities for Connecticut's businesses and will help make Connecticut competitive with its neighboring states.

The package contains a number of forward-thinking initiatives and the Distilled Spirits Council supports the package.

1) Sunday Sales

The adoption of Sunday sales has been recognized as a leading measure of a modern beverage alcohol marketplace. Virtually all other businesses in the free market are allowed the choice to open or not open; no other industry is faced with a government mandated shackle that eliminates the spirit of free enterprise as much as this outdated restriction. Allowing package and grocery stores the opportunity to sell beer, wine and distilled spirits, with no mandate that they must be open, has been proven successful in state after state, including the 15 states that have made the change since 2002. Colorado, Oregon, Pennsylvania, Arkansas, Delaware, Kentucky, Ohio, Idaho, Kansas, Washington, Virginia, Connecticut's three border states New York, Rhode Island and Massachusetts and most recently Georgia have all realized the benefit to consumers, businesses and the state treasury from the adoption of Sunday sales. In Connecticut it is projected that this change alone could produce over \$8 million in new revenue without increasing fees, taxes or otherwise negatively impacting the hospitality industry. It is a change whose time has come.

In the 21st Century, Sunday has become an important retail day, in fact, the second busiest shopping day of the week. In today's society, the majority of families are comprised of dual income adults who do most of their shopping on the weekend. Allowing the sale of spirits, beer and wine at liquor and grocery stores on Sunday gives adult consumers more choices and added

convenience Shoppers also tend to spend as much as 21% more on Sunday than any other day of the week.

A change allowing the sale of alcohol on Sundays would not require retailers to open on Sunday; it simply gives them the right and flexibility to decide whether or not to open. The current restriction impedes the package store owner's ability to work when they want, and how long they want and this restriction impacts more than just the storeowner. Thousands of Connecticut citizens are employed through companies in Connecticut who make, distribute and sell these products. The Prohibition on Sunday alcohol sales, especially when restaurants and bars are already serving alcohol, simply serves no purpose today and creates an anti-competitive environment that hurts consumers and the store owners who would like the chance to open

Opponents of Sunday sales will suggest that allowing package stores to open on Sunday will increase underage purchases and alcohol abuse. The facts do not bear this out. An analysis of U.S. government data showed no increase in underage drinking or drunk driving related fatalities in states that allow Sunday sales compared to those that do not. There is no statistical difference. Mothers Against Drunk Driving, nationally and in Connecticut have clearly stated that the organization does not oppose the responsible sale of alcohol, including on Sunday, as long as states protect the public. The reason is that Sunday sales has not led to any increase in underage drinking or drunk driving in states that have allowed it.

The law clearly states that if you are under twenty-one you cannot purchase alcohol and certainly, the laws that pertain to beverage alcohol purchases remain the same whether alcohol is purchased on a Tuesday, a Wednesday or a Sunday. Alcohol is already available for sale on Sundays at Connecticut's restaurants and bars. Permitting package stores and grocers to open simply gives adult consumers more convenience to shop on their terms.

2) Expanded Hours & Days of Sale

Similar to the issue of allowing off-premise sales of alcohol on Sundays, many of the same reasons hold true with regard to allowing stores to be open on the Monday after a Sunday holiday such as Memorial Day, July 4th and Labor Day and expanding the legal hours of operation by one hour per day. It is important to note that there is no mandate that any licensee must be open any extra days or the extra hour. If a private business wishes to open on Sunday and closed on Tuesday or any other days of the week, they should have that right. The same holds true for the proposed expansion of hours of sale for on- and off-premise licensees. The choice, too, should remain with the business owner.

3) Quantity discounts; Elimination of Price Posting, Elimination of Minimum Mark Up

The opportunity to allow for quantity case discounts, the provision for electronic price posting and elimination of the minimum bottle pricing mark-up are all changes that will allow retailers to acquire products at a more competitive price and sell those products at a price they determine rather than at a government mandated marked up price. Under the changes contemplated in GB 5021, Connecticut package store owners would have the ability to pass along their savings from quantity purchases to the consumer and to sell and price our products based on their acquisition price instead of the minimum bottle price currently in place. These changes would also serve to make Connecticut more competitive with its surrounding states and provides better pricing for consumers of beverage alcohol.

4) Expanding Beverage Alcohol Permit Opportunities

The changes in GB 5021 contain a number of opportunities for Connecticut's businesses. Allowing package stores to sell complementary goods such as snack foods, cheese, crackers, chips and nuts, provides new revenue opportunities that are currently prohibited, a prohibition that makes little sense. The issuance of a "medallion" to each package store licensee would enable a store owner that wishes to retire or change business direction the chance to sell that "medallion" on an open, statewide market. They would, thereby, be able to recoup an investment that might otherwise be lost. Allowing holders of beer-only permits to also operate a separate package store – with separate store space, entranceway and registers – and the increase in the current 2-store limit to a 9-store limit, will all foster entrepreneurship, allow enterprising business owners to expand, encourage job and business growth and promote increased competition and flexibility among store owners. The ability to obtain additional licenses benefits anyone that wishes to grow their business. Many entrepreneurs have developed a model of success only to be stymied by the lack of expansion opportunities to other locales. It is also important to note that neighboring Massachusetts recently adopted a phased in expansion in its licensing scheme from 3 to 9, a change that was supported by the Massachusetts Package Store Association. A number of other states are, or soon will be, contemplating changes in license caps including Maryland, New Jersey, Delaware, South Carolina and Georgia.

The package of changes put forth by Governor Malloy are sensible, provide expanded opportunities for Connecticut's businesses, will enhance Connecticut's competitiveness, contribute to an improved economy – not to mention the accompanying benefit to the state treasury – and will benefit the residents, citizens and voters across the state.

Every major news outlet in the state including The Hartford Courant, the Connecticut Post, the Record Journal, the Bristol Press, Journal Inquirer and the Chronicle newspapers, among others, have all come out in favor of the changes for these same reasons. Poll after poll of Connecticut's citizens has indicated strong support for the change, the convenience and the additional revenue. In this new world of social media we have seen over 7,000 Connecticut residents join the Facebook page supporting these changes in less than 10 days. That is an amazing demonstration of support in a very short period of time.

We would urge the General Law Committee to positively recommend the changes contemplated by GB 5021 and allow Connecticut's retailers and consumers the added choice, convenience and freedom they deserve.

P13
L6

DAVIS IGA, INC.
P.O. BOX 251
27 KENT GREEN
KENT, CT 06757
(860) 927-4093
www.davisiga.com

My name is Gary Davis. I am the President of Davis IGA, Inc. in Kent, CT, a company founded by my parents in 1974.

My business is a small, family owned, independent supermarket located in the northwest corner of the state.

I am here today in support of HB#5021. The issue of Sunday beer sales is of great importance to our business as the town of Kent is located approximately 5 minutes from the New York state border.

New York has allowed retail Sunday sales of beer for years; Connecticut has not. There have been many occasions over our 38 years in business where I have had to explain to a customer, on a Sunday, directions to New York State, to find the nearest store that sells beer. It would be naive for me to think when I send these customers out of my store to purchase beer in our bordering state, that beer is the only item they are purchasing. Can anyone afford a lost sale of any kind in this economy? Can the state of Connecticut afford the lost tax revenue? I think all business owners and state legislators can answer "no" to that question.

Connecticut is one of two states in the country that does not allow retail alcohol sales on Sunday. The end to Connecticut Blue Laws is long overdue. Customers want the convenience to purchase all of the products we sell seven days a week, not six. We in the grocery industry choose to be open seven days a week. Liquor store owners would have the same choice



State of Connecticut
 HOUSE OF REPRESENTATIVES
 STATE CAPITOL
 HARTFORD, CONNECTICUT 06106-1591

ES

P13
L16

REPRESENTATIVE DIANA S. URBAN
 FORTY-THIRD ASSEMBLY DISTRICT

LEGISLATIVE OFFICE BUILDING
 ROOM 4057
 HARTFORD, CT 06106-1591
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 CAPITOL (860) 240-8585
 TOLL FREE. 1-800-842-6267
 FAX. (860) 240-0206
 E-MAIL Diana.Urban@cga.ct.gov

CHAIR
 SELECT COMMITTEE ON CHILDREN
 RBA SUBCOMMITTEE

MEMBER
 APPROPRIATIONS COMMITTEE
 ENVIRONMENT COMMITTEE
 PROGRAM REVIEW AND INVESTIGATIONS
 COMMITTEE

To: General Law Committee
 From: Representative Diana Urban
 Re: HB 5021 AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR
PRICING AND HOURS OF OPERATION FOR PERMITTEES

Good Morning Senator Doyle, Representative Taborsak and distinguished members of the General Law Committee.

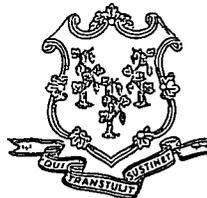
As I represent a border district I am definitely of two minds on the issue of Sunday sales as well as the plans that would lead to consolidation of liquor stores in Connecticut.

I fully recognize the convenience factor of being able to purchase alcoholic beverages on a Sunday but I am less than sure about the increase that the state expects in tax receipts from this projected increase in sales. Specifically I have yet to see an academic study on the elasticity of demand for Sunday sales in Connecticut or in any other state that indicates a large increase in overall sales. OFA apparently has requested some more in depth research and I look forward to perusing that. My suspicion is that Sunday sales will stretch the consumer's spending over 7 days rather than 6 with perhaps a small increase. On the side of the retail establishment and specifically the small liquor store owner the increase in cost, at the margin, will not cover the small increase in sales on a Sunday. In order to remain competitive with the large stores and retain their customer base, however, they feel forced to open on Sundays

On the supply side of the issue I am worried about unintended consequences. The system proposed could lead to a massive consolidation of the liquor business leaving Connecticut without the small "Mom and Pop" liquor stores that have a variety of wines and beers that in addition to offering a great choice also promote our micro breweries and local vineyards. We lose so much of our small town ambience whenever we lose our small businesses

As for the extended hours of operation, route 2 bisects my town and the prospect of increased hours of drinking is not a happy one.

Thank you for your time and consideration.



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR KEVIN KELLY
TWENTY-FIRST SENATE DISTRICT

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RANKING MEMBER
AGING COMMITTEE
INSURANCE AND REAL ESTATE COMMITTEE

MEMBER
COMMERCE COMMITTEE
REGULATIONS REVIEW COMMITTEE

General Law Committee
Tuesday February 28, 2012

Testimony in Support of Governor's Bill 5021 – Section 4

Good morning Chairmen Doyle and Taborsak, Ranking Members Witkos and Rebimbas,

I am Kevin Kelly of the 21st district, representing the towns of Stratford, Shelton, Monroe and Seymour.

In my hometown of Stratford we are getting ready to welcome Two Roads Brewing Company into our town. Two Roads is a recently formed Connecticut company that intends to produce high quality craft beers to participate in the rapidly growing craft beer segment of the United States beer industry. We are extremely excited about their investment, and looking forward to the creation of 70 jobs in our community.

I am here today to testify in support of specifically section four of HB 5021.
Section four would directly affect the Two Roads Brewing Companies growth.

There is no single permit in Connecticut law, or even a combination of permits that can be issued to Two Roads which would allow them to sell their craft beer to wholesalers, produce beer brewed under contract and sell it back to brewery clients in and out of state, offer visitor tours with a sample of their product, sell a glass of beer to visitors to enjoy, or sell beer by the package to customers to share at home.

Supporting this aspect of the Governor's bill will enable microbreweries such as Two Roads, to enjoy the same benefits we accord to wineries. It will allow them to give tours of the facility, tastes of their product and the sale of sealed containers to be taken home.

Thank you for your time and consideration of my testimony.

Sincerely,

Kevin C. Kelly
21st District

HB 5021P13
L 22**AAC Competitive Alcoholic Liquor Pricing and Hours of Operation For
Permittees****February 28, 2012**

Chairman Doyle, Chairman Taborsak, Ranking Members Witkos and Rebimbas, my name is Mayor John Harkins from the town of Stratford and I am here today to speak in favor of "Section 4" of HB 5021.

The Two Roads Brewing Company intends to invest \$18 million to construct a brewery in Connecticut where it intends on manufacturing craft beer. Within the first year of operation they will employ fifteen people adding up to approximately seventy jobs within eight years. Two Roads Brewing projects about 200-300 people per week will visit the brewery that will create a new flow of tourism to the area.

In order for Two Roads Brewery to effectively implement their business plan they are seeking a legislative change to existing state statutes. Because of the larger scale of the Two Roads Brewery, and the amount of investment involved, it is critical that Two Roads Brewing be able to grow quickly by launching several beer brands for sale within Connecticut and for interstate commerce and to build a loyal consumer base from patrons visiting the brewery's tasting room as part of a unique brewery experience.

The legislative issue facing Two Roads Brewing is that currently there is no single permit, or even a combination of permits that can be issued to Two Roads Brewing by the Connecticut Division of Liquor Control that would allow Two Roads to fully pursue its business plan of; selling its craft beer brands to wholesalers located in Connecticut and elsewhere, producing beer brewed under contract and selling it back to brewery clients both in-state and out of state, offering visitors tours of the brewery along with a fresh sample of product, selling a glass of craft beer to patrons to enjoy while in a brewery atmosphere, and selling beer by the package to customers to share and enjoy at home with family and friends.

The legislative change in "Section 4" of HB 5021 would enable a brewery such as Two Roads brewing Company to operate as a fully functioning brewery with the privileges to; make commercial sales to wholesalers both in state and out of state, sell craft beer produced under contract and place it into interstate commerce, engage consumers interested in the craft brewing industry with tours of the brewery along with providing fresh samples of the product, and make commercial sales to visitors for consumption on or away from the brewery.

Passage of this bill would allow a commercial brewery more opportunities for success similar to that of our state wineries. This change in legislation is a welcoming sign for one of Connecticut's new manufacturers particularly given the current poor state of our economy.

offering more from forest to shore



Honorable Hector Robles
 Legislative Office Building
 Room 4011
 Hartford, CT
 06106

HB5021

2/16/12

Dear State Representative Robles;

We are a group of independent retailers in the Hartford area doing business under the C-Town and Bravo Supermarket banners.

As minority owned small business operators we face the constant struggle of cash flow, trying to be competitive and building our business.

Over the years we have helped to stabilize areas in the inner city by opening our stores. We have provided entry level jobs to those in our community, provided quality food and contributed significant tax dollars to the State.

Business has been difficult for the last two years especially in our business. Besides the competitive issues we face, we are surrounded by States that offer the sale of beer on Sunday.

Our strongest sales are on the weekends. When we cannot offer beer to our consumers, many take the short ride to Massachusetts for this product and the rest of their groceries. Sunday sales which should be as strong as Saturday are off every week 4 – 6%. In a low margin business this is significant.

We respectfully request that you seriously consider removing the ban on Sunday beer sales as almost every other state in the Union has done.

In today's business climate we have to work hard but should not have obstacles placed in front of us by the State that hurts our business, takes sales out of state and reduces tax income to Connecticut.

As you can see by our addresses we are all local. We will gladly discuss this issue with you further if necessary so you can understand how adversely affected we are by this ban.

Sincerely;

Nelson Diaz
 C-Town *N Diaz*
 442 Main St.
 E. Hartford, CT

Leandro Santos
 Leandro Santos
 Bravo Supermarket
 685 Maple Ave.
 Hartford, CT

R. Fernandez
 Rudy Fernandez
 Bravo Supermarket
 1291 Albany Ave.
 Hartford, CT

E Sapien
 Eddie Sapien
 C-Town
 394 N. Britain Ave.
 Hartford, CT

Wilson Urena
 Wilson Urena
 C-Town
 165 Wethersfield Ave.
 Hartford, CT

Anibel Diaz
 C-Town *AD*
 1744 Park St.
 Hartford, CT

Anibel Diaz
 Anibel Diaz
 C-Town
 259 Barbour St.
 Hartford, CT

Danny Diaz
 Danny Diaz
 C-Town
 47 Main St.
 New Britain, CT



General Law Committee
Connecticut Legislature
Hartford, CT

HB 5021

Dear General Law Committee:

For almost ten years now I have operated an independent family run supermarket in Danbury, CT.

Our family has struggled over the years to build our business and become a part of the community we serve.

Our biggest shopping days in our Latin community here is Saturday and Sunday when the entire family comes to the store to shop.

While we offer a wide variety of fresh product at extremely competitive pricing, we cannot sell beer to our customers on Sunday.

You may think that this amounts to an insignificant sale to a supermarket. Let me assure you it is not. Today everything is about convenience. Consumers look to lessen the number of shopping trips they make not increase them.

The average Sunday which should be as strong as Saturday for us unfortunately is consistently down 10 - 12%. On Super Bowl Sunday we dropped 14%.

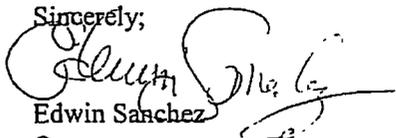
These decreases have nothing to do with our sales or our store. Our customers tell us each and every week that they take the five minute ride to NY to shop because they can purchase their beer there.

It is hard enough to keep an independent store open today. However, when CT restricts sales to my consumers, being so close to the border, I consistently lose business every week.

There is no incentive to operate a store this close to NY with these antiquated laws in place that significantly damage my business as well as take tax revenue and jobs away from the state.

It clearly is time to change this law to permit Sunday sales like virtually every single state in the Union has allowed.

Sincerely;


Edwin Sanchez
Owner

Phone (860) 623-0176

FAX (860) 623-1165

Geissler's Super Markets, Inc.

MAIN OFFICE

110 Bridge Street
P.O. Box 887
East Windsor, CT 06088

February 24, 2012

To: Senator Paul Doyle – Chair
Representative Joseph Taborsak – Chair
All Committee MembersHB 5021

Dear Members,

Geissler's is a family owned grocery store operating in North Central Connecticut. We have six stores in Connecticut, employing 592 employees.

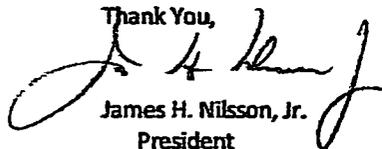
We want you to support Sunday Sales GBS201. It is a pro-consumer choice for the residents of our state.

Today's consumer has a very different lifestyle from the past and as a result, Sunday is a very busy shopping day. We should be able to offer our consumer the choice to purchase beer in our stores.

Let us give our Connecticut Residents the convenience of doing their shopping on Sunday in our own state and not sending them out of state for their liquor purchases.

Vote for GBS201

Thank You,

James H. Nilsson, Jr.
President



My name is Brad Hittle and I am the CEO of a start-up brewery called Two Roads Brewing Company located in Stratford Connecticut. Two Roads Brewing Company, with the help of its mostly Connecticut investors and a loan from the CDA, is investing \$18 million dollars to transform an old, idle manufacturing building into a state-of-the-art brewing facility that will employ 70 people within 8 years. We will not be a brewpub with a restaurant; we will be making beer for sale at retail and will also have a tasting room for consumer trial and for take home purchases.

I am here to voice my strong support for bill number 5021, particularly the portion of the bill related to changes to the Manufacturers Permit for Beer. The amended permit as written would give us the ability to sell beer by the glass from our tasting room, and to sell 9 liters of packaged beer rather than the current limit of 8 for take home consumption.

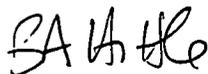
This bill help us, help the state of Connecticut, and the town of Stratford. Before explaining, first let me provide some background on the craft beer market in Connecticut. Currently, the "craft" segment of the beer category in Connecticut is growing rapidly, approximately 10% per year, but is DOMINATED by out-of-state brewers. Sadly, only about 15 of every 100 barrels of craft beer sold in Connecticut is actually produced in Connecticut. The rest comes from surrounding states as well as those as far away as California. Our research tells us that most of the breweries in the surrounding states enjoy the very laws that are being proposed today.

To succeed in the beer business, a brewery needs to get consumers to try their beer. If the consumer has a good trial experience, and we believe the beers made in Connecticut are darn good, then consumers will be inclined to repeat their purchase. Unfortunately, the law today inhibits consumer trial as it prohibits breweries from selling beer by the glass in its tasting room. Oddly enough, the law mandates that a consumer is obligated to go on a brewery tour before being able to try a beer, and that beer can only be provide for free. This law is clearly not conducive to consumer trial. Connecticut breweries need the right to sell by the glass, which is the same privilege enjoyed today by Connecticut's wineries and brewpubs. This right will also enable a tasting room to become a more popular tourist destination. For perspective, a small brewery in Pleasantville NY called Captain Lawrence is permitted to sell beer by the glass and they have over 250 people per weekend visiting their brewery, mostly coming by train from Manhattan. This type of consumer traffic arriving in Stratford potentially will be a boon

for other Stratford retailers such as restaurants and theatres, creating business growth and tax revenues.

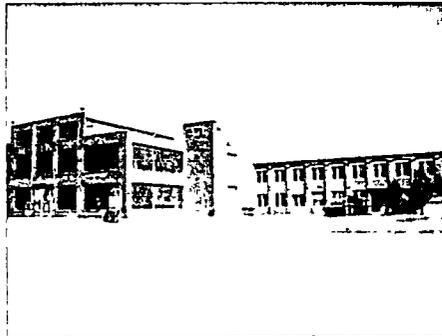
Ladies and Gentlemen, this new law will strongly help the Connecticut brewers to fight back against the out-of-state brewery "interlopers" [just kidding], and gain our rightful share of the state's craft beer market. By growing our share, the state and municipalities will enjoy more tax revenue. By growing our businesses, the local breweries will hire more employees. And for Two Roads Brewing, we will be able to succeed in our desire to revitalize a dormant building and help revitalize an area of Stratford that truly needs it.

I thank you for your support of this bill.



Brad Hittle
CEO
Two Roads Brewing Company

FUTURE HOME OF TWO ROADS BREWING COMPANY-1700 STRATFORD AVE



P 66

Dear Committee Members,

RE: H.B. No. 5021 AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

My name is Ken Braga, I am the owner/permittee of Ellington Center Liquor Shoppe, located in Ellington, CT. I have been in business for 27 years.

Please refrain from changing the liquor laws. There are several reasons I don't believe the changes would benefit the State.

The proposed changes would increase unemployment. Allowing grocery stores to sell liquor without keeping the bottle minimum law would drive the State's 1,902 off-premise-liquor stores out of business. With stores closing, all the employees and owners would not have jobs. Even our small store has five employees. If each of the 1,902 stores employ 5 people, you would be adding approximately 9,510 people to your unemployment rolls. This scenario happened with CVS Pharmacies and Home Depot, leaving the small business owner with no options but to close business.

The proposed changes would create monopolies. Allowing grocery stores to hold up to 9 permits (medallions) will create towns with only 1 store that sells liquor. In fact, my town (Ellington) only has six permits. If one grocery store purchased all the permits, there would not be any competition to keep prices reasonable.

The proposed changes would not increase sales tax revenue. Proponents claim the proposed changes would increase tax revenue by \$87 million. At 6.35%, the State's population would have to increase its alcohol purchases by approximately \$55,245,000.00 to reach the proposed increased revenue. These are the same proponents who claimed that staying open until 9pm would increase tax revenue by millions. Did those additional millions arrive after passing that law? The proponents were wrong then, and they are wrong now.

I urge you to consider the harm these regulations would cause to the small liquor-store owner. In closing, CT residents cross borders to purchase items in other states to avoid taxes. These regulations will not solve border issues.

Thank you for your time.

Ken Braga
Owner/Permittee for over 27 years
Ellington Center Liquor Shoppe
175 West Rd
Ellington, CT 06029
860-875-4512



WRITTEN TESTIMONY OF WAKEFERN FOOD CORP.
LORELEI N. MOTTESE, DIRECTOR, GOVERNMENT RELATIONS
GENERAL LAW COMMITTEE HEARING ON HOUSE BILL 5021
STATE OF CONNECTICUT
February 28, 2012

Distinguished Members of the General Law Committee:

Wakefern Food Corp., on behalf of ShopRite and PriceRite supermarkets, is pleased to submit this written testimony in support of ending the prohibition on Sunday sales of beer.

Wakefern Food Corporation is the nation's largest retailer-owned supermarket cooperative, comprised of 47 members who own and operate more than 290 stores under the ShopRite and PriceRite banners in eight states, including the 26 ShopRite supermarkets and 10 PriceRite supermarkets in Connecticut. Wakefern provides marketing, distribution, procurement, warehousing, and various administrative services to its member companies. Wakefern, ShopRite, and its subsidiaries together employ more than 50,000 associates.

Connecticut ShopRite stores are all family-owned and operated. The families that own the ShopRite supermarkets are able to provide a true community supermarket experience for their customers because they are families serving families. PriceRite supermarkets are located in urban areas and provide these communities with a wide array of food choices that they might not otherwise enjoy. Together, ShopRite and PriceRite employ over 5,000 Connecticut residents.

Sunday has become the busiest shopping day for ShopRite and PriceRite supermarkets and eliminating the blue law that prohibits the sale of beer on Sunday would benefit ShopRite, PriceRite, our customers, and the state of Connecticut.

Connecticut is one of only two states in the nation that still prohibits the Sunday sale of beer at neighborhood grocery and package stores.

This prohibition has been in place since 1933. While it may have made sense in the 1930s, 2012 is a different time. In today's busy world, it is imperative for the families that own and operate ShopRite supermarkets to provide their customers with the convenience of a one stop shopping experience.

Wakefern Food Corp. Testimony Supporting Sunday sales of beer-Con't

ShopRite and PriceRite's customers consistently demand greater convenience during their shopping experience. They look for items like pre-packaged salads, or pre-made dinners to help simplify their busy lives.

Being able to purchase all components of their meal in one shopping trip, every day of the week, would provide the convenience that they demand.

Ending the prohibition on Sunday sales of beer is also necessary to keep Connecticut dollars in Connecticut. Several of our ShopRite supermarkets operate on the border of neighboring states without this blue law prohibition. Connecticut customers will go across state lines on Sunday to buy beer and more often than not end up buying the rest of their groceries in that state as well. It is imperative that we keep these customers shopping in their own neighborhoods.

Allowing Sunday sales of beer would also result in increased revenues for Connecticut.

In fact, the Governor included Sunday sales in his Fiscal Year 2013 budget proposal and estimated that Sunday sales would result in \$8.6 million in new tax revenues. This is a figure that should not be overlooked.

Most importantly, though, lifting the ban on Sunday sales of beer will provide Connecticut consumers with the convenience and choice they demand and deserve.

Please support Connecticut consumers and allow Sunday sales of beer.

Thank you.

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division**Statement of The Stop & Shop Supermarket Company****Testimony before the General Law Committee****Mark McGowan, President, Stop & Shop New England Division
Don Sussman, President, Stop & Shop New York Metro Division.****In support of 5021: An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of operation For Permittees****February 28, 2011**

The Stop & Shop Supermarket Company is one of the largest employers in the state of Connecticut with more than 14,700 full and part-time union associates. We operate 94 stores in Connecticut.

On behalf of The Stop & Shop Supermarket Company, We ask for your support for HB5021 "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees". It is time to reform our state's antiquated alcohol blue laws.

The proposal would repeal the ban on Sunday sale of beer, wine, spirits at retail grocery and package stores. The measure will also allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4th and Labor Day. The proposal would create a medallion statewide system that would allow retailers to purchase package stores licenses. The bill also repeals the blue law as it relates to minimum pricing rules, which sets an artificial floor for the price of beer, wine and spirits. We strongly believe that this proposal is pro consumer and it will increase competition, and revenue for the state.

Consumers

Connecticut is the only state in the Northeast that still prohibits the Sunday sale of alcoholic beverages at retail establishments. Sunday is one of our busiest shopping days, because it affords families the time and the opportunity to prepare for their busy upcoming week. Our customers are time starved and are looking for everyday convenience. We strive to ensure that we offer customers a true convenient, one-stop shopping experience. Changing the Sunday Blue law will enable our customers to complete their Sunday shopping trip – ensuring they can purchase all food, beverages, health and beauty care needs and other household necessities in a single shopping trip. Connecticut consumers will benefit greatly from the repeal of this blue law. Consumers would like the option to be able to purchase alcohol on “Monday after Sunday” holidays like Memorial Day, July 4th and Labor Day as well. It is all about convenience. Reforming the minimum pricing rules would be a win for consumers, there would be more competition, prohibit artificial price controls and resulting in lower prices for those products for the Connecticut consumer.

Training

We have been selling beer to our customers in Connecticut six days a week for many years now. We take our responsibility concerning the sale of beer very seriously. We train our associates in handling the transaction of alcohol sales and safeguards are in place to prompt our cashiers to request identification in connection with alcohol sales.

Economics

We are open seven days a week, yet we are not allowed to sell alcohol on Sundays. This means loss of retail sales and revenue for the state. We have Connecticut store locations that border New York, Rhode Island and Massachusetts, states that allow the sale of alcohol on Sundays.

Repeal of antiquated alcohol Blue laws will allow our Stop & Shop stores located near the borders to compete on an even playing field for sales seven days a week. By eliminating the ban it will mean increased sales, create new sales tax revenue, new excise tax revenue, and additional unclaimed deposit escheat revenue for the state. As we all know, we need revenue to help close our state's budget deficit in future years and to spare important social programs from deep budget cuts.

Conclusion

In conclusion, we strongly urge the committee to support HB5021 to repeal the antiquated Sunday Blue law ban on the Sunday sale of alcoholic beverages, support reform on the minimum pricing laws and the creation of the medallion license system. This will provide conveniences to consumers, increasing retail sales, help improve Connecticut's economy, create new jobs, increasing competition and raise additional state revenue.

Thank you.

**Stop&Shop**New England
Division**Stop&Shop**New York Metro
Division

February 28, 2012

The Honorable Anthony Musto
CT State House,
Hartford, CT

Dear Senator Musto:

My name is Chris Negri I am the Store Manager of the Stop & Shop at 2500 Madison Avenue, Bridgeport. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

Sunday is one of our busiest shopping days; our customers are looking for everyday convenience. Our goal is to ensure that our customers receive excellent service, offer a variety of quality foods and more choices-ensuring they can purchase all food, beverages including beer, health and beauty care needs and other household necessities in a single shopping trip. All of these reforms are pro-consumer, is good for business and the state's economy.

Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Chris Negri
Store Manager



February 28, 2012

The Honorable John Hennessy
CT State House,
Hartford, CT

Dear Representative Hennessy:

My name is Melissa Peluse I am the Store Manager of the Stop & Shop at 4531 North Main Street, Bridgeport. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Melissa Peluse
Store Manager



February 28, 2012

The Honorable Auden Grogins
CT State House,
Hartford, CT

Dear Representative Grogins:

My name is Ted Huminski I am the Store Manager of the Stop & Shop at 2145 Fairfield Avenue, Bridgeport. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Ted Huminski
Store Manager



Stop & Shop®
New England
Division



Stop & Shop®
New York Metro
Division

February 28, 2012

The Honorable Kathleen Tallarita
CT State House,
Hartford, CT

Dear Representative Tallarita:

My name is Mike Catellier I am the Store Manager of the Stop & Shop at 54 Hazard Avenue, Rt. 190, Enfield. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Mike Catellier
Store Manager

**Stop&Shop®**New England
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Division

February 28, 2012

The Honorable Bill Simanski
CT State House,
Hartford, CT

Dear Representative Simanski:

My name is Ed Antos I am the Store Manager of the Stop & Shop at 120 Salmon Brook Drive, Granby. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Ed Antos
Store Manager



February 28, 2012

The Honorable Buddy Altobello
CT State House,
Hartford, CT

Dear Representative Altobello:

My name is Kathy Bates I am the Store Manager of the Stop & Shop at 77 Centennial Plaza, Meriden. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Kathy Bates
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Gail Hamm
CT State House,
Hartford, CT

Dear Representative Hamm:

My name is Ken Mazotas I am the Store Manager of the Stop & Shop at 416 East Main Street, Middletown. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Ken Mazotas
Store Manager



Stop&Shop®
New England
Division



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New York Metro
Division

February 28, 2012

The Honorable Debra Lee Hovey
CT State House,
Hartford, CT

Dear Representative Hovey:

My name is Tom Spagna I am the Store Manager of the Stop & Shop at 470-485 Monroe Turnpike, Route 111, Monroe. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Tony Spagna
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Sandy Nafis
CT State House,
Hartford, CT

Dear Representative Nafis:

My name is Ron Ogulewicz I am the Store Manager of the Stop & Shop at 44 Fenn Road, Newington. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Ron Ogulewicz
Store Manager

**Stop&Shop®**New England
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February 28, 2012

The Honorable Sandy Nafis
CT State House,
Hartford, CT

Dear Representative Nafis:

My name is Linda LePage I am the Store Manager of the Stop & Shop at 206 Kitts Lane, Newington. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Linda LePage
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Antonio Guerrero
CT State House,
Hartford, CT

Dear Representative Guerrero:

My name is Dave Bruno I am the Store Manager of the Stop & Shop at 80 Town Line Road, Rocky Hill. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

David Bruno
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Linda Schofield
CT State House,
Hartford, CT

Dear Representative Schofield:

My name is Rich Kozikowski I am the Store Manager of the Stop & Shop at 530 Bushy Hill Road, Farmington Valley Mall, Simsbury. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Rich Kozikowski
Store Manager

**Stop&Shop®****New England
Division****Stop&Shop®****New York Metro
Division**

February 28, 2012

The Honorable William Aman
CT State House,
Hartford, CT

Dear Representative Aman:

My name is Melanie Bartlett I am the Store Manager of the Stop & Shop at 1739 Ellington Road, South Windsor. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Melanie Bartlett
Store Manager



February 28, 2012

The Honorable Michelle Cook
CT State House,
Hartford, CT

Dear Representative Cook:

My name is John Colwell I am the Store Manager of the Stop & Shop at 530 Bushy Hill Road, Farmington Valley Mall, Simsbury. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

John Colwell
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable T.R. Rowe
CT State House,
Hartford, CT

Dear Representative Rowe:

My name is Mike Silva I am the Store Manager of the Stop & Shop at 100 Quality Street, Trumbull. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Mike Silva
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Penny Bacchiochi
CT State House,
Hartford, CT

Dear Representative Bacchiochi:

My name is Steve Boyer I am the Store Manager of the Stop & Shop at 1799 Farmington Avenue, Unionville. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Steve Boyer
Store Manager

**Stop&Shop**New England
Division**Stop&Shop**New York Metro
Division

February 28, 2012

The Honorable Russell Morin
CT State House,
Hartford, CT

Dear Representative Morin:

My name is Jordan Rudman I am the Store Manager of the Stop & Shop at 1380 Berlin Turnpike, Rte. 314, Jordan Lane Shopping Center, Wethersfield. We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021.

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day. Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents. I ask that you support HB5021.

Thank you for your time.

Jordan Rudman
Store Manager

**Stop&Shop®**New England
Division**Stop&Shop®**New York Metro
Division

February 28, 2012

The Honorable Paul Doyle
CT State House,
Hartford, CT

Dear Senator Doyle:

My name is Mark Digirolamo I am the Store Manager of the Stop & Shop at 195 West Street, Cromwell We have a number of your constituents living in your district and employed in this location. I am writing to ask for your support of a proposal, House Bill 5021

This proposal entitled; "An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation For Permittees," would repeal the ban on Sunday sale of beer, wine and spirits and would allow the option to be open on "Monday after Sunday" holidays like Memorial Day, July 4 and Labor Day Connecticut is one of only two states in the entire country that still prohibits the Sunday sale of alcoholic beverages at retail establishments. The proposal would repeal the minimum pricing laws, which sets an artificial floor for the price of beer, wine and spirits. The current law prohibits price competition and drives up costs for consumers. Connecticut consumers deserve more competition and lower prices, not artificial price controls.

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Stop & Shop believes this proposal will greatly benefit our customers and your constituents I ask that you support HB5021.

Thank you for your time.

Mark Digirolamo
Store Manager

Senator Suzio Testimony re: HB 5021E B H
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As a fiscal conservative I am someone who almost always will defend free market competition with minimal or no restrictions. The free market has made this country the greatest economic engine in history. There are times however when regulations are appropriate. The proposal that prohibits sales of liquor on Sunday is one of those regulations that is warranted. I say this for two reasons.

P17
L10

- You cannot legislate oblivious to the history behind the situation. The fact is that this is an industry of mostly family-owned businesses that has existed under the existing regulations for decades. Small package stores have been bought and sold and operated for generations under the rules of the game. Dramatically changing those rules without regard for the impact on more than 1,000 such stores (and families) in Connecticut is wrong. Allowing Sunday sales may add a small bit of convenience for Connecticut consumers but that convenience pales in comparison to the devastating impact the legislation could have on hundreds of small business families. There is no credible evidence to prove that opening a seventh day of the week is going to materially add sales volume for these family-owned businesses. We can't be indifferent to the impact of the proposed law on most of those families and their businesses. They will simply work more and earn less. It's not fair to materially change the rules of the game in the middle of the game. We've passed legislation that largely helps big business in Connecticut. It's time to show support for the little guy, the families who not only work in, but are a part of their communities from generation to generation.
- The second reason I oppose the proposed legislation is that the added tax revenue claimed by supporters of the bill is very small – only \$5 million to \$8 million. ***If the real goal is to increase Connecticut tax collections then address the real problem*** – All Connecticut package stores big and small are at a disadvantage because of Connecticut's outrageous taxes imposed on alcohol. Take a look at the tax Connecticut imposes on a bottle of Jack Daniels in comparison to Massachusetts – it's more than double. Add to that the growing difference in gas taxes (again Connecticut's gas taxes are more than double those in Massachusetts) and Connecticut consumers have double the reason to leave Connecticut and buy their alcohol *and* gas across the border! (by the way I note that we tax alcohol twice and actually impose a sales tax on our alcohol tax- sound familiar?)

If the real goal is to stimulate increased tax revenues in Connecticut then make Connecticut merchants more competitive with our neighbor state by lowering our taxes on alcohol and on gas! *Now that's a policy that makes sense and will benefit everyone, consumers and business owners alike.* Massachusetts learned a lesson and eliminated the sale tax on alcohol giving their merchants a big advantage on Connecticut's poor package store owners. Why can't we learn too?

So I urge you today to not pass HB 5021. Focus instead on making Connecticut's tax structure more competitive with our neighboring state, Massachusetts. I would suggest that this Committee might hold hearings on how it is legal that Connecticut's sales tax can be applied to the alcohol excise tax. How can you tax something twice and not call that gouging. Now there's an example of gouging the Committee ought to be investigating.

Senator Len Suzio
13th Senate District
February 28, 2012

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Massachusetts

	Tax
Jack Daniels 1.75 Liter	\$2.40
Gallon of Regular Gas	\$0.24

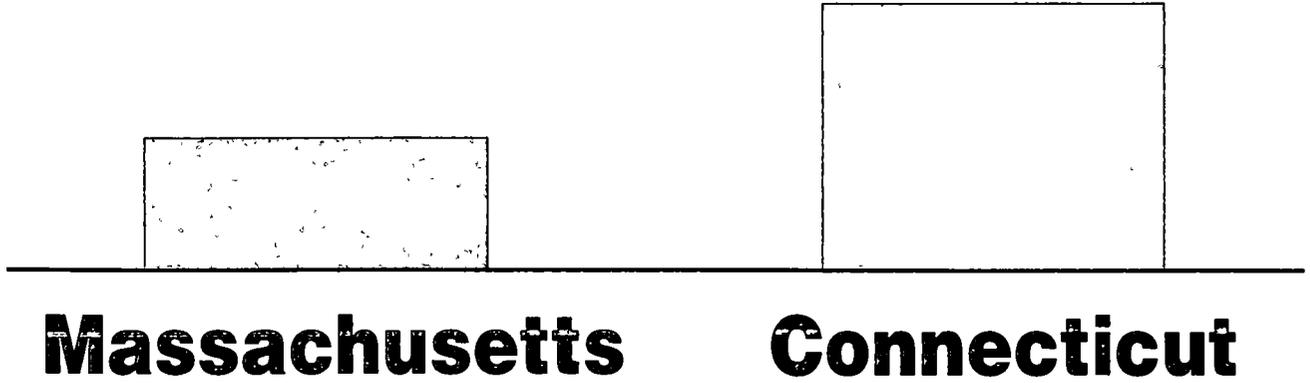
Connecticut

	Tax
Jack Daniels 1.75 Liter	\$6.40
Gallon of Regular Gas	\$0.60

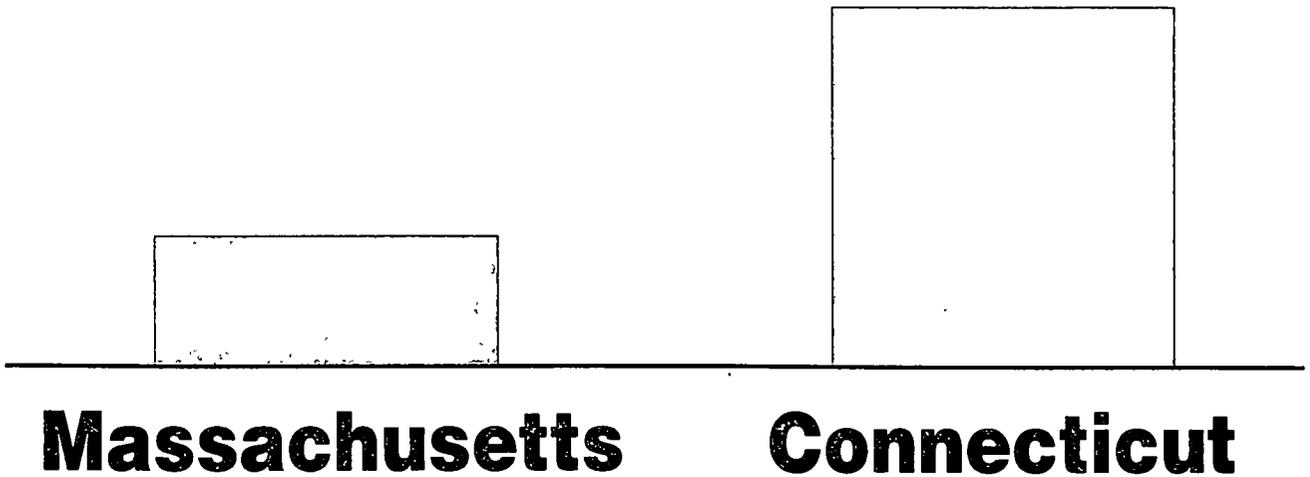
It's The Taxes!

E/3c

Gas Taxes



Alcohol Taxes



It's The Taxes!



State of Connecticut

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STATE CAPITOL

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**General Law Committee Public Hearing
February 28, 2012**

**HB 5021, An Act Concerning Competitive Alcoholic
Liquor Pricing and Hours of Operation For Permittees**

Senator Doyle, Senator Leone, Senator Witkos, Representative Taborsak, Representative Baram, Representative Rebimbas and Members of the General Law Committee:

I come before you today to voice my opposition to HB 5021. Over the last year we have all talked about doing more for small business in Connecticut, recognizing the number of jobs created by these small businesses. The bipartisan jobs bill we passed in October did much to foster growth for existing business and encourage new business to open in our state.

This bill is totally counter to all we have tried to do in supporting our small businesses. In my own town of Madison, seven independent package stores' futures are being threatened by the provisions contained in this bill.

Governor Malloy's office tells us this bill will modernize Connecticut's liquor laws so that Connecticut will be more competitive. Local, independent package stores won't be more competitive, they will be closed.

My local business owners don't know what to do about resigning leases, buying new equipment or in the case of one young entrepreneur, realizing his dream of finally buying his own boss out and for the first time owning his own business.

This bill supports big box stores and encourages large chain stores to take over the industry.

Page 2

**General Law Committee Public Hearing
February 28, 2012
Testimony on HB 5021**

Our independent liquor stores dot our main streets and are part of each of our communities. These business owners obey our laws, pay their taxes and donate to their towns' civic organizations.

This bill, in allowing quantity discounts, gives an unfair advantage to big box stores. With quantity discounts, large stores will have the ability to sell alcoholic products at much lower prices than the small retailers.

The medallion system as proposed by Governor Malloy will accelerate the closing of small package stores. Right now, the number of package stores is regulated based on population of a community. The medallion system will allow giant retailers to purchase a store in one community and open up anywhere in the state, even right next to an established small independent store.

I have met with several of my local package store owners. Many of them are here today. Each of these business owners and their employees oppose this bill. The changes proposed in this bill – in pricing, licensing and ownership rules – will hurt them and all independent package store owners throughout Connecticut.

I respectfully urge you to protect these small business owners and not support this bill and thank you for your attention and consideration of my concerns.

Sincerely,



Noreen S. Kokoruda
State Representative
101st District

NSK/pb

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Testimony on Bill No 5021 *AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.*

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Kevin Curry, Owner, Danby's of Meriden (Convenience Store)

My name is Kevin Curry I represent Danby's of Meriden. We are a small business in Central Connecticut. I was educated in our local schools where I still volunteer my time and hire students from those same schools today. I was fortunate to work for a small family business where I was offered the opportunity to become an owner. Owning a convenience store or any business in Connecticut is difficult. We need all the business we can get for our stores.

I am here to speak on behalf of the hundreds of convenience store owners, managers and employees that have come to the Capitol today to support this bill. Convenience stores in CT provide consumers with the flexibility to shop for food, beverages and other items in their neighborhoods. We are also a very important partner with the State of Connecticut, as we are the largest distribution channel for lottery tickets, along with package stores and grocery stores.

I am here today to support Bill No. 5021. I believe this bill is good for my customers and my small business because it will create more competition and permit my store to sell a product (beer) that is widely available at convenience stores in surrounding states.

One of the stores I have worked in for years was at the crossroads of CT at the intersection of I-91 the Merritt Parkway and I-691, I can't tell you how many times someone from out of state would come to our store and ask for beer and we would tell them that we were not allowed to sell beer in our convenience stores in CT. They could not believe it. Luckily we are not on the border of CT where the customer simply crosses the state line to buy beer on Sundays and yes even in Convenience stores.

Our stores are run by local people who are part of the local community. We are members of the Rotary club, sponsoring the Little League teams, volunteering for the local non-profits in our community. People want to come to the convenience store for the simplicity that we offer.

This bill is pro-business; pro-consumer it's about the choice for the consumer. What is easier for "the taxpayers in Connecticut" and what is better for the small businesses of CT. We think this will be better in the long run and most people will see very little change other, than ease for the consumer. We need to change the 80-year-old Blue laws that are on the books and get up to date.

Thank you for your time and I look forward to any questions you may have.

February 28, 2012

Co-Chair Paul R. Doyle
Co-Chair Joseph J. Taborsak
Senator Kevin D. Witkos
Representative Rosa C. Rebimbas

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Members of the General Law Committee,

My name is Matt Mitchell, I am the third generation of my family to work at the Norbert E. Mitchell company located in Danbury. The company was started by my grandfather after he returned from World War II, and the company continues to be run by our family today.

We own and operate convenience stores in the greater Danbury area, serving thousands of customers in northwest Connecticut. I am here today in **support of bill number 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.**

While we support bill number 5021 in its entirety, I am here to speak about the language contained in section 7 that pertains to the sale of beer at convenience stores.

The way the law is written today, my convenience stores are prohibited from selling beer, while stores located just across the state the boarder in New York are able to sell beer. This is not only unfair, but it has placed us at a competitive disadvantage for many years, hurting our ability to drive business to Connecticut.

Many of the potential customers that we attempt to get to come to our convenience stores that work in New York, but live in western Connecticut, will stop in New York for the convenience of purchasing beer before they return home.

When they stop in New York to pick up beer, it is more convenient to pick up other products that they otherwise would be buying here in our state from my stores and others like them. These lost sales mean less opportunity for Connecticut businesses and less tax revenue for the state.

Family owned convenience stores work hard to earn customers, but unfortunately Connecticut has a law that undermines our efforts. Bill number 5021 fixes that and rewards store owners like me for our commitment to providing jobs in our communities and bringing competitive prices to the public.

We are all aware of the deficit that the state is dealing with and the difficult economy that businesses are operating in. Bill number 5021 brings consumers back to Connecticut to buy products offered at our stores and sold by our employees.

Bill number 5021 allows our businesses to be more competitive, expands choices for our customers and makes Connecticut a place that you can do business in.

I urge the General Law Committee to support bill number 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES, and allow convenience stores to profit, the state to grow revenue without raising taxes, and provide job security for many people who rely on us to earn a living.

Respectfully,

Matt Mitchell
Norbert E. Mitchell Co. Inc.
7 Federal Road
Danbury, CT

Government Affairs
 State Public Policy
 Industry Information



Partnerships
 Trade Services
 Retailer Services

General Law Committee Testimony
By Stan Sorkin, President
Connecticut Food Association
February 28, 2012

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Testimony in Support of HB 5021: An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees.

Good afternoon, Chairman Doyle, Chairman Taborsak, and Members of the General Law Committee. My name is Stan Sorkin, President of the Connecticut Food Association. I am here today to testify on behalf of the members of the Connecticut Food Association in support of HB5021.

The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 250 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. The majority of CFA members are family-owned supermarkets. Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

It's time to put Connecticut consumers first by modernizing our state's antiquated alcohol blue laws. Designed for a bygone era, these outdated laws simply do not make sense anymore. They are inconvenient, limit consumers' choices, raise prices, and cost our state millions of dollars in lost sales to neighboring New York, Massachusetts, and Rhode Island.

HB5021 is comprehensive alcohol reform legislation that would finally end the Sunday sales ban, expand hours of operation, lower prices, increase competition, and put our neighborhood grocery and package stores on an even playing field with stores in neighboring states. This package of reforms is good for Connecticut consumers, good for business, and will create jobs.

If there is one blue law that universally frustrates Connecticut consumers, it is the ban on the Sunday sale of beer wine and spirits at retail grocery and package stores. Connecticut is one of only two states in the entire country that still prohibits Sunday sales. Even worse, our local

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stores lose retail sales every Sunday to stores just across the border where Sunday sales have been permitted for years.

This is incredibly frustrating for small package store owners like Dominic Alaimo, owner of the Freshwater Package Store in Enfield, just minutes from the Massachusetts border. Mr. Alaimo *wants* to be open on Sundays, but the Sunday sales ban prohibits his ability to increase sales and serve his customers. The same is true for Edwin Sanchez, owner of the family operated C-Town Supermarket in Danbury, where sales are consistently down 10-12 percent on Sundays because the Sunday sales ban prohibits his customers from buying beer from fully stocked, but closed cases.

The retail industry is a seven day a week business and is all about providing consumers with more choices and more convenience. Ending Connecticut's Sunday sales ban and increasing the hours that stores can be open will do just that. Lifting the ban and expanding hours of operation will also mean more sales for retailers -- both package and grocery stores -- which will in turn mean more hours for store employees and new jobs.

Above all else, Connecticut consumers want Sunday sales. According to a February Yankee Institute poll, by a two-to-one margin (62-32%), voters support changing state law to allow for Sunday sales of beer, wine, and liquor. Our members are tired of saying of NO to consumers. It's time to say YES and take down the blue curtains and let consumers know that Connecticut is open for business. Put simply, it's time to end the Sunday sales ban.

A lesser known but equally anti-consumer blue law is minimum pricing, which sets an artificial floor for the price of beer, wine, and spirits. This prohibits price competition and drives up costs for consumers. Indeed, simply comparing recent newspaper advertisements shows that the cost of a bottle of wine or liquor can be as much as \$8 more in Connecticut than the exact same bottle sold at a Massachusetts store. Connecticut consumers deserve more competition and lower prices, not artificial price controls. That's why minimum pricing laws should be repealed.

The proposed reforms establish a state-wide liquor license medallion system which creates value for existing package store owners. Every existing package store would be given a medallion that they would be able to sell on an open market to other package stores or grocery markets who would be allowed to operate a separate but affiliated package store.

A final element in the comprehensive alcohol reform package would increase the so called "2-store limit" to 9. Current law allows one person or business to operate only 2 package stores. Increasing the 2-store limit to 9 will allow those retailers, who have the entrepreneurial spirit, the opportunity to grow their business. This will also promote greater competition which will benefit consumers. Increasing the package store ownership limit will also place Connecticut businesses on the same footing as those in Massachusetts, which increased its limit to 9 stores in 2011.

I would be remiss if I did not comment on the wild unsubstantiated claims that passage of HB5021 would put 900 package stores out of business. A Stonebridge Research Report, "Economic Impact of Allowing Wine Sales in Food Stores in Connecticut" (copy attached), tracked the evolution of store counts over the past decade for food and package stores in a cross

section of states where alcoholic beverages can be sold in food stores. The study documents that package stores continue to operate successfully in such states and, in many cases, the numbers of package stores increase. You do not have to look further than Newington CT to see an example of this fact. Stew Leonard's, arguable the best food retailer in CT, opened a "big box" store with an attached package store a few years ago. In 2009, there were 11 package store permittees in Newington and today there are 12, the maximum permitted by current law. If you can compete with Stew's, you should be able to compete with any one.

The supermarket industry believes in the free market system and that consumers will benefit if there is open competition. These common sense reforms which increase competition are good for consumers and good for business. For Connecticut consumers they will mean more convenience, more choices, and lower prices. For Connecticut's package and grocery stores they will mean growth opportunities, more hours of operation, more jobs, and an even playing field with stores in neighboring states that have already repealed their outdated blue laws.

It's time for the General Assembly to act on behalf of Connecticut's consumers by ending our outdated blue laws and bringing our state's alcohol regulations into the 21st century. Vote Yes on HB 5021.

ne csaNew England Convenience Store
A s s o c i a t i o n

Connecticut Chapter

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L23**Testimony Submitted By:****Cathy Barber, Board Member- NECSA , Chair of NECSA-CT Legislative Committee and
CT Sales Manager, L.E. Belcher, Inc.****General Law Committee****February 28, 2012**HB5021

Good afternoon. I'm Cathy Barber of Wethersfield, Chair of the CT Legislative Committee for NECSA, the New England Convenience Store Association. We represent hundreds of CT convenience stores, c-stores. Please note: 80% of c-stores are owned by single store operators; they are small family owned businesses, the epitome of small business, the backbone of our economy.

We are small businesses willingly open long hours, 7 days per week. We WANT to be open, & we WANT to do more business, & we WANT to add jobs. We want to do a better job serving customers and we're asking to sell beer, a typical convenience store item in almost all other States.

Because of CT's antiquated Blue Laws, most CT c-store operators have been precluded from selling beer, limiting business opportunity & consumer options. In 1978, when I applied to become a c-store franchisee in Utica, NY, I was first required to obtain a beer license. Beer is a regular item in most convenience stores, except in CT. I lived in MA & NY before moving to CT & was quite surprised to learn of restrictive laws here.

CT ranks #49 out of 50 States in per capita sales of beer. I suspect we drink as much beer in CT as anywhere else, we just don't buy it in CT. It's not convenient to find, available hours are strictly limited, and at times, it's not competitively priced. Out-of-State retailers do a great job of serving CT residents, a well-known fact ignored at great peril to our tax revenue.



New England Convenience Store
A s s o c i a t i o n

Connecticut Chapter

There is room for growth in the beer industry in CT. Taking our rightful sales and tax revenue back from even a single State, like Massachusetts, will yield positive results for CT.

We support the comprehensive approach that Bill 5021 proposes. The biggest winner will be CT consumers who will benefit from greater competition within CT and with neighboring states which will mean lower prices and better choices. We believe package stores should be able to sell the products we currently sell such as, snacks, chips, cheese and crackers, normal package store items in other States. It's in the best interest of the customer.

In our business, independent owners like "Joe's Convenience Store" compete against giant wholesale clubs and large grocery chains selling all the other items sold in convenience stores.

There are hundreds of CT convenience store owners and employees here to support this bill and they ask for your support of our industry and most importantly our customers. Please pass Bill #5021. Thank you.

Testimony Submitted By:
Cathy Barber, Feb 28, 2012



State of Connecticut
 HOUSE OF REPRESENTATIVES
 STATE CAPITOL
 HARTFORD, CONNECTICUT 06106-1591

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ASSISTANT DEPUTY SPEAKER

MEMBER
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 LEGISLATIVE MANAGEMENT COMMITTEE
 PLANNING AND DEVELOPMENT COMMITTEE

Testimony by:
 Rep. Mary G. Fritz, 90th District
 Cheshire-Wallingford

HB 5021: An Act Concerning Competitive
 Alcoholic Liquor Pricing and Hours of Operation for Permittees

February 28, 2012

Senator Doyle, Representative Taborsak, Honorable members of the General Law Committee – I appear before you today to address some of the issues in Governor's Bill 5021.

For the record, I am State Representative Mary Fritz of the 90th District. I represent parts of Cheshire and Wallingford.

As you know, this proposed legislation has raised quite a storm throughout our state. In my district, it has reached hurricane proportions.

Unfortunately, misrepresentation has taken place in many venues – from the television stories to a huge ad in The Hartford Courant as recently as Sunday. The whole proposal for the general public has been boiled down to two issues: 1) Sunday Sales and 2) getting rid of the Blue Laws. These topics are all that is discussed and preached about this bill.

For me – it is a different story! I've read this bill carefully and talked to package store owners and discovered other parts of HB 5021 that will clearly put the package stores out of business. Many are not greatly concerned over Sunday Sales – if that was all. However, one of the most onerous provisions for the package stores is the repeal of 30-68 k of the General Statutes which prohibited discrimination in the pricing for sale. HB 5021 allows wholesalers to charge retailers different prices. So if you are a small

package store – as most of the stores in Connecticut are – right now wholesalers charge you the same as a huge store. This bill repeals this and establishes discrimination between large and small stores. This is what the repeal of a blue law will do.

Let's think about the effect of this repealer. The reality is now big and small package stores are on a level playing field – they can compete! HB 5021 eliminates this parody and it is projected it will result in the closing at a minimum of 81 stores.

Now – up here we spend a great deal of time talking Jobs! What about all the people these stores employ – not only on the floor but their insurance people, their lawyers, etc, etc, etc. The ramifications are mighty. And guess what – these people will lose their incomes and the State will lose its desperately needed taxes. The State will also have to pay, the unemployment compensation fund will take a big hit!

We can't have it both ways! We can't preach jobs and destroy a business community.

Since we all know – at the end of the day it comes down to money, I have attached a chart for you from Legislative Research which points out the taxes on beer, wine and liquor here in Connecticut and the taxes paid by our neighbors.

You have all heard the argument, Connecticut is going to make millions with Sunday Sales because people won't have to cross the border. Guess what! Not so! Massachusetts, New Hampshire and Vermont do not have sales tax. Rhode Island does, it is 7 % versus our 3.5%. However, our excise tax on liquor is \$5.40 vs. \$3.75 in Rhode Island. Please check out all the taxes in the chart.

In conclusion, I thank you for your time. Please do not destroy an industry – the package stores – in response to hype!

Location:
TAXES - ALCOHOL;

great



August 15, 2011

2011-R-0252

(Revised)

TAXES ON ALCOHOLIC BEVERAGES

By: Judith Lohman, Assistant Director

Rute Pinho, Associate Analyst

You asked for (1) a history of increases in taxes on alcoholic beverages in Connecticut, (2) the alcoholic beverage tax rates in surrounding states, and (3) whether any surrounding states have recently increased their alcoholic beverage taxes.

SUMMARY

Since 1968, Connecticut has increased its excise tax on alcoholic beverages three times, including the 20% increase that took effect on July 1, 2011. The tax was last increased in 1989, when the legislature doubled the tax on beer, wine, and liquor. During that time, Connecticut also reduced taxes on two subcategories of alcohol: (1) wine with 21% alcohol or less produced by small wineries and (2) low-alcohol liquor coolers.

A comparison of Connecticut's current per-gallon alcoholic beverage taxes with those of eight other states in the region shows that Connecticut ranks in the top half of the nine states in its taxes on beer, liquor, and wine. Since 2008, three other states in the region (Maine, New Jersey, and New York) have increased their state alcoholic beverage taxes. Maine's increase was subsequently repealed by voters in a referendum. Among the states bordering Connecticut, Massachusetts and Rhode Island have made no changes in their alcoholic beverage taxes since 2000.

Like the majority of its surrounding states, Connecticut also imposes sales taxes on alcohol sales. Among the eight surrounding states, Vermont and Massachusetts do

not apply state sales tax to alcohol sales and New Hampshire has no sales tax. Alcohol sales in Massachusetts were subject to sales tax from August 1, 2009 to December 31, 2010, but a November 2010 voter referendum repealed that law.

CONNECTICUT'S ALCOHOLIC BEVERAGE TAX

Connecticut imposes an excise tax on beer, wine, and distilled spirits. The tax is based on volume: per barrel, fraction of a barrel, or wine gallon (128 ounces) for beer; per wine gallon for wine; and either per wine gallon or per proof gallon for distilled spirits. Since July 1, 1968, Connecticut has raised the tax three times. Taxes on most types of alcohol were raised by 20% as of August 1, 1983; 100% as of March 23, 1989; and 20% as of July 1, 2011.

Connecticut has also reduced taxes on two categories of alcoholic beverages since 1968: (1) wine with no more than 21% alcohol produced by someone who produces a maximum of 55,000 wine gallons per year and (2) liquor coolers with no more than 7% alcohol. Even with the most recent 20% across-the-board increase effective with sales on or after July 1, 2011, alcohol taxes on those two categories are currently lower than they were on July 1, 1968 (see Table 1).

**Table 1: Connecticut Alcoholic Beverage Tax Rates,
1968 to Present**

<i>Alcoholic Beverage</i>	<i>Unit Taxed</i>	<i>July 1, 1968 to July 31, 1983</i>	<i>August 1, 1983 to March 22, 1989</i>	<i>March 23, 1989 to June 30, 2011</i>	<i>July 1, 2011 to Present</i>
BEER AND CIDER					
Beer and cider with no more than 7% alcohol	Barrel	\$2.50	\$3.00	\$6.00	\$7.20
	½ Barrel	1.25	1.50	3.00	3.60
	¼ Barrel	0.625	0.75	1.50	1.80
	Wine gallon* or fraction under ¼ barrel	0.08	0.10	0.20	0.24
WINE					
Still wines with no more than 21% alcohol	Wine gallon*	0.25	0.30	0.60	0.72

Still wines with no more than 21% alcohol produced by a person producing no more than 55,000 wine gallons annually	Wine gallon*	0.25	0.30	0.15†	0.18
Still wines with more than 21% alcohol	Wine gallon*	0.625	0.75	1.50	1.80
Sparkling wines					

Table 1:-Continued-

Alcoholic Beverage	Unit Taxed	July 1, 1988 to July 31, 1983	August 1, 1983 to March 22, 1989	March 23, 1989 to June 30, 2011	July 1, 2011 to Present
LIQUOR AND LIQUOR COOLERS					
Liquor	Wine gallon*	2.50	3.00	4.50	5.40
Alcohol - more than 100 proof	Proof gallon*	2.50	3.00	4.50	5.40
Liquor coolers with no more than 7% alcohol by volume	Wine gallon*	2.50	1.35‡	2.05	2.46

* A wine gallon is 128 ounces. A proof gallon is a measurement based on volume and alcohol content.

† Rate effective May 19, 1993

‡ Rate effective July 1, 1987

SURROUNDING STATES' TAXES ON ALCOHOLIC BEVERAGES

Current Tax Rates

The best way to compare state excise taxes on alcoholic beverages is on a per-gallon basis. Table 2 shows per-gallon taxes on beer, wine, and liquor (distilled spirits) in Connecticut; other New England states; and New York, New Jersey, and Pennsylvania.

The comparison shows that Connecticut's tax on beer is the fourth highest. It is lower than in Maine, New Hampshire, and Vermont, but higher than in our border states of New York, Massachusetts, and Rhode Island. Connecticut's tax on wine is

the second highest in the region after New Jersey's and its tax on liquor is the third highest behind New York and New Jersey.

Six of the nine states, including Connecticut, also apply state sales tax to alcohol purchases. Table 2 shows the alcoholic beverage and sales taxes that apply to beer, wine, and liquor purchases in each state.

Table 2: Taxes on Alcoholic Beverages in Connecticut and Neighboring States

State	Per-Gallon Excise Tax			State Sales Tax
	Beer	Wine	Liquor	
Connecticut	\$0.24	\$0.72	\$5.40	6.35%
Maine	0.25 ¹	0.30 ¹	2	5.0%
Massachusetts	0.11	0.55	4.05	Not applicable ³
New Hampshire	0.30	2	2	No sales tax
New Jersey	0.12	0.88	5.50	7.0%
New York	0.14	0.30	6.44	4.0%
Pennsylvania	0.08	2	2	6.0%
Rhode Island	0.11	0.60	3.75	7.0%
Vermont	0.27	0.55	2	Not applicable

¹ Maine also imposes additional per-gallon taxes of 10¢ for beer, 30¢ for wine, and \$1.25 for distilled spirits.

² State controls all sales directly. Revenue is generated from other taxes, fees, and net profits.

³ Massachusetts' sales tax on alcoholic beverages was repealed by voter referendum, effective with sales on or after January 1, 2011.

Sources: Tax Foundation, Federation of Tax Administrators, Commerce Clearinghouse

Recent Alcoholic Beverage Tax Rate Increases

Compilations of alcoholic beverage tax rates dating back to 2000 by the Federation of Tax Administrators show that, since 2008, Connecticut, Maine, New Jersey, and New York have increased alcohol taxes on beer, wine, or liquor. The Maine legislature increased taxes on beer and wine in April 2008, but the increase was repealed by voters in a referendum on November 4, 2008. In 2009, New Jersey raised taxes on wine and liquor and New York increased taxes on beer and wine. Table 3 compares these tax increases on a per-gallon basis.

Table 3: Alcoholic Beverage Tax Increases in Connecticut and Neighboring States

Since 2008

State	Per-Gallon Increase			Effective Date
	Beer	Wine	Liquor	
Connecticut	20 to 24 cents (20%)	60 to 72 cents (20%)	\$4.50 to \$5.40 (20%)	July 1, 2011
Maine	25 to 54 cents (116%)	30 to 65 cents (116%)	No change	April 2008 Repealed November 4, 2008
New Jersey	No change	70 to 87.5 cents (25%)	\$4.40 to \$5.50 (25%)	August 1, 2009
New York	11 to 14 cents (27%)	18.93 to 30 cents (58%)	No change	May 1, 2009

Sources: Federation of Tax Administrators; state tax department websites

JL/RP:ts

Testimony In Support of Bill No 5021

Barbara Koren

February 28, 2012

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I am Barbara Koren. I was born and raised in Connecticut. For the past 22 years I have lived in Barkhamsted.

I am retail professional that 25 years ago entered the convenience store industry and literally fell in love. I currently work for Mercury Fuel, a family run business founded in 1947 in Waterbury. We have three generations of Devino family members actively involved in the day-to-day operations of running Mercury Fuel. We are an example of a small, family run Connecticut business.

The convenience store industry is that small neighborhood store where you pick up a coffee or a slushier, a newspaper, a snack for the morning, a gallon of milk or that pint of ice cream on the way home.

I am here to speak on behalf of all these small businesses and the customers we serve. There are hundreds of my colleagues here today.

I am hear today to ask for your support of HB 5021 – a comprehensive bill that attempts to modernize the way Connecticut goes to market for liquor, beer and wine. This bill will help all retailers that sell these products to compete with our neighboring states. The bill contains many improvements that will help us keep Connecticut shoppers shopping in Connecticut. It will benefit our customers in many ways.

HB 5021 addresses a major concern for my industry, the convenience stores of Connecticut. 40 states allow convenience

stores to sell beer. According to the National Associates of Convenience stores, beer sales represent the 3rd largest inside sales category for our retail sector. This is a huge void for the retailers in Connecticut that HB 5021 addresses. Connecticut consumers should be able to purchase this product in the same manner that they do in almost all other states.

HB 5021 is comprehensive and answers just about every question and issue this committee has heard over the past several years on liquor sales in Connecticut. Please support HB 5021 – it fixes what's wrong and does so in a way that doesn't leave any sector behind. It is good legislation and it should be passed and sent to the Governor for his signature.

Please don't miss this opportunity. The citizens of Connecticut are ready for this. They will be the big winners as competition always improves the consumer's position.



State of Connecticut

HOUSE OF REPRESENTATIVES
 STATE CAPITOL

REPRESENTATIVE BRENDA L. KUPCHICK
 ONE HUNDRED THIRTY-SECOND ASSEMBLY DISTRICT

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 HOUSING COMMITTEE

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FROM: Representative Brenda L. Kupchick

DATE: February 28, 2012

RE: HB 5021 – AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

I would like to thank the Honorable Co-Chairs Senator Paul Doyle and Representative Joseph Taborsak, the Honorable Vice Chairs Senator Carlo Leone and Representative David Baram, and the Ranking Members Senator Kevin Witkos and Representative Rosa Rebimbas, and the entire membership of the General Law Committee for their time this morning.

Thank you for the opportunity to testify in opposition of HB 5021, An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees. While I recognize the convenience of allowing Sunday liquor sales in our State, I also recognize the heavy burden that this mandate will place on small businesses.

When I was elected last year and a similar bill was proposed I thought if it passed through committee I would vote for it. My reasoning came as an advocate for an individual's right to choose where and when they want to shop and I believed Sunday Liquor Sales would create more options for consumers.

However, after much research and thought it became obvious to me that the convenience of Sunday sales would limit small businesses from competing with the large box stores. After speaking to many small business owners in my

district, one important point became clear. In Connecticut the law has been that Sunday sales weren't permitted. The approximately, 1,100 storeowners opened their businesses under those long standing rules. And now, the state wants to change those rules.

Recent history shows that Connecticut does not support an atmosphere that promotes the growth of small businesses. I believe, allowing Sunday liquor sales will benefit the large box stores tremendously and create an environment in which the small business will not be able to compete in.

If the Sunday Sales bill is passed, it is projected that about 300 to 350 package stores will be forced to close or declare bankruptcy due the lack of business and the high costs to operate on Sunday's.

Can we afford to lose 350 or smaller businesses? Do we want to have a hand in putting small business owners out of business?

Although the bill proposed does not require the small liquor stores to open on Sundays, the mandate will certainly force the owners to keep their stores open seven days a week. The burden of being open an additional day every week will cost the small businesses an annual increase of approximately \$14,000.00 more in operation costs; including wages, utilities, and insurance.

Sunday is the second most popular day for grocery shopping in Connecticut; therefore the Supermarket industry has an obvious advantage over the private liquor stores. It is clearly more convenient for a customer to complete all of his or her shopping at one location' however, supermarkets and small liquor stores cannot be compared on the same platform because liquor stores cannot sell groceries, and are limited to the products they can sell in order to accommodate a more convenient shopping experience.

The Governor's proposal will:

Create medallions that upon purchase, allows an owner to open a liquor store in any town regardless of how many stores are in that town;

Increase the number of licenses from 2 to 9, thereby creating a pathway for the big box stores to overtake and close out the small stores;

Eliminate the State pricing minimum, which again will allow the big box stores, with their buying power and storage capacity, to under sell and drive the small business owner out of business. Right now the minimum allows the small owner to fairly compete. The premise of the Governor's proposal is to increase revenues that are lost to neighboring states, like Massachusetts. However, I

believe Connecticut loses tax revenue on liquor and gasoline because Massachusetts's taxes are lower on alcohol and gas.

The governor's budget last year included a large tax increase on liquor that added to the burden of the package store owners and consumers.

When you visit states that have little to no restriction on their liquor sales, you witness large warehouse liquor stores, aisles of liquor in grocery stores, and no small independently owned stores where you can ask for recommendations, discuss different vintages or develop a relationship with a local business owner.

This past holiday season, many American's including myself decided to purchase the majority of gifts from local merchants to help stimulate our local economies. I went out of my way to buy local which wasn't always convenient, but I felt it was important to support the small businesses in my community. Some Connecticut residents say they support Sunday Sales, but when you share the consequence with them, they change their opinion. Is it too much of an inconvenience for Connecticut residents to continue to purchase their spirits six days a week for the sake of supporting over 1,100 small business owners and their employees? I sincerely hope not.

Thank you for your time.

Best Regards,



Brenda L. Kupchick
State Representative, 132nd District



State of Connecticut

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PUBLIC HEALTH COMMITTEE

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General Law Committee
Public Testimony
Feb. 28, 2012

Good morning to co-chairs Sen. Doyle and Rep. Taborsak, vice chairs Sen. Leone and Rep. Baram, ranking members Sen. Witkos and Rep. Rebimbas, and members of the General Law Committee.

I am here this morning to speak about HB 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

I ask committee members to imagine yourself as an owner of a small package store, and to reflect on what your reaction would be upon learning the financial impact to your business HB 5021 would have if this proposal becomes law.

Like many of you I have asked package store owners the impact they feel this proposal would have on them, and every one of them are convinced they will be forced to close if this legislation is passed.

Here are the questions and reactions I have asked myself in evaluating the merits of the Governor's proposal:

- 1) First, is it the role of state government to pick winners and losers in the liquor industry? If the answer is yes, then this means that state government – and not consumers – will determine which businesses will succeed and which will lose.
- 2) Second, doesn't the impact of this proposal remind you of last year's debate we had when our local independent retail pharmacies told us they would be forced to close because of the new prescription policy imposed by state government?

As is proposed in HB 5021, state government once again will support big business over small business.

First independent retail pharmacies, now mom and pop package stores. Small businesses are now seen as the "underdog" in these battles and in my opinion, now is the time for the legislature to stand up for the "underdog."

- 3) How many "new jobs" will be created under this new proposal? I submit that adoption of this legislation will lead to significant job loss.
- 4) Gov. Malloy and supporters of this proposal have stated that CT is losing millions of dollars in liquor sales to neighboring states.

With all due respect to the Governor, I believe much of the loss in state revenue from liquor sales can be attributed to the 20% tax increase imposed in 2011, and to the previous hikes in liquor taxes.

This pattern of raising liquor taxes to pay for the deficits of state government seems eerily similar to what has happened to the price of gasoline in CT.

Consumers are buying gasoline in neighboring states because it is much cheaper; a significant reason for the difference in gasoline prices are the higher taxes levied in CT. The same can be said about liquor sales.

For these reasons I strongly oppose passage of this anti-small business legislation.

Instead I offer for your consideration an alternative strategy for increasing state revenue from liquor sales.

Let's look at reducing the amount of state taxes on the sales of alcohol, beer, and wine. For example, the legislature could repeal last year's 20% tax increase on alcohol. The estimated revenue from that tax increase was approximately \$9 million. This lost tax revenue could be replaced by reducing spending by \$9 million from the state fund that is given to candidates who run for public office. Or you may have a better suggestion for reducing state expenditures.

I believe this approach would make CT more price competitive with our neighboring states.

As you evaluate the merits of HB 5021 I ask that you keep in mind the one goal we all share – that is, to make CT a great place to own and operate a business.

Thank you for listening to my testimony.



Whit Betts
State Representative
78th District
Representing Bristol, Plymouth, and Terryville



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Testimony Opposing HB 5021
General Law Committee – Public Hearing
February 28, 2012

Good day Senator Doyle, Representative Taborsak and members of the General Law Committee.

My name is Michael Nicastro and I am the President & Chief Executive Officer of the Central Connecticut Chambers of Commerce headquartered in Bristol. We serve more than 1500 businesses, smaller chambers and various trade associations in the 8 communities immediately surrounding our home city.

I appear before you today in opposition to HB 5021 An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees.

It is interesting to see the word “competitive” in the title of this bill. I say interesting because the nature and value of competition takes on many different connotations depending on which side of the competitive line your standing.

When legislatures draft or evaluate legislation that concerns the competitive process the first thing that should be made clear and concise is what the legislation is trying to accomplish. Once that goal is understood then a careful analysis should be made as to the benefits vs. the risks if the legislation should become law.

As it pertains to HB 5021 we are told that the legislation seeks to modernize our puritanical Blue Laws and as such it will make Connecticut more competitive. The most notable element of the legislation and best understood by the public being the allowance of Sunday sales.

The less spoken and more speculative benefit is the hoped for additional tax revenues that might be generated by the extra day of sales. It is not surprising that in a state still struggling with expenses and hamstrung by the inability to reduce personnel costs, even the slightest hint of potential new revenue can be very enticing. But as is often the case the devil is in the details.

Since time is limited I will address just one section in this bill. A section we believe requires intense scrutiny from this committee.

Section 10 (a) of HB 5021 allows for the increase from 2 to 6 in the number of alcoholic beverage retail permits. On the surface this section which purports to modernize our liquor business environment, in reality sets the stage to make the market unsustainable the small retailer. The subsequent chain reaction of collateral damage which will in all likelihood result from this section alone should be enough to give this committee pause. Whether by intention or not, Section 10 (a) will sentence the small private liquor retailer to the same fate as the all but extinct neighborhood hardware and drug stores.



The capital required to expand or add more locations is intense. Only the large national chains will have the financial wherewithal to do so. They will also have the volume purchasing power to price the small retailer out of the market. While proponents will argue that this will result in a more competitive market and savings to the consumer, historically we know that these savings will be short lived.

With the small retailer out of the way the consumer's options will ultimately become limited and any momentary improvement in price will disappear. This scenario has repeated itself time and time again. At the same time the demise of the small retailers will in a much quicker fashion result in the domino effect of lost jobs, defaulted loans (both commercial and residential) and a further erosion in confidence by small businessmen across the state. Many of whom see programs as "The First Five" as a continued emphasis on big business.

Bills such 5021 dilute the value of such programs and are seen as just another incentive given for the entry of more big businesses. Big businesses which in cases such as this take their profits out of Connecticut. As opposed to the small retailer who does everything in Connecticut.

We offer you the recommendations from one our members who is a 50 plus year veteran small retailer in this industry.

- Lower the Excise Tax which was raised last year
- Eliminate the sales tax (match Massachusetts)
- Focus legislative efforts on the suppliers wholesale pricing tactics

In closing, small business and jobs was the battle cry for the special session this past fall. Support of HB 5021 runs counter to those efforts and sends the message that the rhetoric of that session was just more empty promises. We hope that's not true.

Thank you for the opportunity to speak before you this today and I am happy to answer any questions that you may have regarding this issue.

Michael D. Nicastro
President & Chief Executive Officer
Central Connecticut Chambers of Commerce

Testimony of Alan Wilensky
 Owner of Max's Package Store, East Lyme
 President, Connecticut Package Stores Association

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In 1920 Max Wilensky, a Russian immigrant, came to the Flanders section of East Lyme to establish a general store specializing in hay, grain, shoes and boots. In 1946, this same man asked his son to help him start a liquor store on the same property. This April, that same liquor store, still owned by the same family, will celebrate our 66th anniversary.

I started working on weekends alongside my father when I was 8 years old. It was at that time that I decided that I wanted to go into the family business. Seeing my father so active in the industry, I decided to attend my first Connecticut Package Stores Association (CPSA) meeting when I was 13 years old.

I learned the business and how to operate a business; I took educational courses on wine and spirits; I joined local coalitions to prevent alcohol sales to minors. I became a delegate to our national retail association and I learned about the industry, the special nature of the products that we sell, and the need for statutes and regulation governing the sale of this unique product. I also learned the history of the beverage alcohol industry and how we got to where we are today.

Until about two months ago, there was not a doubt that this third generation family business would continue to be a stable, venerable landmark in town. There was never a time when I was doubtful that I would finish my working career in this store and possibly pass it on to the fourth generation.....until now. Over the past few weeks, for the first time in my life, because of the proposed bill before us today I have been conversing with my family about the possibility of being forced out of the liquor business, looking for a new job and leaving the state of Connecticut.

The bill before this committee described as the "modernization" of the liquor industry is nothing less than the elimination of the independent liquor retailer; just like what has happened to the independent pharmacies, hardware stores, bookstores, toy stores, and electronics stores.

The drastic changes proposed will create massive disparity in the industry that favors only the largest corporate entities at all levels of the industry. Retailers and wholesalers are sacrificed while manufacturers are left whole and are the only players left standing.

I refer to this proposal as the "Reverse Robin Hood bill" for it surely takes from the have-nots and gives to the haves. The sacrificing of the independent business community is not what I thought the governor meant when he said that Connecticut was "open for business".

There are some who call us a "protected industry" due to the many statutes associated with our industry. Let me remind you of the products that we sell and the sensitive nature of them. Remember that one does not get arrested for selling a can of tuna fish to a 16 year old; nor are we worried about their ability to drive a car after eating too many sandwiches made from that tuna.

What is in the bill?**The elimination of all pricing postings:**

-Currently wholesale pricing is provided to retailers uniformly on a monthly basis. The elimination of all price posting means that wholesale prices are undefined and could change hourly and for any reason. Retailers could be discriminated against for any reason and bigger retailers would gain an unfair advantage.

The legalization of discounts, rebates, free goods and inducements:

- Quantity discounts will actually raise prices on 95% of products and decrease the selection of products available for sale. Prices increase at the one-case level in order to subsidize the larger volume discounts.
- It will be a financial burden purchasing in large volume in order to get the same price that we pay now. e.g. In Mass., a store must buy 50 cases of Beringer White Zinfandel in order to get our 1 case price. The investment in that one brand precludes the purchasing of 31 other mid-price brands.
- CT prices are already less expensive than MA and we are competitive with all but the largest stores in MA.

Removes the restriction against sales below cost:

-Larger stores and chains will be at a competitive advantage in their ability to purchase and then sell at predatory prices at or below cost in order to drive out competition. (By the way, the State of Connecticut itself has a "sale below cost" prohibition; it's called a balanced budget provision)

Raises the permit limit from 2 to 9:

-Connecticut is one of the last bastions of independent retailers in the nation. Allowing the ownership of nine permits fundamentally changes this and virtually guarantees the destruction of the independent entrepreneur. Connecticut is a small state and several chains of 9 stores each could easily eliminate the locally owned store.

Eliminates the 1/2500 population restriction on package store permits:

-The value of stores is dependant on location, goodwill and the density of stores in the area. Having the 1/2500 limit provides stability in the marketplace and in every town in the state.

Establishes a "Convenience Store Beer Permit":

-This would add hundreds of additional liquor permits in the state in locations like gas stations, convenience stores, food stores and, without the arguably arbitrary square footage restriction, could include stores like Target and Wal-Mart etc.

Allows sales on Sunday, certain holidays and until 10:00 p.m.:

-Our historic arguments still stand in our opposition to the extension of days and hours of sale. There is no definitive data to support the assertion of an increase in consumption due to an increase in hours of availability.

It is apparent that neighboring state laws were "cherry-picked" for inclusion in this bill. However there are neighboring laws that were ignored: Rhode Island's 1-permit limit and lack of a bottle bill; New York's 1-permit limit; and Massachusetts's 1/5000 population restriction, non-price discrimination, residency requirement to own a permit, price posting law and their prohibition on moving a liquor permit out of the town in which it is established, to name a few.

The fact is that even if there was anything beneficial for the retailers in this bill, and there is not, revolutionary change of this magnitude would have necessitated a task force study for a year or two, not a statute that changes 66 different sections of the General Statutes that is to be implemented in four months.

Encl: OLR report on cigarette and liquor sales 1/12/10
Comparison of states liquor laws
U.S. per capita spirits consumption (NIAAA)
DISCUS map of Sunday sales (From the DISCUS website)

Location:
BLUE LAWS; LIQUOR; SMOKING



January 12, 2010

2010-R-0008

CIGARETTE AND LIQUOR SALES

By: Duke Chen, Legislative Analyst

You asked why there is a minimum mark-up for cigarettes and a prohibition against selling alcohol below cost. Also, you asked why there are defined hours for the sale of alcohol to be consumed off premises.

SUMMARY

Connecticut law imposes a minimum mark-up for cigarette sales (CGS § 12-326b) and prohibits selling alcohol below cost (CGS § 30-68m). The rationale behind these laws is to prevent monopolies in these industries. The laws protect smaller merchants from being forced out of business by larger merchants, who may have the ability to sell their products below costs, thus creating a monopoly.

The law restricting the time of liquor sales serves a different purpose from the minimum pricing laws. Under the Twenty-first Amendment of the Constitution, which repealed Prohibition, states are given great amounts of authority to regulate the production and distribution of alcohol. One of the ways Connecticut regulates the distribution of alcohol is by statutorily limiting when it may be sold.

Currently, Connecticut allows the sale of alcohol for consumption off premises to be between Monday and Saturday from 8:00 a.m. to 9:00 p.m. (CGS § 30-91(d)). Since the inception of the Liquor Control Act, the deadline for sales has changed several times, from 6:00 p.m. in 1933, to 11:00 p.m. in 1939, to 9:00 p.m. in 1957, to 8:00 p.m. in 1967, and back to 9:00 p.m. in 2003.

MINIMUM PRICING LAWS

The reasoning behind mark-ups and prohibitions against selling below costs is to prevent monopolies in certain industries. Generally the purpose of these laws is to protect small independent merchants from larger merchants, who could, in theory,

sell items below cost and drive out their competitors, thus creating a monopoly.

Cigarettes

Connecticut prohibits cigarette distributors and dealers from selling below cost. The law presumes that their cost includes a percentage mark-up that depends on the type of seller and transaction (CGS § 12-326b). The law defines "cost" as the basic cost of cigarettes and the cost of doing business. The "basic cost of cigarettes" means the sum of the lower of the invoice or replacement cost plus the face value of tax stamps minus any trade discount for something other than cash. The "cost of doing business" means costs related to the sale of cigarettes, as calculated for federal income tax purposes, including labor, rent, depreciation, selling costs, maintenance, delivery, interest, licenses, taxes, insurance, advertising, pre-opening expenses, and central and regional administrative expenses.

Alcohol

Connecticut prohibits retailers of alcohol for off premises consumption from selling at a price below their cost. For this purpose, "cost" means the posted bottle price from the wholesaler plus charges for shipping or delivery to the retailer's place of business paid by the retailer (CGS § 30-68m(a)). (Attachment 1 is an OLR report (2009-R-0171) providing information on minimum pricing laws.)

HOURS FOR ALCOHOL SALE

Authorization to Regulate

Unlike other products, the manufacture, sale, or transportation of alcohol was originally prohibited by the Eighteenth Amendment of the U.S. Constitution, which was adopted in 1919. The amendment was subsequently repealed in 1933 by the Twenty-first Amendment, which also allowed states to regulate the production and distribution of alcohol. Connecticut subsequently passed the Liquor Control Act in 1933, which

regulates the production and distribution of alcohol within the state, including the hours when alcohol may be sold. Currently, Connecticut allows the sale of alcohol for consumption off premises to be between Monday-Saturday from 8:00 a.m. to 9:00 p.m. (CGS § 30-91(d)).

Legislative History

1933 and 1939. The statute for when alcohol may be sold has changed several times. The Liquor Control Act originally allowed package stores to stay open until 6:00 p.m. In 1939, package store owners successfully sought legislation allowing them to stay open until 11:00 p.m. There are no records concerning the legislative rationale for extending the hours because the legislature did not transcribe the public hearings or floor debates.

1957. In 1957, the General Assembly moved the closing time from 11:00 p.m. to 9:00 p.m. by amending on the floor a liquor price bill.

The Liquor Control Committee held public hearings on an earlier bill that proposed an 8:00 p.m. closing time. During the hearing, the package store owners, who were the major group advocating for the earlier closing time, expressed their fear of being robbed due to the late closing hour. This fear was brought about by Mad Dog Taborski and his partner Culombe, who committed a series of robberies, pistol whippings, and execution-style murders that took six lives in late 1956 and early 1957.

The 9:00 p.m. closing time that was ultimately agreed to was a compromise between the 8:00 p.m. proposal heard before the Liquor Control Committee and the existing 11:00 p.m. closing hour.

1967. In 1967, the General Assembly moved the closing time back from 9:00 p.m. to 8:00 p.m.

The original bill had a closing time of 7:00 p.m. At the hearing, the majority of package store owners supported the earlier closing time, again expressing concerns about keeping the stores open past 7:00 p.m. They also stated that there were relatively few shoppers after 7:00 p.m. and an earlier closing time would give them a chance to do more social and community work.

Grocers, on the other hand, generally opposed the proposed earlier closing time, because it would force them to cover shelves and turn away potential customers.

During the legislative debate, legislators made many similar arguments. They finally agreed on an 8:00 p.m. closing, and the bill passed with a substantial majority. (Attachment 2 is an OLR report (2000-R-0918) providing more information on the 1957 and 1967 public hearings and legislative debates.)

2003. In 2003, Connecticut changed the closing time of package stores from 8:00 p.m. to 9:00 p.m. as part of the budget bill. The bill was sent to the floor through a procedure known as "Emergency Certification," which means the speaker and president pro tempore jointly propose a bill and send it directly to each chamber floor for action without any committee referrals or public hearings. The House and Senate transcripts on the bill do not mention the later closing time or indicate legislative intent.

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Comparison of some state liquor laws

Alabama	Beer containers may not exceed 16 ounces Twenty-six of Alabama's 67 counties do not allow the sale of alcohol.
Alaska	Sellers/servers may not, for any reason, give a person alcohol for free or sell it for less than its cost.
Arkansas	Alcohol sales are generally prohibited on Sundays, but exceptions can be made through local option
Colorado	Liquor stores and liquor-licensed drug stores may have only one location
Delaware	No person under 21 may enter a liquor store or taproom for any reason even for the intent of purchasing only tobacco or lottery tickets
Wash D.C.	No singles sold Liquor stores must close on Sundays (except on December 24 and 31 when those dates fall on Sunday). Grocery stores, which are allowed to sell beer and wine only, can sell alcohol on Sundays.
Florida	Sale, processing, or consumption of any liquor or spirit of greater than 153 proof is illegal. Beer must be sold in quantities of 32 or fewer ounces or greater than 1 gallon. Forty- and 64-ounce beverages are illegal.
Georgia	Sunday off-premises sales from 12:30 p.m. to 11:30 p.m. allowed only by local referendum
Indiana	Sales limited to on-premises in restaurants, wineries and breweries on Sundays. No sales on Christmas. Minors, including babies, are not allowed to enter a liquor store. No sales of cold beer in grocery stores or gas stations.
Kansas	29 counties still do not permit the on-premises sale of alcohol. 59 counties require a business to receive at least 30% of revenue from food sales to allow on-premises sale of alcohol. Only 17 counties allow general on-premises sales. Not all communities which allow off-premises sales allow sales on Sunday. Sales are prohibited on <u>Christmas</u> and <u>Easter</u> .
Kentucky	Approximately 39 counties in the state (mostly eastern and southern counties) are dry,
Louisiana	Packaged alcoholic beverages of any strength may be sold in supermarkets, drug stores, gas stations, and convenience stores 24 hours a day. Local municipalities may not restrict this. As a result, dedicated "liquor stores" are mostly specialty stores in larger cities, and some supermarkets have large selections of liquors and wines, and compete on the basis of liquor prices and selection.
Maryland	Variable by locality <u>Baltimore County</u> prohibits the sale on Sunday in some areas. In the counties of <u>Montgomery</u> , <u>Somerset</u> , <u>Wicomico</u> , and <u>Worcester</u> sale of alcoholic beverages are controlled directly by the county Liquor Control Boards, there is exceptions in Montgomery where some liquors are still sold in grocery store due to being grandfathered before the change of the law. Garrett County prohibits the sale on Sunday except in some areas. The sale of alcohol at grocery and convenience stores varies by county. There are no dry counties, but some individual voting districts within counties restrict or prohibit alcohol on a local-option basis.
Mass.	No individual, partnership, or corporation may have more than three off-premises licenses in the state, or more than two in any city, nor more than one in any town. No individual, partnership, or corporation not resident or headquartered in Massachusetts may apply for a license, although one may devolve thereupon. ¹ Off-premises sale of alcohol is prohibited on the last Monday in May (Memorial Day), Thanksgiving Day, Christmas Day, and the day after Christmas if Christmas falls on a Sunday.

Comparison of some state liquor laws

	Sale of alcohol is prohibited during polling hours on election days (subject to local exceptions)
Michigan	maintains a monopoly over wholesaling of distilled spirits only.
Minnesota	No alcohol off-sale on Sunday.
Mississippi	In most counties, alcohol cannot be sold on Sundays
Nebraska	No on- or off-premises sales of spirits before noon on Sundays.
New Jersey	Though there is not a ban on selling alcoholic beverages at grocery stores, New Jersey limits each chain to two licenses, so except for a few exceptions, most supermarkets/convenience stores/gas stations/pharmacies do not sell alcoholic beverages.
New Mexico	An additional Sunday permit is available which allows sale (on and/or off premise) on Sundays from noon until midnight. Exceptions are the prohibition of alcohol sale on Christmas, regardless of the day it falls on, and a Sunday permit allowing of sale (on and/or off premise) until 2:00 a.m. January 1, if December 31 falls on a Sunday. Sunday permits are only available where approved by voters within a local option district
New York	All liquor stores must be owned by a single owner, who owns that store and lives within a certain distance of it — effectually banning chain liquor stores from the state.
North Car.	State stores closed on Sundays. Bottled liquor must be sold in ABC Packages stores, open from 9 a.m. to 9 p.m., Monday through Saturday.
N. Dakota	No off-sale on Thanksgiving Day. No Christmas Day on-sale, nor sales on Christmas Eve after 6 p.m.
Oklahoma	Liquor Stores closed on Sundays and some holidays.
Rhode Island	All alcohol may be sold only in liquor stores. Thus, convenience stores and supermarkets in Rhode Island are dry.
S. Carolina	No hard liquor sales after 7 p.m. and none on Sundays.
Tennessee	Wine is only sold in liquor stores. Sales of liquor are limited to on-premises in restaurants on Sundays. Beer above 5% ABW / 6.3% ABV must be sold in liquor stores. <u>Open container law</u> only applies to drivers, not passengers.
Texas	Liquor stores statewide closed all day Sunday.
Utah	State-controlled stores close on Sundays and cease operations no later than 10 p.m. the rest of the week
	No alcohol may be served on Election Day until 8 p.m.
Washington	A handful of state and contract stores are open Sundays from 12 midday to 5 p.m.
Puerto Rico	Dry law during elections and <u>tropical storm</u> emergencies

December 2010
Preliminary Report

APPARENT CONSUMPTION OF DISTILLED SPIRITS BY STATE, IN WINE GALLONS

	January - December		Percent	12 Months Ending December		Percent
	2010	2009	Change	2010	2009	Change
LICENSE STATES						
? Alaska	1,498,592	1,525,838	-1.8%	1,498,592	1,525,838	-1.8%
Arizona	10,405,888	9,062,331	14.8%	10,405,888	9,082,331	14.8%
Arkansas	3,802,282	3,758,644	1.2%	3,802,262	3,758,644	1.2%
California	52,244,411	51,467,312	1.5%	52,244,411	51,467,312	1.5%
Colorado	10,088,259	9,849,857	2.4%	10,088,259	9,849,857	2.4%
Connecticut	6,309,808	6,099,754	3.4%	6,309,808	6,099,754	3.4%
? Delaware	2,461,627	2,391,373	2.9%	2,461,627	2,391,373	2.9%
Dist Columbia	1,809,577	1,882,138	-3.9%	1,809,577	1,882,138	-3.9%
Florida	35,705,445	35,073,557	1.8%	35,705,445	35,073,557	1.8%
Georgia *#	12,510,658	12,232,484	2.3%	12,510,658	12,232,484	2.3%
Hawaii	1,873,365	1,944,834	-1.5%	1,973,385	1,944,834	1.5%
Illinois	18,468,813	19,449,167	-5.0%	18,468,813	19,449,167	-5.0%
Indiana @	9,496,810	9,158,787	3.7%	9,496,810	9,158,787	3.7%
Kansas	3,798,414	3,849,729	-4.0%	3,798,414	3,849,729	-4.0%
Kentucky	5,874,884	5,582,919	4.8%	5,874,884	5,582,919	4.8%
Louisiana	7,503,392	7,509,218	-0.1%	7,503,392	7,509,218	-0.1%
Maryland	10,280,085	9,863,177	4.2%	10,280,085	9,863,177	4.2%
Massachusetts	11,254,218	11,188,827	0.6%	11,254,218	11,188,827	0.6%
Minnesota	11,007,707	9,785,694	12.7%	11,007,707	9,785,694	12.7%
Missouri	9,898,511	9,817,395	-1.2%	9,898,511	9,817,395	-1.2%
Nebraska	2,895,006	2,761,747	4.8%	2,895,006	2,761,747	4.8%
Nevada @	6,450,588	5,922,224	8.9%	6,450,588	5,922,224	8.9%
New Jersey	15,178,269	15,036,259	0.9%	15,178,269	15,036,259	0.9%
New Mexico	3,235,892	2,884,692	12.2%	3,235,892	2,884,692	12.2%
New York	27,660,464	27,545,988	0.4%	27,660,464	27,545,988	0.4%
North Dakota	1,615,657	1,514,344	6.7%	1,615,657	1,514,344	6.7%
? Oklahoma	4,573,702	4,573,702	0.0%	4,573,702	4,573,702	0.0%
Rhode Island	1,809,131	1,823,562	-4.7%	1,909,131	1,823,562	4.7%
South Carolina *	7,130,266	6,980,481	2.1%	7,130,266	6,980,481	2.1%
South Dakota	1,474,850	1,407,498	4.8%	1,474,850	1,407,498	4.8%
Tennessee	7,844,471	7,668,802	2.3%	7,844,471	7,668,802	2.3%
Texas	28,723,907	27,617,944	4.0%	28,723,907	27,617,944	4.0%
Wisconsin	12,787,302	13,107,846	-2.4%	12,787,302	13,107,846	-2.4%
LICENSE TOTAL	347,470,028	340,113,904	2.2%	347,470,028	340,113,904	2.2%
CONTROL STATES						
Alabama	5,501,040	5,427,669	1.4%	5,501,040	5,427,669	1.4%
Idaho	2,151,887	2,084,474	3.2%	2,151,887	2,084,474	3.2%
Iowa **	4,446,182	4,307,850	3.2%	4,446,182	4,307,850	3.2%
? Maine @	2,308,757	2,280,350	1.3%	2,308,757	2,280,350	1.3%
? Michigan @	16,211,517	16,134,061	0.5%	16,211,517	16,134,061	0.5%
Mississippi	4,081,151	4,083,949	-0.4%	4,081,151	4,083,949	-0.4%
Montana	1,752,084	1,728,827	1.3%	1,752,084	1,728,827	1.3%
? New Hampshire @	5,054,598	4,919,240	2.8%	5,054,598	4,919,240	2.8%
North Carolina	10,881,684	10,653,734	2.0%	10,881,684	10,653,734	2.0%
Ohio @	13,755,782	13,580,873	1.3%	13,755,782	13,580,873	1.3%
Oregon	6,402,302	6,286,376	1.8%	6,402,302	6,286,376	1.8%
Pennsylvania	16,239,132	15,202,579	6.8%	16,239,132	15,202,579	6.8%
Utah	2,397,455	2,330,308	2.9%	2,397,455	2,330,308	2.9%
Vermont	918,966	904,801	1.6%	918,966	904,801	1.6%
Virginia	9,487,653	9,252,143	2.5%	9,487,653	9,252,143	2.5%
Washington	9,792,052	9,844,881	-0.5%	9,792,052	9,844,881	-0.5%
West Virginia **	1,886,571	1,878,843	0.5%	1,886,571	1,878,843	0.5%
Wyoming **	1,186,342	1,178,128	0.7%	1,186,342	1,178,128	0.7%
CONTROL TOTAL	114,235,116	111,858,885	2.1%	114,235,116	111,858,885	2.1%
U.S. TOTAL	461,705,145	451,972,789	2.2%	461,705,145	451,972,789	2.2%

SOURCE License state statistics based on state treasury tax collections except where noted
Control state statistics come from NABCA, based on retail sales by state liquor stores except where noted

NOTE

* Based on shipments from distillers to wholesalers Georgia and South Carolina unable to provide

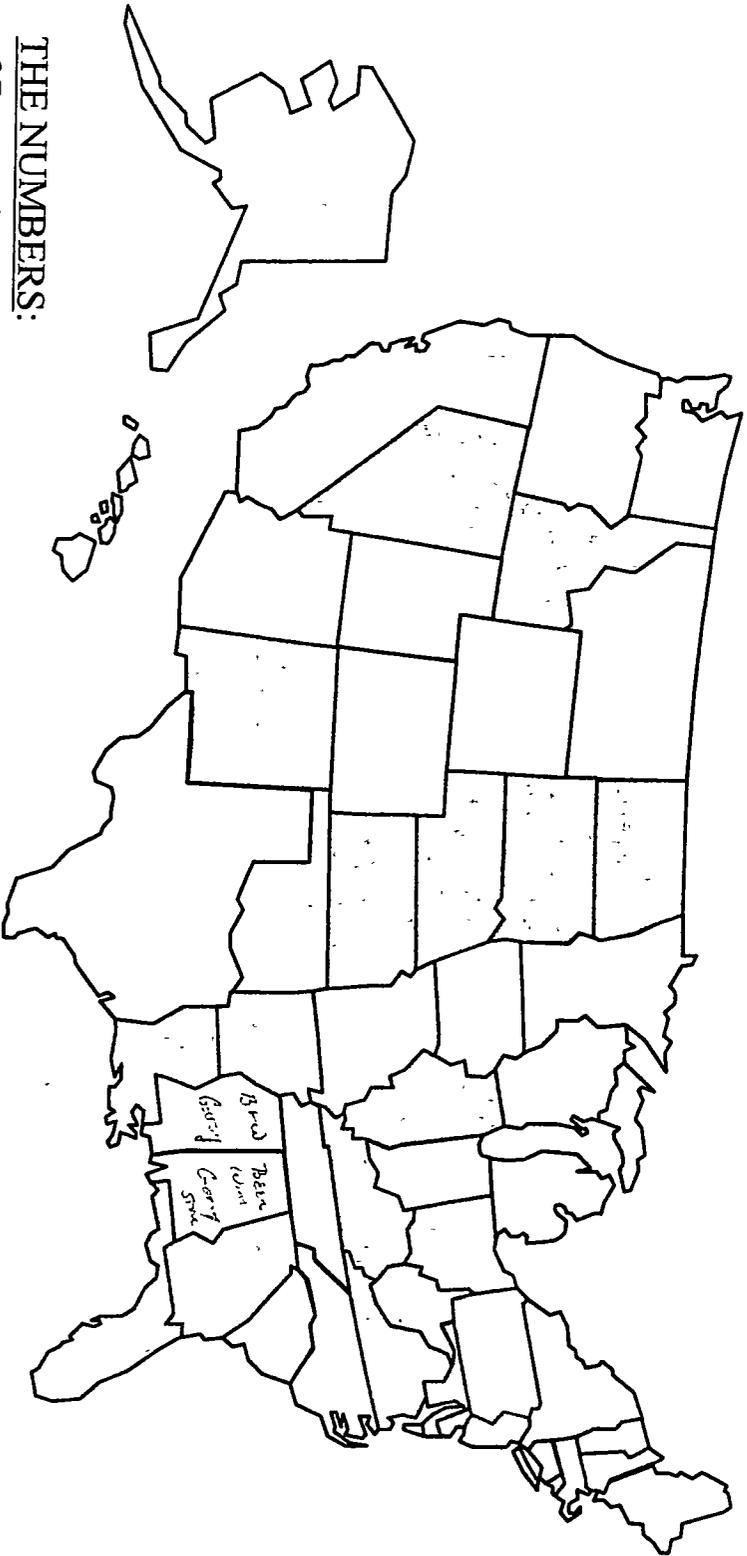
** Based on shipments from state liquor boards to private retailers and other

Georgia consumption includes supplier shipments to AAFES

@ Figure includes low proof

? Value estimated as data is presently not available from the state

States Allowing Sunday Sales of Distilled Spirits



THE NUMBERS:

- 37 some form (statewide/local option)
- 17 off-premise statewide
- 16 off-premise local option
- 4 certain demographics areas (control st.)
 - TN, TX, UT, CT, OK, AL, MS, MT, MN, IN, WV, NC, SC
- 13 no Sunday spirits sales

<input type="checkbox"/>	Allow Sunday sales of spirits off premise
<input type="checkbox"/>	Allow local government option throughout the state
<input type="checkbox"/>	Sunday sales in certain geographic/ demographic areas

P 24

February 28, 2012

P 29

Dear CT State Legislators,

I am the owner of two package stores on the CT/MA border. Sunday sales will not be profitable for me. My customers inform me that they go MA on Sundays to buy cheaper gasoline - as well as cheaper alcohol. Most say they will continue to do so, even if CT package stores are open on Sundays. My sales will not offset the cost of being open. L1

Elimination of minimum pricing, and volume discounts along with opening up full liquor licenses to big box stores, will put almost all of the existing package stores out of business. Billion dollar entities like Wal-Mart, Home Depot and super sized grocery stores, will build stores to handle ten to twenty times the volume that are now prevalent in the majority of existing stores. The new landscape will be 100 to 200 super sized stores instead of the 1,200 package stores we have today.

The medallion system is ludicrous. Current package store owners will be thrown under the bus. It will allow big-box stores to manipulate prices and force many, if not all, small-to-medium sized package store out of business. The first wave of medallion re-sales will come from package stores that are managed poorly, and on the verge of closing down. After a few hundred sell out, and the capital-rich entities set up their mega stores, there will be no demand to buy out the remaining medallions. The mostly middle class owners that are left will lose everything. Their stores will go to public auction. They will only get pennies on the dollar. This scenario will take place in virtually every town in CT several times. It will be almost impossible for these people to find an equivalent job, or any job, in the present economy. Many will need to go on unemployment, and when that runs out, they could be looking at food stamps, and government funded healthcare. They could even lose their homes in foreclosure as a direct result. Allowing this to happen is just not fiscally responsible. Thousands of jobs will be lost, while many less will be created. The big box stores will get the job done with fewer people, and lower pay scales. They will handle pallets with fork trucks, while the small stores stock their shelves by hand one bottle at a time.

The proposed regulation to let medallion purchasers open up anywhere, is a deadly blow. It would let the mega stores go into any town in CT, and annihilate the small business owners. They would have an open look at their painfully disadvantaged competition, and be allowed to put them out of business. Keep in mind that 90% of the existing stores will have to close their doors forever. When we initially set up our stores, we looked at the regulations in place and made our decisions accordingly - regulations that had been in place for many years. It is simply unfair to the many hard-working middle-class package store owners to allow an uneven playing field to be created.

I have read in the media that the consumer will benefit from these proposed regulations through lower prices. After the mega stores become established, and the existing competition is gone, does anyone think that they not raise their prices? With fewer stores throughout the state and greater distances between them, along with the highest gas prices in the country, they will raise their prices without consequence. They will not even be kept in check with internet sales, because of the highly regulated product being sold.

The whole agenda of proposed regulations would be a slam dunk for big box stores, super markets, and wealthy liquor store owners. It clearly would only benefit the wealthiest of the wealthy, while devastating the already struggling middle class worker. The American dream for most small store owners might be to buy a new car, or purchase a modest home. To pass the proposed regulations would close the door forever on thousands of those dreams while allowing a select few to buy a bigger yacht. What is in place now was developed over decades. Going to the proposed regulations would be a swift annihilation of the existing stores. Think of the pain, suffering, and humiliation these once proud small business owners will be forced to endure. Please, think of the many families that will be destroyed if House Bill No. 5021 were to pass. I implore our state legislators to vote "NO" on House Bill No. 5021.

Respectfully submitted,

Nicholas P. Hine, Owner
Stafford Spirits Package Store and Hydeville Package Store

Nicholas P Hine / Richard Lemay

Proposed Liquor Legislation

Bill #5021 **Opposed**

To: General Law Committee Members

2/28/2012

From: Patrick Monteleone (Owner)
Harry's Wine and Liquor Market
2094 Post Road
Fairfield, Ct. 06824

P29
L7

Dear Sir/Madam,

Attached Please find a copy of my testimony presented at the hearing for FB #5021. In the testimony you will find arguments against the implementation of what is being unfairly touted as "**The Sunday sales**" bill. The evidence presented will show that this is in fact a sweeping, multi layered reform to a system that is working and has served our state and the Connecticut small business man well for many decades.

The points addressed within this are as follows:

- **Fairness to the small business owner**
- **Loss of jobs and putting at risk 1200 local businesses**
- **A Bill designed to benefit big box and chain stores only**
- **Consumption by minors of a controlled substance**
- **Sending revenue out of state rather into our local economy**
- **Depletion of selection and higher prices to the consumer**

Thank you for you consideration,

Patrick Monteleone

Proposed Liquor Legislation

Bill #5021 **Opposed**

To: General Law Committee Members

2/28/2012

From: Patrick Monteleone (Owner)
Harry's Wine and Liquor Market
2094 Post Road
Fairfield, Ct. 06824

Dear Sir/Madam,

I recently purchased Harry's Wine & Liquor Market, a business located on the Post Road in Fairfield Connecticut for more than 70 years. One of my partners, Scott Pollack, is the Original owner's grandson and represents the third generation of ownership of this store. The other is William Miller, who like myself, is a long-time employee. Over the years, our small business has employed hundreds of local residents, many who have gone on to careers in the beverage and restaurant industries as a result of the training that we provided. Further, we take great pride in our dedication to the community, in our track record as a gatekeeper for the distribution of a controlled substance and as a business that is known for offering great service and selection for its customer base. I am speaking to you today because our business, and many others similar to ours, is at risk due to Governor Malloy's proposed changes to the Connecticut Liquor Laws.

When we purchased the store on November 1, 2011 just a few months ago, we did it understanding the laws and regulations governing our industry. I believe that it is reasonable to expect that laws which have gone largely unchanged since the end of prohibition would remain similar over time, changing only to fit the needs of an evolving time in our society. The bill being touted as "Sunday sales" is in fact a multi-layered reform to fix an industry that simply isn't broken. In a time where it seems that our state and country have finally moved back toward a farm to table mentality, where the small business man and his uniqueness are appreciated, it is inconceivable to me that we would put a working system that has so many thriving small businesses at risk.

These proposals represent a sweeping change that is a nod to the Big box and Chain stores that all too often put small family owned shops out of business. The changes that are being proposed are not at all consistent with the way our industry has operated successfully for many decades. The increase in the number of licenses per owner, quantity discounting, discontinuation of minimum bottle

Proposed Liquor Legislation

Bill #5021 **Opposed**

price and Sunday sales are all proposals that will benefit the big chains and supermarkets at the expense of the smaller stores. Once the big stores are granted this amount of purchasing power, it is a fact that they will put the small stores out of business. This will result in lost jobs, less selection and once the competition has been eliminated...increased prices. Chain stores and supermarkets are motivated by profit only. They do not have a stake in the local community like the small stores. They will not offer the service that we do. They will not be as diligent in protecting minors as we are. They will not give back to the community the way we do. They will employ a fraction of the people that we do and those people will not have anywhere near the product knowledge that we have.

This proposal puts 1,200 retail wine and liquor stores at risk of going out of business. Thousands of taxpaying employees will likely be laid off. Product selection will be greatly diminished. Protections against consumption by minors will be threatened...all for what benefit? To keep a handful of consumers who live in border towns from crossing state lines to purchase alcohol? Is this benefit really worth the potential cost?

Our system is certainly not perfect and I for one am perfectly willing to engage in a discussion with lawmakers, wholesalers and other retailers about potential improvements. But instead, with no input whatsoever, we are faced with these wholesale changes to our industry which have been advocated by a handful of deep-pocketed companies that will greatly benefit from them. We have not been provided any quantifiable evidence that the benefits of the proposal would outweigh the costs or, for that matter, that there are in fact any benefits at all.

I urge you to vote NO to the proposal.

Thank you for your consideration,

Patrick Monteleone

Proposed Liquor Legislation - Governor's H.B. No. 5021

OpposedP29
L 9

To: General Law Committee

From: Doug Rankin and Ann Reynolds (Owners)
Fountainhead Selections
226 North Plains Industrial Road
Wallingford, CT 06492Subject: H.B. No. 5021 - Opposed

Good morning Chairman Doyle and Chairman Taborsak and members of the General Law Committee. I thank you for your attention to my testimony today, and the testimony of the many knowledgeable stakeholders who have left work to come here today. We are here to urge you to reject H.B. No. 5021 as it is written. We are confident the welfare of the state's economy and business community are on our side.

My wife and I started a small wine import and wholesale company last year, with the intention of growing. We have a robust niche of retailers who focus on small production, affordable wines. But we find ourselves here today, gravely concerned that the Governor's House Bill No. 5021 imperils the viability of many of the small and mid-size professional retailers we are lucky to count as our customers. In turn, the bill imperils our new company and those like us. So we feel we must speak up to oppose the bill as it stands, not because of the issue of Sunday sales, but for its more ominous aspects. As always, the devil is in the details. And those details radically undermine the premises upon which we invested our money, time, and future to build our business.

This bill strikes us as tailored for big box stores, who make their profit on large volume discount purchasing from the big brand beverage companies. The bill is really only good for them, but it is not clear just how this shift in preference for big box stores will generate increased tax revenues or lower prices for consumers. Nothing in this bill will make Connecticut residents drink more than they do, so sales will continue on pace, just within a smaller circle of purveyors.

For example: the proposed medallion system will make it easy for chains to geographically target and eliminate competition in whatever town they decide they want to dominate. The current town-based system of one permit per 2500 residents works exceptionally well, and we should take every pain to preserve that, or be prepared for the reduction and homogenization of the number of retailers and products. This may take several years to play out. Slow-motion tragedies don't attract urgent attention, so we are glad to make this very clear to you today.

Another troubling aspect of this bill is the increase in the number of retail licenses from more than two (2) and the removal of minimum bottle pricing. This will leave the state with a small group of well-funded big box chains that will drive the agenda for wholesalers and limit choice for consumers. This buying power allows them to sell

Proposed Liquor Legislation - Governor's H.B. No. 5021

Opposed

specific brands at a loss until they euthanize much of their competition, and when it's safe to do so, raise their prices. A well understood tactic to all of us. Their domination won't be due to superior customer service, fair prices, or professional knowledge, but because the laws were tilted in their favor.

In the end we will be left with an industry more dependent than ever on the whims and business decisions of fewer, larger big box employers. As we've failed to learn time and again, an economy dependent upon fewer, larger companies is vulnerable. It narrows the economic gene pool.

A large corporation is designed to offer the minimum possible while extracting the maximum possible, often moving profits out of sight and out of state. They do not have to look the community in which they operate in the face, so to speak. The small business owner does. A local Connecticut business recirculates its profits in the town in which it operates, and in the state. Most of all, the small business owner is accountable to the community.

The irony is that the current system works – it could be tweaked to bring more choice to consumers, but it works. And it allows for a small business like us to establish ourselves and grow, provided we bring value to the marketplace. If we upend these laws, we will travel down a familiar road. CVS and Walgreens have effectively wiped out the small and personal pharmacy, just as Home Depot and Lowes have effectively wiped out the local hardware stores. Is this our measure of progress?

Don't make this a race to the bottom. Please reject H.B. No. 5021. Three minutes is an awfully short amount of time to address an issue that will fundamentally change our future. If there are legitimate reasons for tweaking the state's liquor laws, let's have the debate in the open. Let's publicly and professionally vet all promises of increased tax revenues, and introduce all of the stakeholders to the public, before we enact desperate measures. As a citizen and voter in Connecticut, I expect nothing less.

HB 5021

Please don't allow
grocery stores to
own liquor permits
B. KAMAN

Please don't allow
grocery stores to
own liquor permits
B. KAMAN

P39
L 4

P 29

L 11

Proposed Liquor Legislation – Bill #5021

Opposed

To: General Law Committee Members

From: Maureen Abrahamson (Owner) &

Mark Abrahamson (Owner)

Mo's Wine & Spirits

Wilton Wine Shoppe

953 Post Road

203 Danbury Road

Fairfield, CT 06824

Wilton, CT

Date: 2/28/12

I would like to thank the esteemed members of the General Law Commission for the opportunity to express my feelings here today before you.

My Father raised me to believe that I could be whatever I wanted to be in life.....because I was a hard working American. I have been employed continuously since I was 11 years old, put myself through undergraduate and graduate school, and worked my way up the corporate ladder eventually becoming one of the only women VP's at a bank in NYC. Opted out of the corporate world and over the past 14 years launched three successful businesses. Married the man of my dreams, raising an amazing 11 year old girl, own my own home and give back to my community – town commissioner, environmental and PTA committees, two local underage task forces, Chamber of Commerce, brownie leader....life is full.

We own Mo's Wine & Spirits in Fairfield, mid-large store and Wilton Wine Shoppe a small store in Wilton. Together we employ 15-20 employees- 6 full time. While my idea of the American dream was not necessarily to own a liquor store, my MBA and my husband's background, palate and passion have combined perfectly to create our well-run, respected establishments.

While we always knew the day would come that we had to be open on Sundays, we never in our wildest dreams could imagine our entire industry could be sacrificed at the alter of big money and lobbyists for grocery store chains and big box stores. While it is being fed to the public as overturning Blue Laws, this bill goes so much deeper as you have no doubt determined by other testimony. **We would like to state for the record that if our legislators feel that Sunday sales will generate needed revenue for our great state, they should approve this portion of the bill. We will support you.**

I, like a lot of owners across the state, kept hoping that I could just close my eyes and forget about this bill. It just seemed incomprehensible that a bill of this complexity and

magnitude could be dropped on our doorstep with no time to rally 1200 disparate package stores to fight for their livelihoods. But, it seems this whole thing was rolled out with razor vision. Pick off the beer guys then work on the wholesalers who have had enormous pressure to concede. Add a ton of money and shake up an entire state.

And, it has worked...our ranks are scared and angry. We've heard the rumors about the behind the scenes machinations and arm twisting. Is this politics as usual? I hope not because we are people with families and lives. Why are we left behind?

But, what about us, the retailers, the ones appointed with the responsibility to sell alcohol to the masses, the ones who bought into the current system, that were left out of the equation. We invested our sweat and financial equity in a system that is being dismantled by Big Box and grocery store chains. I wake up at night and try to figure out why.

Our local legislators have expressed their full support and I can't tell you how grateful we all are for that so I am here to offer a solution:

Slow this bill down, dissect its contents, and demand an economic impact study to determine how this will affect our industry and the state coffers. Convene a bi-partisan, industry-wide panel be to study ways to accomplish this in a transparent, inclusive manner.

As final note, I pay my taxes to the State of CT and United States of America. I am incorporated in the state of CT not out of the state or the country. Our CEO's live right here in Fairfield. It's me! The MBA who still believes in the American dream, and the intelligence of our political system to slow down ill-conceived bills and safeguard small business while doing what is appropriate for our state.

From: supercellar@supercellar.net
Sent: Tuesday, February 28, 2012 7:23 AM
To: supercellar@snet.net
Subject: Public hearing

HB 5021 P 29
L 15

Good Morning,

My name is David Leon from Bloomfield Discount Liquors in Bloomfield and Super Cellar in Avon. I am in a family business that also includes my brother and brother in law. I am a 3rd generation package store retailer and have been in business 23 years. I am a Market Watch leader award winner which is given to a handful of retailers nationally every year. We employ 40 people in Connecticut.

It is my belief that any legislation affecting us or any retailer should either be of benefit to the state with additional revenue and/or to the consumer with some type of benefit. I also believe that the only potential revenue and consumer benefit may come from some sort of Sunday sales and that many of the other issues will help put most of us out of business, thousands of jobs lost, and lead to a monopolistic marketplace of big box stores selling alcohol, a significant decrease of brands and choices for the consumer, and ultimately, when most of us are gone, higher prices.

The mindset that more, more, more is better, better, better is just not true. We are open 78 hours a week. People just won't drink more because of more hours and more outlets. We already have more permits per capita than any state in the country. If this is to be deemed a revenue issue, we are agreeable to higher permit fees, but absolutely, no NEW permits.

The fact remains that despite any of the new pricing schemes being discussed presently for Connecticut, consumers of this state will continue to leave the state to purchase alcohol Monday- Sunday, especially bordering New England states, because of no sales tax on alcohol and lower excise taxes on alcoholic beverages. Yankee Spirits in Sturbridge does approximately \$8-10 million dollars annually with Connecticut consumers. Again, proposed changes in pricing policies will not change this. We run a discount operation as well as many of the retailers here today. We sell all National Brands at low prices and give our customers very aggressive pricing. If the tax structure remains the same, I believe there is no need to change pricing laws. It works well now.

We are the definition of small business. We are the ones that support countless charities in our communities with time, money, and donation of products. You all know this because you are at these events as well. The system has been fair and worked for years, and change for the sake of change, if there is no benefit to the state or consumer, makes no sense.

We are already committed to compromising on the biggest public issue, Sunday Sales. The other issues only serve to hurt thousands of businesses and employees of those stores.

Thankyou

Please use our new email address: supercellar@supercellar.net

Thank you!

2/28/2012

February 28, 2012

P 31

Dear General Assembly,

My name is Larry Cass and I own GlenRo Spirit Shoppe in Monroe CT. With a three minute time limit I will be brief, please do not take it as disrespectful. Proposed Bill 5021 contains provisions that would micro economically impact CT and macro economically affect the northeast. Plain and simple.

P 30
L 1

Last year, I was sitting ten rows back and I listened to the general law committee attempt to pass a Sunday liquor sales bill to no avail. What struck me during that process was the concept of selling potato chips. Yes, potato chips. The General law committee stopped the hearing to check the liquor law statutes with the conclusion that liquor stores do not sell potato chips.

With all due respect committee members, how do you know the ramifications of abolishing min bottle? How about the favoritism to the large box stores in quantity discounting? The creation of a medallion system is intriguing, but what are the long term probabilities for the small Mom & Pop stores? The 2,500 person per store law has existed for decades, yet somehow abolishing that would achieve more tax revenue in what way?

You folks are looking for more tax money, yet Bill 5021 looks to destroy small business jobs, lower prices for the consumer (Albeit a great idea, but if prices decrease so does CT tax revenue) and destroy competition with these mega-stores. How can we compete as Governor Malloy eloquently showed us on TV with CT consumers shopping in Massachusetts? Well, they have NO liquor tax. It's like comparing outlet shopping in Clinton with Fifth ave NYC shopping. We are not on an even playing field.

Finally, Please do not vote for this bill if you believe in your heart that there is reasonable doubt the net outcome will not be positive for tax revenue. Also, please consider not supporting this bill if your mind tells you we will not loose the projected 7,000 jobs with Bill 5021. Any doubt on any portion of this bill or any combination of these bill proponents should lead you to a NO VOTE on Bill 5021.

Why not try opening 10 Sundays a year first, before completely re-writing history here in CT.

Remember our ancestors thought prohibition was a good idea.
Thank you in advance for your time,

Larry Cass
GlenRo Spirit Shoppe

General Law Committee

Mitch Ancona
 Owner
 Ancona's Wines & Liquors
 720 Branchville Road
 Ridgefield Ct 06877



P30
 L 22

Tuesday, February 28, 2012

Opposition of Governor's Bill No. 5021

"Our Store Pre-Prohibition"

My name is Mitch Ancona and I own two package stores, one located in Ridgefield the other, in Wilton. I'm a third generation owner. My Grandfather started the Ridgefield store in 1920. Back then it was a general store that sold a variety of items. Post prohibition, the liquor store ran as an individual business. After my Grandfather passed away, my father owned and operated the store. Now, some 90 years later, I own and operate not only the original business but also a second store that we opened two years ago. I oppose certain aspects of Bill No. 5021. I find the majority of this bill to be biased towards big business and anti-small business.

Major Issues I Have with Bill No. 5021

Allowing Sunday sales and stores to be open until 10:00 pm. While this is the headline portion of the proposal it is not the most controversial from my standpoint. I am no longer opposed to Sunday sales and extended hours simply because I feel many other aspects of this bill are far more detrimental to our industry. I would however suggest limiting Sunday sales to 12pm to 5pm to fall in line with surrounding states.

Increasing the number of liquor licenses that a store owner can have from 2 to 9. The Elimination of state regulations mandating only 1 package store permit per 2500 residents-(aka the Medallion System) and the offering of quantity discounts, the elimination of price posting and the elimination of minimum bottle pricing.

These three changes individually are troublesome; together they represent a formula for big box chain stores to dominate our industry leading to the demise of all small, independently owned, package stores. The changes to the pricing structure alone would allow big box chain stores to use their buying power to purchase goods for far less than independently owned stores would ever be able to purchase them for. They will sell products at or below cost to lure consumers into their stores and ultimately put smaller stores out of business. Once competition is eliminated, the prices would rise, ultimately creating higher prices to the consumer. The elimination of minimum bottle is the most difficult aspect of the bill to articulate to a person not in the industry. At first glance, it would simply seem to enable bigger stores to offer products to the consumer at a lower price while maintaining their margins and forcing smaller stores out of business. There is another issue though. Right now the minimum bottle is used as a means for brands within the same category to compete. This results in more competition among brands, increasing selection for the consumer while keeping prices competitive. We could spend hours on this one topic alone. We could discuss how right now our case "one" price is

lower than surrounding state's case "five" or case "ten" prices and how all of the prices will go up if this bill passes forcing us all to buy more of a single product just to maintain the prices that we currently offer to our consumers. Unfortunately time is not on our side.

The ability for package stores to sell complimentary goods.

This bill would allow package stores to sell complimentary goods including chips, cheese and crackers. At first glance this would seem to be a minor plus for some of us. Unfortunately, the way the bill is written, package stores could sell cheese, but not offer samples of cheese at an in store tasting event or add cheese to a gift basket. This points to the haste in which this bill was written and the fact that it does not look at the current environment of the industry in it's entirety.

Conclusion and solution-Currently there are 1228 retail package stores in the state. All active, healthy businesses that pay employees, taxes and occupy commercial real estate. Each store is different. Their diversity is reflective of the communities that they reside in and the customers that they serve. By changing the laws to better suit big box chain stores, this bill threatens the existence of every package store currently in operation. We have been charged with the responsibility of the selling of a controlled substance since the end of prohibition. We have been following the same set of rules for the past 60 years. Why is it so imperative that the laws change so drastically and so quickly? I believe there are ways to modernize CT liquors laws that will cut costs to consumers and increase tax revenue for the state without forcing any store to go out of business. A bi-partisan committee should be formed to look at the industry as a whole. This committee would include input from the retail, wholesale and supplier sides of the industry. By studying surrounding state's laws and regulations, getting input from all factions of our existing industry we can alter the current laws and create a stronger, healthier liquor industry in Connecticut.

Thank you for taking the time to consider my concerns,

Mitch Ancona



Our Current Location

General Law Committee

Julia Lewis
Store Manager
Ancona's Wines & Liquors
5 River Road
Wilton Ct 06897

Tuesday, February 28, 2012

Opposition of Governor's Bill No. 5021

Dear Sir/Madam,

My name is Julia Lewis and I am currently the store manager Ancona's Wines and Liquors in Wilton. When I was 19 years old, I started out as a cashier at Anconas. I knew everything about nothing. I didn't know the differences between Chardonnay and Cabernet or what was used to make a margarita. More importantly though, I didn't know anything about the business itself. Working at Ancona's through the years has taught me what it means to our patrons to have outstanding customer service every time they walk through the door. To me, it takes more than just having a product on a shelf. They want individual attention, knowledge that empowers their decisions, and friends that make them feel at home. Bill No. 5021 threatens every store's ability to offer that service. The increased costs of buying larger amounts of fewer goods will eat away at the working capital of a store. Before a store completely fails, sacrifices will be made. Wages will fall, staffing will be cut and with that, the quality customer service will fall as well. In the end, the consumer loses.

If this bill passes, I fear my dream of owning my own wine shop some day will become impossible. People don't own the Walmarts and Targets of the world, corporations and share-holders do.

Every change proposed in bill 5021 favors big business and hampers small business. One of the stated objectives of this bill is to offer lower prices to the consumer through increased competition. Why is it then that the beer wholesaler's monopoly on brands stays intact? How does competition exist when a store can buy a product from just one source? Wine and spirit wholesalers currently have no exclusive territories so why should the beer wholesalers be different.

Every store owner and store employee is here today because their lively hood is being threatened. The big question is why? With much more serious and poignant debates going on about crucial issues such as education, why are we here discussing a system that isn't broken? I suggest we slow down the process. Pass the Sunday sales/ extended hours aspect of this bill, it will put no one out of business. Hold off on the rest until we have the chance to evaluate the possible negative repercussions that bill 5021 creates.

Thank you for taking the time to consider my concerns, Julia Lewis

General Law Committee

Monica McCall
Wine Director
Ancona's Wines & Liquors
720 Branchville Road
Ridgefield Ct 06877

Tuesday, February 28, 2012

Opposition of Governor's Bill No. 5021

My name is Monica McCall. I am the Wine Director for Ancona's Wines & Liquors in Ridgefield, CT. I am opposed to parts of Bill No. 5021.

About 5 years ago I left the pharmaceutical industry to start a career in the wine industry because I truly wanted to follow my passion. I spent 2 years studying wine and I am continuing my studies towards a Diploma of wine, which is the path towards the prestigious Master of Wine. I love what I do and love coming to work every day. What brings me joy is the ability to help consumers buy something fun and enjoyable. That is why I am not opposed to Sunday sales as I see it as a benefit and convenience to consumers. However, one of the aspects of the bill that I am opposed to is the proposed pricing structure based on quantity discounting. We currently offer our customers over 2000 wines, 800 beers, and 900 different spirits. Right now I am busy reviewing hundreds of different rose wines to order for the spring season. If we were to go to a quantity discount buying structure, the broad selection I offer my customers would be drastically diminished. Most of my purchasing budget would be tied up in "must have" national brands. Instead of buying 40 different rose wines, I would only be able to buy perhaps 10 or 15. Bottom line, this bill does not benefit the consumer in terms of product selection.

I talk with consumers every day and more and more I see their desire to learn about wine and the desire to be adventurous—experience more than just Chardonnay or Merlot. When consumers find a toothpaste, soap or soda they like they stick with it. This is not true for wine. With thousands of wines to choose from and with it being more of an adventure, consumers are willing to try different types and styles much more frequently. That is why now vs. 10 years ago we have interesting grape varieties to offer our customers such as Dornfelder from Germany, Jacquere from France, Tannat from Uruguay, Moschofilero from Greece, and Erbaluce from Italy. A quantity discount buying structure will not enable me to offer these wines to the consumer and the small distributors that carry these unique wines will quickly go out of business.

I spoke a little about the consumers desire for more wine education. Education is near and dear to me, that is why I am in favor of Bill CT S 59, which would allow package stores to offer wine education for a fee. I feel this bill represents the "out of the box" thinking that could help modernize this industry. This allowance would benefit the consumer by giving them a more complete experience, which in turn will encourage additional sales and revenue.

In summary, change can be good and I agree that there are some areas of the current laws that should be modernized to offer healthy competition, better pricing to consumers, and help maintain the selection of products that our customers have grown to expect. Let's learn from other states what has worked and what has not. The extreme changes that Bill 5021 proposes, will only result in stores going out of business and a loss of jobs.

Thank you for taking the time to consider my concerns, Monica McCall

Oppose P32
#5021 L 17

Patrick Misciagna
Owner, Premier Wine and Spirits
525 Tunxis Hill Road
Fairfield, CT 06825

Thank you for allowing me to address you today.

In September of 2009, I was laid off after a 28-year corporate career with three major corporations in the financial sector. Despite a lot of effort, I spent the next 18 months unemployed. During that time, I decided that I did not want anyone else controlling my destiny again so I looked to match my business experience with my love of wine. I took my all of my savings and bought a package store in June of 2011. With the proposed bill as it currently stands, it would appear I have pretty bad timing! Before I even really get started, my dream could be over.

I am not averse to change. Much of my career was spent helping others in business make effective changes to improve business processes, reduce expenses and increase revenue. What I learned is that all successful and sustainable change is methodical and contains well explored and tested solutions that create a "win-win" for all parties involved. As I read this bill, it is very one sided. It creates a big win for the mega stores and will really crush the small business owners like myself. We are supposed to be the heart of any recovery. In the worst economy since the Great Depression, why would anyone pick this time to decimate an industry?

General Law Committee

Thor Oliver
Manager/Wine Sales
Ancona's Wines & Liquors
720 Branchville Road
Ridgefield Ct 06877

Tuesday, February 28, 2012

Opposition of Governor's Bill No. 5021

Dear Sir/Madam,

My Name is Thor Oliver, I am an employee of Ancona's Wines & Liquors in Ridgefield Connecticut. Working in the retail beverage alcohol industry is my career not merely a job. That is why I am speaking with you today, to express my concerns regarding the proposed overhaul of Connecticut's liquor laws. As a former resident of Massachusetts I spent the last six years managing two of the biggest wine stores in southeastern Massachusetts. I feel the proposed bill is problematic to all of the existing package stores in Connecticut. The following comments speak to what will happen in Connecticut based on what actually did happen in Massachusetts when similar destructive changes were put in place.

When they allowed Sunday sales in Massachusetts there was such a decrease in our Friday/Saturday sales, that Sunday's business did not always make up for the loss, at times, resulting in a decrease in weekly sales. Costumers did not increase the amount that they drank, they merely spread out their shopping over seven days.

In Massachusetts quantity discounting made the big stores bigger and put the smaller stores out of business. Not only did the bigger stores benefit from their buying power, they also were able to negotiate "deals" on the side with suppliers and wholesalers making it impossible for the smaller stores to compete. Some stores made arrangements with wholesalers to get quantity discount pricing on all products even when purchasing only one case. For example, we received the "150 case discount price" on a popular line of wines, even when we purchased only one case. Often there was money offered above and beyond the quantity pricing. These "deals" were not allowed in the state, but with little policing, they occurred all the time. I fear that this will also be the case in Connecticut. This will put smaller stores at a severe disadvantage.

The fact that smaller brands can't afford to create extra incentives to entice larger stores to purchase them, those brands were often not purchased and hence not offered to the consumer for purchase. The store I currently work in has a much broader selection of products than any of the stores I worked at in Massachusetts, even though it is much smaller.

Moving to a quantity discount pricing structure is just one of the elements in bill 5021 that I find problematic. Increasing the number of licenses that a store owner can have from 2-9, eliminating the state regulations mandating only one permit per 2500 residents and the ability for a store to sell products bellow cost are all changes that I feel will be disastrous to industry as we know it today.

Thank you for taking the time to consider my concerns,

Thor Oliver

HB 5021

There are a few things that I believe need greater review before you seriously consider this bill as it stands:

- Is the \$8MM in new revenue expected by Sunday sales a real number? My customers in Fairfield, who buy on Saturday for Sunday as well, will likely now just split their sales so I would not expect any increased revenue but I will have increased expenses. I understand Sunday sales as a convenience to consumers but not bundled with the rest of the bill.
- As the super stores build up, small businesses will be put out of business. Licenses will then revert to the State. There will be no "windfall" for a small business owner who tries to sell his/her medallion. You will not increase overall sales in the state but, rather, just concentrate those sales into few locations. And that DECREASES competition and CONVENIENCE.
- Is the failure of 1000 stores worth it? You will not only lose my 5 employees paying taxes and spending in their communities, but they will also likely go on unemployment and task State resources. There could be 7000 retail job losses at across the State. But make no mistake; wholesalers will cut sales staff too. And there will be fewer trucks on the road to deliver to fewer stores.
- We are tasked with managing a controlled substance and go to great lengths to prevent sales to minors. Can you expect the same diligence from a 17 year old grocery clerk or gas station attendant especially when their friends come in?

I ask you to consider the downstream impacts of a poorly thought-out bill BEFORE you try to implement it. A lot of needless harm stands to come too many people who live, work, pay taxes and support their communities.

Thank you.

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L 21

Shelby Rafaniello Pons
168 Belridge Rd
Bristol, CT 06010

I want to start by thanking Senator Doyle and Representative Taborsak and the other members of the General Law Committee for this opportunity to testify about Raised Bill 5021.

My name is Shelby Rafaniello Pons. I am testifying as a citizen of Bristol Connecticut, a parent of three children and a Master in Social Work Policy Student at the University of Connecticut. As a future Social Worker of Policy Practice, I am testifying to support Raised Bill 5021, An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees. This Bill attempts to eliminate an old Blue Law that prohibits the sale of liquor on Sunday, affording Connecticut the opportunity to bring in approximately an additional 8.5 million dollars of revenue per year.

As a student of social work, I can see the multiple advantages that 8.5 million dollars could provide to the children and families of Connecticut. In a time when resources are continuously being cut, it would be encouraging to see Connecticut attempt to address the vulnerable budget with sensible solutions. Solutions that involve providing additional job opportunities for the working class and that do not involve raising taxes.

More than \$3.2 million dollars was recently rescinded from the Education budget; these cuts effected services to our most vulnerable families. They included cuts to many local programs which include, but are not limited to: Family Resource Centers, After School Programs, Young Parents Programs, Even Start, and Primary Mental Health programs. \$8.5 million dollars would not only restore the rescinded amount, but provide additional funding to support services that would support other vulnerable populations.

An additional benefit to Raised Bill 5021 would be more convenience to Connecticut Consumers. Outdated regulations prevent consumers from the convenience of purchasing liquor on Sundays. Sunday is the busiest shopping day of the week. Ending the Sunday sales ban will mean more choice and convenience for Connecticut consumers.

As progressive as I believed CT to be, I was amazed to learn that CT is the only state in New England and one of only two states in the entire country that still prohibits the sale of beer wine and spirits at neighborhood grocery and package stores.

Connecticut's neighborhood grocery and package stores are losing business to stores in bordering states who allow Sunday sales and longer hours of operation. According to one industry estimate, Connecticut is losing \$570 million in sales to bordering states

It is time for Connecticut to get rid of an antiquated blue law designed to enforce religious standards. As the Hartford Courant posed, "Isn't it time that the land of steady habits caught up with the rest of the country".

I strongly encourage this committee to support Raised Bill 5021 and to respect the voices of CT consumers, ensure CT's competitive position, and add millions of dollars in additional revenue.

Deion Cooper

Po Box 4233

Hamden Ct 16514

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C 19

Allow me to thank everyone for allowing me to speak concerning The Raised Bill 5021.

My name is Deion Cooper. I live in New Haven Connecticut and I attend The University of Connecticut for Social work in a concentration in community organizing. I am testifying today to support the Raised Bill 5021 concerning Alcohol Liquor Pricing and their Hours of Operation.

This Bill will bring financial stability to a state that is already struggling with a high unemployment rate.

During my undergrad experience at Springfield College my family would have me stop at the local liquor store and purchase a bottle of wine. This would save them a trip for driving the long distance to Springfield or New York on any given Sunday. The biggest advantage of this Bill is the fact that liquor stores do not have to open on Sundays if they do not want to. Let us show the other 13 states that still have a band on Sundays that it is time for change. Thank you all.

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beer wholesalers association

Governor's Bill No. 5021 – An Act Concerning Competitive Alcoholic Liquor Pricing and Hours of Operation for Permittees

Testimony on behalf of the Connecticut Beer Wholesalers Association, Inc.

Good afternoon. My name is Dave Hardy. I am a partner with the law firm of Carmody & Torrance and I serve as legal counsel to the Connecticut Beer Wholesalers Association. The Connecticut Beer Wholesalers Association appreciates the opportunity to be with you today to urge the passage of Governor's Bill No. 5021, and to briefly identify the reasons why the association and all of its member wholesalers support this bill.

I do wish to advise the committee at the outset of my testimony that a combination of mandatory out of state supplier meetings and specific concerns over customer relationships has lead the association to send their legal representative to testify today, instead of singling out any particular wholesaler owner for this important opportunity for which we are most grateful. My representative expression of support for this bill has the unanimous backing of all Connecticut Beer Wholesalers Association members.

The Connecticut Beer Wholesalers Association represents the interests of eleven beer wholesalers in this state. Its member wholesalers are predominantly locally owned, multi-generational family businesses that provide, on a combined basis, over one thousands jobs here in Connecticut.

In recent years, the Connecticut alcoholic beverages market has become increasingly uncompetitive with the markets in our bordering states. It may surprise the members of this committee to learn that Connecticut currently ranks 49th out of the 50 states in the per capita consumption of beer. While much of the competitive disadvantage in the Connecticut beer market stems from increases in excise and sales taxes and new financial burdens that have been placed on beer wholesalers under recent amendments to the Bottle Bill, there are also features of Connecticut's Liquor Control Act that place our state at a competitive disadvantage.

First, the inability of consumers to purchase alcoholic beverages for off-premises consumption on Sundays and the current limitation on purchase hours during the other six days of the week forces Connecticut dollars into the hands of retailers in our neighboring states and reduces overall sales in our state. Second, the inability of wholesalers to differentiate and lower their pricing to retailers on the basis of the quantity of products sold leaves Connecticut wholesalers without an important and effective competitive mechanism that wholesalers in neighboring states currently have.

While the Connecticut Beer Wholesalers Association supports changes to the Liquor Control Act that will lower prices at the shelf to consumers and increase tax revenues through additional sales, it believes that these ends must not be achieved at the expense of consumer safety and responsibility and moderation in consumption. Accordingly, the Association has been working and will continue to work with the Governor's office and this legislature to ensure that Connecticut's liquor laws are modernized and made more competitive while still preserving the fundamental principles of the three-tier system which, since the repeal of prohibition, have fostered safety, moderation, responsibility and the local accountability of participants in Connecticut's alcoholic beverages market. The Connecticut Beer Wholesalers Association is confident that the bill that emerges from this committee will strike the appropriate balance between achieving more competitive pricing for consumers and preserving a safe and orderly marketplace.

Thank you for the opportunity to express our support for Governor's Bill No. 5021 and its important goal of making the Connecticut marketplace competitive with our surrounding states. The Connecticut Beer Wholesalers Association urges you to support the passage of this bill. I would be pleased to answer any questions you may have.



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L 15HB 5021

SUNDAY ALCOHOL SALES AND EXPANDED COLD BEER SALES: WHY CONNECTICUT CANNOT AFFORD THIS "CONVENIENCE"

As the Connecticut State Legislature considers allowing statewide alcoholic beverage sales on Sundays and the sale of cold beer at grocery and convenience stores, the arguments in favor of such sales focused heavily on two points:

1. Sunday alcohol sales and expanded cold-beer sales will be more convenient for consumers; and
2. Sunday alcohol sales and expanded cold-beer sales will bring economic gain to owners of grocery and convenience stores that sell such products.

The Connecticut Coalition to Stop Underage Drinking strongly believes that these reasons do not justify statewide Sunday sales of alcohol.

The "convenience" of Sunday alcohol sales and expanded cold-beer sales comes at a cost – one that the citizens of Connecticut and the state itself simply cannot afford. And any economic gains made by one segment of the marketplace – if such gains would materialize – would be offset by the economic losses that would occur on a much greater scale and affect a much larger number of individuals as the result of alcohol-related crashes, law enforcement costs, social services, medical care, work loss and other issues related to alcohol abuse.

In fact, the State of Connecticut cannot handle the social and economic challenges that already exist as a direct result of alcohol abuse. Increasing the availability of alcohol – a controlled and regulated substance, not an ordinary grocery or convenience-store product such as milk or bread – by allowing Sunday sales and expanded "ready-to-drink" cold beer sales would only add additional burdens to systems and services already struggling to deal with these problems.

Let's examine exactly who would be "convenienced" by Sunday alcohol sales and expanded cold-beer sales:

Sunday sales of alcoholic beverages and expanded cold-beer sales would be more convenient for underage drinkers.

- *Connecticut already has a problem with underage drinking. Approximately 157,000 underage youth in Connecticut drink each year. In 2005, underage drinkers consumed 16.2% of all alcohol sold in Connecticut, totaling \$325 million in sales. These sales provided profits of \$157 million to the alcohol industry. That's higher than nationwide rates, which show that underage drinkers consume about 11 percent of the alcohol purchased. (Miller, TR, Levy, DT, Spicer, RS, & Taylor, DM (2006) Societal costs of underage drinking *Journal of Studies on Alcohol*, 67(4) 519-528)*
- *In CT, off premise establishments that most frequently are cited for sales of alcohol to minors are grocery stores and convenience stores. (Governor's Prevention Partnership, 2010).*
- *Underage drinking cost the citizens of Connecticut \$621 million in 2005. These costs include medical care, work loss, and pain and suffering associated with the multiple problems resulting from the use of alcohol by youth. (Pacific Institute for Research and Evaluation (PIRE), October 2006)*



- *This translates to a cost of \$1,886 per year for each youth in the State. Connecticut ranks 36th highest among the 50 states for the cost per youth of underage drinking. Excluding pain and suffering from these costs, the direct costs of underage drinking incurred through medical care and loss of work cost*

Connecticut \$196 million each year.

(Pacific Institute for Research and Evaluation (PIRE), October 2006)

- *Since the 1970s, a growing international body of public health research has consistently shown that even relatively small increases in alcohol availability lead to more consumption and, in turn, to more negative consequences associated with underage drinking (as well as with alcohol abuse and alcohol-related fatalities).*

“Convenience” is not worth an increase in underage drinking. Sunday sales of alcoholic beverages and expanded cold-beer sales would be more convenient for at-risk drinkers.

- *According to a 2004 World Health Organization report, most studies demonstrate that drinking rates or harmful effects of drinking increase with increased sales times, and decrease when they are shortened. (What are the most effective and cost-effective interventions in alcohol control? World Health Organization, 2004.)*
- *Adult binge drinkers make up only about 23 percent of the population, but consume 76 percent of the available alcohol; frequent binge drinkers represent only seven percent of the population, but drink 45 percent of the available alcohol. (OJJDP US Department of Justice 2002 National Survey on Drug Use and Health.)*
- *Forty percent of the American public does not drink at all. So making alcohol more convenient enables the 25 percent of the American population who regularly drink heavily (20 percent) and are addicted (5 percent) – the very ones who have the most potential to harm the public and themselves (“Drinking in America Myths, Realities and Prevention Policy,” OJJDP, 2005)*
- *Beer is the drink most commonly consumed by people stopped for alcohol-impaired driving or involved in alcohol-related crashes. Eighty percent of drivers arrested for DWI nationwide identified beer as their drink of choice. (beersoaksamerica.org).*

“Convenience” is not worth an increase in at-risk drinking. Sunday sales of alcoholic beverages and expanded cold-beer sales would make drinking and driving more convenient. “Convenience” is not worth an increase in alcohol-related crashes – and the social and economic costs of those crashes.

- *A significant body of research, as reported by Alcoholpolicymd.com, has consistently shown that, as availability of and access to alcohol increase through an increase in alcohol outlets, so does the disintegration of a neighborhood’s economy and social structure.*
- *Many studies have established direct correlations between high alcohol availability and increases in drunken driving, sexual assault, crime and violence. The relationship between high crime/violence/underage drinking and alcohol-outlet density is statistically significant regardless of socioeconomic and other demographic factors. (Alcoholpolicymd.com)*

“Convenience” is not worth a decrease in a community’s quality of life or its residents’ community involvement.

THE BOTTOM LINE:

The misuse of alcohol creates a significant burden for individuals, families, neighborhoods, city & state governments.

Building an economy around the “convenience” of alcohol is one economic-development policy the State of Connecticut cannot afford.



Revenue Collection Summary

July 1, 2011- November 30, 2011

Chart of Alcoholic Beverages Tax Rates

This chart identifies alcoholic beverages tax rate changes effective July 1, 2011 by beverage type and size.

Beverage	Size	Old Tax Rate	New Tax Rate
Still Wines - Not in excess of 21% alcohol by volume	Wine Gallon	\$0.60	\$0.72
Still Wines Produced by Small Wineries - Not in excess of 21% alcohol by volume	Wine Gallon	\$0.15	\$0.18
Fortified Wines in excess of 21% alcohol by volume and Sparkling Wines	Wine Gallon	\$1.50	\$1.80
Beer and Other Malt Liquors - Draft barrels only	Barrel	\$6.00	\$7.20
Beer and Other Malt Liquors - Other containers	Wine Gallon	\$0.20	\$0.24
Distilled Liquors	Wine Gallon	\$4.50	\$5.40
Liquor Coolers - Not more than 7% of alcohol by volume	Wine Gallon	\$2.05	\$2.46
Alcohol - in excess of 100 proof	Proof Gallon	\$4.50	\$5.40

Revenue Collection Summary

July 1, 2011- November 30, 2011

As Reported by State of CT Department of Revenue Services (see attached)

Revenue for period July 1, 2010 - November 30, 2010:

\$16,105,976.30 (reported & actual)

Revenue for period July 1, 2011- November 30, 2011

\$20,288,122.77 (reported by State Dept. of Revenue Services)

\$24,345,747.32 (actual with new tax rate)

Increase in Revenue for Current Fiscal Year (through Nov 30, 2011)

\$ 4,182,146.47 (reported by State Dept. of Revenue Services)

\$ 8,239,771.02 (actual with new tax rate)

Yield= 51.16% (actual increase vs. 25.97% as reported)

STATE OF CONNECTICUT
 DEPARTMENT OF REVENUE SERVICES
 25 SIGOURNEY ST. HARTFORD, CT 06106
 KEVIN B. SULLIVAN, COMMISSIONER

COMPARATIVE STATEMENT OF ALCOHOLIC BEVERAGE SALES FOR THE MONTH OF OCTOBER 2011
 AND OCTOBER 2010 INDICATED BY REVENUES OF NOVEMBER 2011 AND NOVEMBER 2010

TYPE OF BEVERAGE	TAX RATE	Oct-11 QUANTITY	Oct-10 QUANTITY	Oct-11 TAX	Oct-10 TAX	% INCREASE OR DECREASE OF TAX
MALT BEVERAGES	\$6.00 (per barrel)	15,466.00	16,267.00	\$92,796.00	\$97,602.00	-4.92%
MALT BEVERAGES	\$0.20 (per gallon)	3,676,884.00	3,731,551.00	\$735,376.80	\$746,310.20	-1.46%
TOTAL TAX - MALT BEVERAGES				\$828,172.80	\$843,912.20	-1.87%
WINES UNDER 21% ALCOHOL						
LARGE WINERIES	\$0.60 (per gallon)	1,375,746.00	1,277,717.00	\$825,447.60	\$766,630.20	7.67%
SMALL WINERIES	\$0.15 (per gallon)	33,778.00	52,346.00	\$5,066.70	\$7,851.90	-35.47%
WINES OVER 21% ALCOHOL & SPARKLING WINES						
TOTAL TAX - WINES		63,936.00	53,702.00	\$85,904.00	\$80,553.00	19.06%
DISTILLED LIQUOR	\$4.50 (per gallon)	662,213.00	622,936.00	\$2,979,958.50	\$2,803,212.00	6.31%
LIQUOR COOLER	\$2.05 (per gallon)	1,361.00	1,596.00	\$2,790.05	\$3,271.80	-14.72%
ALCOHOL	\$4.50 (per proof gallon)	3,489.00	3,859.00	\$15,610.50	\$17,365.50	-10.11%
TOTAL TAX - DISTILLED SPIRITS				\$2,998,359.05	\$2,823,849.30	6.18%
TOTAL - ALCOHOLIC BEVERAGES TAX				\$4,752,950.15	\$4,522,796.60	5.09%

* calculated at 018 tax rate

REVENUE COLLECTION SUMMARY

Revenue for period July 1, 2011 - November 30, 2011	\$20,288,122.77
Revenue for period July 1, 2010 - November 30, 2010	\$16,105,976.30
Increase or decrease in revenue for current Fiscal Year	\$4,182,146.47 25.97% of increase/decrease

Due to electronic funds transfer procedures and filing dates for tax returns, the cumulative revenue figures may not include all months data for the current tax period. It may include some months data for the prior tax period (s) of the previous fiscal year No. 716

of Tax Revenue. Revenue figures reflected above include accruals.



What if we raise the price by: An increase of 5 cents a drink?

Estimated Revenue (based on old tax rates)

	Beer	Wine	Spirits	Total	Adjusted Total
Excise Tax Revenue Increase	\$30,500,000	\$15,500,000	\$23,800,000	\$69,800,000	
Change in Sales Tax Revenue	\$ 981,000	\$ 278,000	\$ 266,000	\$ 1,520,000	
Total	\$31,481,000	\$15,778,000	\$24,066,000	\$71,320,000	\$63,000,000 (Adjusted for new tax rate)

What if we raise the price by: An increase of 10 cents a drink?

Estimated Revenue (based on old tax rates)

	Beer	Wine	Spirits	Total	Adjusted Total
Excise Tax Revenue Increase	\$60,000,000	\$30,500,000	\$46,500,000	\$137,000,000	
Change in Sales Tax Revenue	\$ 1,900,000	\$ 516,000	\$ 467,000	\$ 2,890,000	
Total	\$61,900,000	\$31,016,000	\$46,967,000	\$139,890,000	\$131,000,000 (Adjusted for new tax rate)



Governor's H.B. No. 5021

AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR
PRICING AND HOURS OF OPERATION FOR PERMITTEES

Purpose of legislation:

This bill allows convenience stores to sell beer. It amends the definition of "grocery store" for purposes of a grocery beer permit to include convenience stores and eliminates the requirement that a convenience store primarily sell groceries.

Concerns:

Passing this piece of legislation would increase youth access to alcohol. Unfortunately due to the classification of the proposed alcohol permit, there would be very little regulation involved and would allow for the following situations:

- Clerks as young as 16 selling in more outlets
- The potential for untrained staff to sell alcohol
- No regulations about outlet density (unlike liquor-package store permits)
- No regulations on zoning (certain distance from schools and churches)
- The potential for a backlog with State Liquor Control monitoring new establishments
- These stores are already frequented by youth

With the proposed language change, the following stores would be allowed to file for a beer permit:

- Pharmacies
- Convenience stores
- Department Stores
- Gas Stations

It is estimated that this will open the door for 2,500-4,000 new permits. There are currently 1,200 active "off-premise" permits in CT. All of these stores would need to go through full investigations to open, would need monitoring, and would need to be enforced. This would put an incredible strain on the state Division of Liquor Control and local and state police.

There is also a concern, that statistically we have had more violations among stores with a grocery beer permit, as opposed to the liquor permits. In 2010 26% of establishments with a grocery beer permit failed compliance checks as opposed to the 17.7% of package stores that failed. Similarly, in 2009 23.25% of the grocery stores/markets failed as opposed to the 13.3% of liquor stores.

HB5021 P 18

Senator Doyle, Representative Taborsak, Honorable members of the General Law
Committee;

P24

My name is Daniela Tristine, I own Vines, Distinctive Wine & Liquor, llc in North Haven.

L18

This Bill, even in it's ever morphing state, creates many concerns. First, the repeal and or alteration of the minimum bottle. It allows the retailer to make a small profit and protects the consumer from overpaying. -- The **adapted** minimum bottle, which allows for a retail price of **30% BELOW cost**, compiled with bulk purchasing deals, helps mega stores sell product for less than small stores could purchase the same product. The state minimum also guarantees a minimum tax per bottle -- lower the pricing, you lower the taxes

Next is permits -- phasing in even 6 could potentially wipe the businesses of "Main Street" The backers that would utilize the extended permits would be the large box stores and grocery chains -- all of whom have corporate head-quarters out of Connecticut. This not only takes jobs from the small businesses -- and our property taxes from our towns -- but also from the businesses we support, (window washers, book-keepers, paper bag companies, etc) -- as well as the various foundations, schools, committees, firemen, police officers and political fundraisers. The npple effect reaches much further than the corporate dollar which is shipped off to corporate executives. (i.e. *Stop and Shop* -- HOLLAND).

Comparatively, New York has a limit of one permit which must be owned by a NY state resident residing within a reasonable distance. This measure was taken to PROTECT small businesses from the Big Box stores. MA has a maximum of three permits per backer, in which the LLC or corporation must have registry within the state -- therefore, being subject to MA state taxation.

My final gripe is accompanied by a solution Sunday sales -- not all of us want it -- while others want it desperately. The Governor believes our neighboring states are "eating our lunch" -- The \$8 million affixed to Sunday sales are supposed to close this gap -- truthfully, the difference in sales tax has a great deal to do with that -- if this plan falls short, do we end up back here again? Guaranteed revenue could be made from raising the price of everyone's permits -- **and adding a special "7th day permit fee"**. Those who believe so strongly that they are losing sales can put their proverbial "money where their mouth is" -- **Grocery stores only pay \$170 for their permits -- yet, they stand to gain the most from Sunday sales -- without incurring any extra expense -- their permits should be increased, substantially, to reflect this.** Those of us who choose not to open will not buy into the new extended permit. The same scenario should exist in the case of extended bar hours -- **just as it did in the 70's and 80's** -- extra hours, extra fees

In addition, July 4th has a budget of \$8 in DUI awareness campaigns and increased police presence -- and Labor Day carries a bill of 11.2 million dollars. (M.A.D.D website stats). These are two of the heaviest drinking days of the year and I am firmly against providing an opportunity for someone to purchase additional alcohol. Again -- if opening is allowed to be a choice on this day -- it should come with a price. The increase in police presence alone will require additional funding, rendering whatever additional taxation is made null and void.

(For the record, gas in MA at Costco was listed at \$2.65 as of 2/27/12 -- CT is at \$3.95 average -- border town stores don't mind being able to buy gas in MA at over a dollar less a gallon)

FYI ...

****As far as quantity discount pricing goes -- CT pricing allows everyone to buy at "Tier 1 pricing" meaning we buy ONE case for the same price other states get when they buy MULTIPLE cases. This gets Bulk buying discounts for some but INCREASES for the rest of us -- this will cost jobs -- and increase expenses across the state. (IE. Cavit PG in CT \$56 per case for one -- in R.I., \$66 for one case -- \$58 per when 25 cases are**

purchased).

Current Tax Rates

The best way to compare state excise taxes on alcoholic beverages is on a per-gallon basis. Table 2 shows per-gallon taxes on beer, wine, and liquor (distilled spirits) in Connecticut; other New England states; and New York, New Jersey, and Pennsylvania

The comparison shows that Connecticut's tax on beer is the fourth highest. It is lower than in Maine, New Hampshire, and Vermont, but higher than in our border states of New York, Massachusetts, and Rhode Island. Connecticut's tax on wine is the second highest in the region after New Jersey's and its tax on liquor is the third highest behind New York and New Jersey.

Six of the nine states, including Connecticut, also apply state sales tax to alcohol purchases. Table 2 shows the alcoholic beverage and sales taxes that apply to beer, wine, and liquor purchases in each state

Table 2: Taxes on Alcoholic Beverages in Connecticut and Neighboring States

State	Per-Gallon Excise Tax			State Sales Tax
	Beer	Wine	Liquor	
Connecticut	\$0.24	\$0.72	\$5.40	6.35%
Maine	0.25 ¹	0.30 ¹	²	5.0%
Massachusetts	0.11	0.55	4.05	Not applicable ³
New Hampshire	0.30	²	²	No sales tax
New Jersey	0.12	0.88	5.50	7.0%
New York	0.14	0.30	6.44	4.0%
Pennsylvania	0.08	²	²	6.0%
Rhode Island	0.11	0.60	3.75	7.0%
Vermont	0.27	0.55	²	Not applicable

¹ Maine also imposes additional per-gallon taxes of 10¢ for beer, 30¢ for wine, and \$1.25 for distilled spirits.

² State controls all sales directly. Revenue is generated from other taxes, fees, and net profits

³ Massachusetts' sales tax on alcoholic beverages was repealed by voter referendum, effective with sales on or after January 1, 2011

Sources: Tax Foundation, Federation of Tax Administrators, Commerce Clearinghouse

[Daniela Galati Tristine-- Vines, Distinctive Wine & Liquor, LLC --323 Washington Ave, North Haven CT 06492 -- 203 234 2099 --- Wallingford Resident]

February 28, 2012

D16

P25
L 6

Re: House Bill 5021

Senator Doyle, Representative Taborsak, Honorable members of the General Law Committee;

For the record, my name is Vincenzo DiNatale and I own Ives Road Wine & Spirits in Wallingford, CT.

"It's not about the Sunday Sales, it's the other provisions in the bill that concern me."

Theses other provisions---- like eliminating state minimum price requirements and allowing one company to own up to 9 or even 6 permits---that will drive us out of business.

These two provisions alone create an advantage for BIG-BOX retailers and a disadvantage for the small business owners like myself.

These are drastic changes to the rules that we built our businesses around. We will not have time to adapt. I will no longer be able to compete in this industry if these changes are allowed.

I am a small business owner. My wife and I own my business and the building that I occupy. I employ up to 15 people throughout the year. All of these jobs, as well as mine, will be lost.

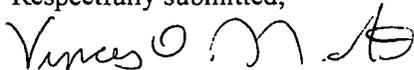
This store that we own is our livelihood. My wife and I depend on our business and the income from our business to support and raise our family.

Also, please keep in mind the trickle down effect that a business like mine has on our community. Besides my employees losing their jobs, there is also an impact on other small business that we support (insurance agents, lawyers, HVAC mechanics, cleaning companies, store supply vendors, etc....) who are all local and in many cases operate their own small business. They will also feel the impact when a business like mine closes.

The impacts of these changes will be detrimental to my business, my family, my employees, and my community. Please do not support the proposed liquor law.

Thank you.

Respectfully submitted,



Vincenzo DiNatale
8 Taylor Lane
Wallingford, CT 06492

Phone: 203-269-2547
Email: home@dinatale.us



WINE AND SPIRITS WHOLESALERS OF CONNECTICUT, INC.

PETER A. BERDON
EXECUTIVE DIRECTOR
GENERAL COUNSEL

February 28, 2012

TESTIMONY OF
WINE AND SPIRITS WHOLESALERS OF CONNECTICUT

In RE: H.B. No. 5021 AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

HB 5021 proposes a series of significant changes to Connecticut's Liquor Control Act, perhaps the most wide sweeping and dramatic changes proposed in more than 30 years. The bill, as originally drafted, sets forth several proposals which, either directly or indirectly, would impact Connecticut wine and spirit wholesalers in a variety of ways. The Wine and Spirits Wholesalers of Connecticut, Inc., that after many discussions with members of the Governor's office and the Office of Policy and Management over the past one and one-half months, has reached a compromise resolving its objections to HB 5021. The WSWC supports the compromise proposals to House Bill 5021 outlined by Commissioner Rubenstein in his testimony to the Committee. The WSWC looks forward to and welcomes the opportunity to work with the General Law Committee, the Governor's office and other stakeholders in crafting the substitute language for HB5021 to give effect to this compromise.

Specifically, the following outlines the major points of the compromise

- 1 The requirement that wholesalers file, publish and hold prices for a given month will be retained, however the amending process will be eliminated (a wholesaler's ability to correct for clerical, typographical and other mistakes will be retained).
2. The prohibition against suppliers and wholesalers from discriminating in price (or otherwise) or offering "inducements" to make purchases will be retained.
- 3 The prohibition of Package Store sales below "Cost" will be retained (subject to limited "loss leaders" and flexibility to move stale products), however, "Cost" will be defined as the lesser of
 - (a) (i) Actual cost of acquisition, or
 - (ii) Lowest posted wholesale price in Connecticut.
 - (b) Notwithstanding (i) or (ii) above, a retailer may pick up to 5 individual Stock-Keeping Units ("SKU's" - (i.e. Victor's Vodka, Orange 750ml) per month that may be sold up to 10% below the cost as defined in (i) and (ii) above.
- 4 The maximum number of package store licenses under common ownership shall be limited to 6 (up from 2 in current law). The increase in licenses will be phased in one per year beginning October 1, 2012
- 5 The limit on the issuance of package store to on per 2500 people, per municipality will be retained
6. Quantity Discounts will be permitted, subject to a "cap" (to be further discussed and refined) and channel pricing will be permitted

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The WSWC sought these modifications to HB 5021 because its members had significant concerns over what impact HB 5021 would have on their industry and business. The WSWC voiced these concerns to the Governor's office and OPM. Both listened and as a result the WSWC reached the compromise outlined above. The WSWC believes the compromise mitigates the harms to which wholesalers and their customers would have been subjected under the original proposal.

To assist the Committee in its review of this proposal, the following is a brief summary of the arguments presented to OPM and the Governor's office by the WSWC in support of its positions in reaching the compromise. The WSWC requests that the General Law Committee takes into consideration the concerns of the members of the WSWC as HB 5021 moves through the legislative process. The WSWC understands that the Committee may have questions and concerns regarding the bill in general and may seek to understand in greater detail the nature of the changes which we negotiated with the Governor's office, to that end the WSWC welcomes the opportunity to be a resource to the Committee on such issues.

Price Posting: Retaining "price posting" provides dual benefits of. i) transparency of wholesale pricing to all retailers; and ii) permitting the information necessary to enforce the prohibition of retail sales below cost. Wholesalers are statutorily required to file their prices with the Department of Consumer Protection monthly, most do so electronically, and then publish and distribute the prices for all 33,000 brands (nearly 70,000 SKUs) to all 5,000 (plus) retail licensees. (CGS § 30-63) Thus, the pricing for each product from all wholesalers is available to every retailer who can then determine the "best" price. Similarly all the pricing information necessary to enforce the prohibition against sales below cost is readily available to the DCP. One aspect to the posting process that has received some criticism is the "amending process" wherein wholesalers that were "dualed" on a brand had a short period to lower their price to meet the lowest posted price. Most states which have "post & hold" statutes do not require an amending process because most brands are sold and distributed on an exclusive basis; thus, there is no intra-brand competition. Here in Connecticut, however, all the major spirit wholesalers are dualed on most of the major spirit brands. Allowing for price adjustments through the amending process permitted wholesalers to compete with one another and not be "out-of-the-market" for a given month because their price was uncompetitive. In response to those who viewed the amending process as anti-competitive; the members of the WSWC agreed to the elimination of the amending process.

Anti-discrimination: The anti-discrimination provisions of CGS § 30-63 further Connecticut business interests, allow Connecticut wholesalers to compete on a level playing field free from the industry politics of mega-international manufacturers. Specifically, Connecticut General Statutes § 30-63 prohibits suppliers and wholesalers from providing different prices to different customers for the same item and further prohibits them from providing "inducements" - i.e. commercial bribery. Many spirit brands sold in Connecticut are distributed on a dual basis - that is more than one wholesaler sells the same brand. These Connecticut Companies have invested time, money and other resources to develop the sales and distribution of the products which they carry. Connecticut's franchise law, CGS § 30-17, recognizes and protects their investment. Allowing a supplier to charge one wholesaler different prices than another for the same product undermines the wholesaler's franchise rights and make its investment worthless. Furthermore, permitting wholesalers to charge retailers different prices or permitting them to provide things of "value under the table" makes the requirement of price posting and the transparency in pricing wholly ineffective.

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Sales Below Cost: The prohibition of sales below cost is a basic tenant of the socially responsible distribution of beverage alcohol; however like many issues there are contradictory competing forces at play. Current law prohibits a retailer from selling below "cost." Cost is defined as the "posted bottle price" that is the price which a retail would have to pay a wholesaler if they were to purchase a single bottle of a product. (See CGS § 30-68m) Thus, all retailers, both large and small can compete without regard to the amount of alcohol they purchase and sell because none could sell below the cost of the smallest unit that can be purchased by a retailer. Historically, the price differential between the posted bottle price and the cost of the same item purchased in a case quantity was not significant. However, due to the intensive (and expensive) labor that goes into the repackaging and delivery of a single bottle, wholesalers have over time increased the differential between the posted bottle and the case price. The price differential now ranges from as little as pennies on a bottle to as much as thirty to forty percent of the bottle price depending upon the product and the time of the year. This price differential can make it difficult for a retailer to competitively price some products. On the other hand the social harms of "cheap alcohol" are well documented. (See Connecticut Alcohol & Drug Policy Council, July 2008 Report, p 18) Further, when viewed in the context of a changed environment proposed by HB 5021 Connecticut package stores will be presented with the new challenge of competing against public companies and very large privately held companies. Without a "floor" on prices these companies would be able to engage in predatory pricing driving existing Connecticut businesses out-of-business and taking market share of others.

The compromise seeks to strike a balance among these competing interests. Specifically, the compromise provides a price "floor" by prohibiting sales below a retailer's actual cost or the cost at which they could replace the goods they have sold (the lowest posted wholesale price in the month of sale). Additionally, the compromise provides well defined limits for a small (5) selection of "loss leaders". These provisions will give retailers the power to set their own prices and will allow for pricing and marketing innovations; yet, will not allow for unfettered sales below cost protecting against both predatory pricing and mitigating against possible social ills.

Common Ownership of Licenses/Per Capita Ratio – Increasing the number of package store licenses permitted under common ownership from 2 to 9 (particularly in combination with the proposed change to permit grocery stores to own package stores, no limit on the sales below cost and unfettered quantity discounts) will work in furtherance of the introduction of international mega-store chains into Connecticut's package store business. These chain stores do not require the same intensive sales staff that current package stores require. Should these chain stores proliferate wholesalers will require less sales people. These are good paying jobs which represent the largest single category of wholesaler employee. Without the implementation of the compromise which was reached wholesaler sales staff might have been reduced by as much as 30% --several hundred in total.

Quantity Discounts- Channel Pricing. The initial proposal permitted uncapped quantity discounts and was unclear as to whether or not channel pricing would be permitted. Capping quantity discounts ensures that many retailers will be able to take advantage of the cost savings afforded by quantity discounts and at the same time protects local Connecticut retailers from the deep pockets of publicly trade and mega-private retailers. Similarly allowing "channel pricing" – that is different prices for restaurants and bars versus package stores, allows wholesalers to offer competitive prices to retailers without requiring them to purchase large quantities for which they do not have the storage space.

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Who are the WSWC Members? The members of the Wine and Spirits Wholesalers of Connecticut ("WSWC") are a key link in the 3-Tier System which controls the distribution of beverage alcohol in this country. Connecticut has 83 licensed beverage alcohol wholesalers. They purchase beverage alcohol from suppliers and manufacturers and in turn market and sell those products to licensed retailers – restaurants and package stores. Connecticut beverage alcohol wholesalers

- are licensed and regulated by the state of Connecticut and the federal government (83 total);
- are responsible to insure that the wines, spirits and beer brought in to the state by manufacturers and importers are sold and distributed only to licensed retailers (package stores and restaurant),
- collect and remit to the in excess of \$48 million dollars in state excise taxes;
- assist the Department of Revenue Services in the collection of Sales and Use Taxes, in excess of \$140 Million Dollars annually;
- provide in excess of 2,200 direct jobs to Connecticut residents; and
- contribute in excess of \$300 million dollars in direct benefits to the state's economy.

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. At the same time they provide an efficient method of distribution which provides access to a wide variety of quality wine and spirits from across the country and around the world. To that end the WSWC has invest more than one-half million dollars since 2008 in social responsibility campaigns. Included in among these programs is the annual public service announcement contest where college students produce and film their own television PSA. These PSAs have been air on excess of 10,000 spots on local and cable television.

Respectfully submitted,



Peter A. Berdon,
Executive Director/General Counsel

H - 1132

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2012**

**VOL.55
PART 10
3113 - 3437**

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If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Clerk, please announce the tally.

THE CLERK:

House Bill 5378.

Total Number Voting	144
Necessary for Passage	77
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	7.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

The bill is passed.

Will the Clerk please call Calendar Number 194.

THE CLERK:

On Page 37, Calendar 194, substitute for House Bill Number 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES, favorable report by the committee on Finance.

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SPEAKER DONOVAN:

The House chair of the General Law committee,
Representative Joe Taborsak, you have the floor, sir.

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, I move acceptance of the joint
committee's favorable report and passage of the bill.

SPEAKER DONOVAN:

The question is on acceptance of the joint committee's
favorable report and passage of the bill.

Will you remark?

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, in January, Governor Malloy presented to
the General Law committee a legislative package of liquor
law proposals, which most people will agree was the boldest
package of liquor law reform that we've seen in decades in
this state.

To the Governor's credit, he pushed these issues into
the limelight, and in many ways, challenged our committee
to vote out a bill that modernizes our liquor laws,
increases consumer convenience, makes us more competitive

with other states, provides greater opportunity for consumer discounts and recaptures revenues that we're losing to neighboring states.

This bill before you accomplishes all of these laudable goals. By far, the most discussed proposal in this bill is the elimination of the longstanding prohibition against Sunday sales by our off premises retailers.

House Bill 5021 will allow Sunday sales from 10 A.M. to 5 P.M. and on most major holidays including Memorial day, Independence day and Labor day. Those bans -- those sale bans will also be lifted.

This change will modernize our liquor laws by ending our longest standing blue law. It will provide convenience to consumers that they deserve. It will make us more competitive for Connecticut shoppers by allowing stores, retailers, that choose to open on Sunday to be open at 10 A.M. as compared to neighboring states -- states, which do not open until noon. So our stores will have that convenience advantage.

In addition, these expanded hours are expected to generate much needed revenue that we're losing to other states, estimated to be in the four to five million dollar range annually.

The bill before you also increases package store permit limits from two to three. What is meant by that is that one person or one company would be able to expand the number of stores that they currently have from two to three. This allows successful businesses to expand by adding an additional store, increasing their revenues and creating jobs.

House Bill 5021 will also allow the sale of one below-cost item, as cost is defined by current law. And what this means is that retailers will be able to sell one item per month below cost, up to 90 percent of their cost, again, as cost is defined by statute. This will allow for consumers to shop around and find bargains at different stores and benefit from those discounts.

This will also provide retailers with the ability to unload overstocked product, freeing up cash flow in a manner that they can't do under current law.

Mr. Speaker, there were also a number of proposals in the Governor's original bill, many involving the restructuring of our pricing controls and laws, both between consumers and retailers and also between other sellers in our three-tier liquor industry.

After much thought and deliberation, as much thought and deliberation the General Law committee can have in a

short session, we decided that these proposals and issues -
- through a consensus process -- that these issues deserved
further study before we headed down the road of
deregulating another industry while we had too many
questions that were unanswered and too many uncertainties
in our minds.

Quite simply, it was unclear at the time how these
other proposals would impact consumers in the state. And
also how they would impact the thousands of employees --
Connecticut residents -- that are employed in our three-
tier liquor industry.

So Mr. Speaker, these issues deserve -- they have
merit, they deserve further study. But the General Law
committee decided that we weren't going to roll the dice
with people's livelihoods at this time. We needed more
information.

Too many people around here remember a vote to
deregulate the electricity generation industry. And a lot
of people wish they could have had that vote back. The
people of Connecticut deserve for us to get this right. I
believe that this task force will help us get to that
point.

The task force, Mr. Speaker, will study a number of
issues. It will analyze and compare how -- where we stand

with other states on alcoholic liquor taxes, quantity discounts, volume discounts -- two concepts that don't currently exist in our state -- existing alcoholic liquor permit restrictions. And that includes permits affecting the sale of beer, for people's clarification.

Alcoholic liquor minimum pricing and price posting controls in our state will also be studied by this task force. And the task force is charged with studying the impacts, both positive and negative, of such issues on consumers and the alcoholic liquor industry in the state, Mr. Speaker.

In addition to these major changes -- I've just described the major changes of the bill. There are 11 other sections in this bill that modernize our liquor laws in ways that help Connecticut small businesses, from creating a new, combined manufacturer and brew pub license to allowing package stores to conduct wine educa -- wi -- wine education and tasting classes for a fee.

We're -- we're doing these things and many more. We're allowing package stores to sell some complimentary goods. These are home grown Connecticut businesses. They're looking for these changes. This is the direction that their industry is going in. We're trying to help them develop and grow with the changing times by making reasonable changes to our liquor laws.

I would like to thank my ranking members, my committee members on both sides of the aisle for -- and the Governor and his administration for the time and effort that was put into this compromise bill.

It truly was a collaborative effort that brought us to this point.

I hope that the bill before you -- something we can all be proud of and support.

Mr. Speaker, the Clerk is in possession of an amendment, LCO Number 3976. I ask that I be granted leave of the Chamber to summarize.

(Deputy Speaker Ryan in the Chair.)

SPEAKER RYAN:

Will the Clerk please call LCO 3976, which will be designated House Amendment Schedule "A."

THE CLERK:

LCO 3976, House "A," offered by Representative Taborsak and Senator Doyle.

SPEAKER RYAN:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization?

Hearing none, Representative Taborsak, you may proceed with summarization.

REP. TABORSAK (109th):

Thank you, Mr. Speaker.

Mr. Speaker, the amendment before you makes a number of technical changes, clarifications. It makes a few minor changes. It inserts the word "olives" into line 101, allowing package stores to sell olives as a complimentary product with wine and the other beverages that they sell.

It also removes, on line 101, "snack food," including but not limited to chips, candy and nuts. This change was, again, a compromise that addressed significant concerns raised by our convenience stores. This is a very important market share for them. It was also something that the package stores felt was a reasonable change to the bill. So it is a compromise.

In addition to these changes, there are a number of technical changes that follow.

In line 347, we have -- we are striking one and inserting three to give the Governor three appointments onto the task force. Including his commissioners, the

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proportion of the task force members would then be ten, essentially from the legislative branch and five from the executive branch, for people's clarification.

Lastly, lines 18 through 26 of the amendment, that's really a clarification change. It was always our intent to allow farmers markets in the state of Connecticut that -- that choose to sell Connecticut farm wine to be able to sell on Sunday. If we're changing and -- and -- and lifting the ban on Sunday sales, it's only fair that we do so for those farmers markets that are selling Connecticut wine.

I guess I would lastly say, Mr. Speaker, that this amendment is a good compromise. It makes this bill better. I hope that my colleagues can support it.

I move adoption.

SPEAKER RYAN:

The question before the Chamber is adoption of House Amendment Schedule "A." Will you remark further on the amendment?

Representative Rebimbas of the 70th.

REP. REBIMBAS (70th):

Good afternoon, Mr. Speaker. A few questions to the proponent of the amendment.

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SPEAKER RYAN:

Please proceed, ma'am.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, to the chairman of the General Law committee. Just wanted some clarifications on some of the provisions that's being proposed in the amendment.

Specifically, in line 101, how did we determine to do the addition of the olives? Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I don't know that it was an -- it was an issue. It was something that I believe that the package stores felt was complimentary to the products that they sell. Olives are used in -- in cert -- in mixed drinks. They're also consumed with wine, as I understand.

The -- how it became part of the bill, I think, was more of a clarification. Because of -- there's a little lack of agreement on whether an olive is a fruit or a

vegetable. Maybe that's a debate for another day, but the language that is in the current bill about complimentary fruits wasn't clear enough for those that wanted to make sure that olives were included as a complimentary fruit that they could sell.

I hope that answers the question.

Through you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker. And thank you for the clarification.

Following up on the different types of items such as fruit and/or questionable vegetables that might be used in the formation of these alcoholic drinks, line 100, when it describes fresh fruits that the package stores are able to sell in the pa -- in their stores, would that al -- would fresh fruits also include frozen fruit? So in other words, Mr. Speaker, for clarification, I know that fruit is sometimes sold in frozen packages, precut, that may be possibly be used for items such as sangria and the making of. So just for a clarification on fresh fruits, is that

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fruits that are not frozen and fresh or would that also qualify if a package store owner wanted to carry frozen fruits?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I don't know if the good Representative's example would qualify. But what I could offer is that I think that most of the conversation has centered around lemons and limes, those kinds of very obvious fruits that are complimentary of -- of mixed beverages.

I did have a conversation with the Department of Consumer Protection on this issue and the specific language that you've mentioned. And it was clarified to me that the Department thinks that people in their experience will not look to abuse this provision.

They're going to want to sell things that make sense with their products. And it would really be on the burden of a -- of a person or a party claiming that someone is violating this specific language to bring that forward in the form of a complaint to the Department of Consumer

Protection. But they -- they feel pretty comfortable with this language.

I hope that helps to answer the question. Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker. And I want to thank the chairman for his approach to the response to the question.

I am still a little concerned as to who the burden it would fall on. Would it fall in the Department's burden then to make that decision or are we going to wait for a package store owner to be sued or a complaint to be filed with the Department before this is responded to?

My interpretation would be that fresh food would certainly be anything that hasn't rotten (sic).

So making, again, it convenient for someone who goes into the package stores, if we're trying to provide them with fruits to make the appropriate drinks that that person, the consumer, making it consumer friendly is going into the package store to obtain, I think having that bag of premade fruits may help the consumer. So I just want

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to, at the same time, protect the business owner as to how we might approach this.

Are we going to be leaving it to the Department to make the definition or are we going to be talking about the legislative intent here? So I don't know whether or not the chairman has any further information to offer in that regard. But that is one of the concerns I have.

Through you, Mr. Speaker. I'll give the chairman an opportunity to respond if -- if there's anything to update.

SPEAKER RYAN:

Do you want to respond, sir?

REP. TABORSAK (109th):

There's nothing, really, to add.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and I appreciate that.

And I understand that this is certainly a historic bill and something that throughout the process and certainly the Department will be looking at. And maybe if

we can have some clarification that would also assist not only the consumer, but the business owner in that regard.

Moving on to the next section of the amendment that I want to discuss. Line number 12 of the amendment where it talks about line 347, we're striking one and inserting three. And I believe, if I'm paraphrasing, the chairman's explanation was we were providing an additional, it would be an additional two appointees made by the Governor onto this task force.

I know that the General Law committee worked after many, many tireless hours through testimony and amongst ourselves, debating and discussing this issue very much and put a lot of thought into it. As well as putting a lot of thought into the task force and being mindful as to who the people would have appointment powers on that task force, who was going to be serving on that task force and even as far as some of the items that were to be discussed in that task force.

I'm just a little concerned that we're proposing an amendment now, at the last minute, making a change to appointment powers.

Through you, Mr. Speaker, if I can have a clarification to the chairman as to what the purpose is for this change.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The purpose is, it's a compromise with the Governor's administration. There was a feeling that the administration was somewhat underrepresented. As I said in my summary of the amendment, by adding two more appoint -- appointments for the Governor, that would bring in, under my math, his appointments up to three plus his two commissioners to a total of five representatives from the administration, as compared to ten from the legislature.

People can -- reasonable people can disagree about whether or not that's a fair formula. But my cochair and I felt that it was a reasonable request.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and I want to thank the chairman for his explanation.

I guess this is one of those things that again, the committee had decided who was going to be on the task force and how those appointments were going to be made. And it's the committee democratic process to negotiate all interests, whether it's administrative, whether it's consumers, business persons and both sides of the aisle.

And I'm quite proud of the work that the General Law committee did in a bipartisan manner. So I am a little perplexed when the representation was that the administration felt that there wasn't proper representation on this task force.

Through you, Mr. Speaker, if the chairman can highlight to the Chamber, the appointments that was decided upon, what this change would do? Who are the appointments that the committee actually voted on?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The only specific named appointments are, I believe, the ranking members and the chairs of the General Law

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committee. I apologize. I stand corrected. Also the
Commissioner of Consumer Protection.

I'm sorry. Mr. Speaker, I may be out of order. I may
be explaining the bill.

SPEAKER RYAN:

I was just going to ask --

REP. TABORSAK (109th):

Can I ask for a clarif --

SPEAKER RYAN:

- that question myself.

Yes. Could we stay on the amendment at this point in
time? I think you're asking a question about the
underlying bill itself.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and I do appreciate that point
of order.

However, I think it's important for this Chamber to
know how this change is going to impact the underlying bill
in order for us to properly decide whether or not we're
going to support the amendment.

If it's the feeling of this Chamber that this
amendment change is necessary because, as it was previously

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represented, that the administration may not have enough representation, there is some knowledge that we need as to how this will impact the legislation that it's going to be amending.

So again, through you, Mr. Speaker, if we can have clarification as to, again, what the task force, the appointments, were in the underlying bill and how this may impact that. But I think it's important for us to highlight who those appointees were in order to properly analyze this bill.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

I'm -- I'm happy to explain if the Speaker doesn't mind.

The task force will consist of one appointed by the Speaker of the House of Representatives, one appointed by the President Pro Temp of the Senate, one appointed by the Majority Leader of the House of Representatives, one appointed by the Majority Leader of the Senate, one appointed by the Minority Leader of the House of Representatives, one appointed by the Minority Leader of

the Senate, the Commissioner of Consumer Protection, the Commissioner of Revenue Services or their designees.

The bill -- the original bill was one appointed by the Governor. The amendment proposes three appointed by the Governor. The chairpersons and the ranking members of the joint standing committee having cognizance over matters related to alcoholic beverages, the General Law committee. And I believe that is all the appointments.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and I want to thank the chairman for highlighting that.

I think that's a very important point. Because as we're all here, our responsibilities are to negotiate, compromise and reach the best decisions possible. And I always like to foster the environment of a bipartisan decision. So I hold the General Law decisions and what we move forward in high respect.

And I think we did do a very, more than adequate job in making sure that we had proper representation on that task force, understanding again, claimants from both

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chambers on both sides of the aisle, understanding that the Governor had an appointment, all of the committees of cognizance, consumer protection, revenue service, et cetera, et cetera. I think, again, it was a general law decision, committee decision, what we proposed. It was a very good one and a very fair one.

Just moving onto the amendment. I just wanted to also highlight, I believe, through you, Mr. Speaker, that the chairman had indicated that there's some clarification languages in this amendment, and I might, say very good clarification regarding farmers market.

If the -- through you, Mr. Speaker -- if the chairman can explain the purpose of putting that language in this amendment.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The language in lines 18 to 26 essentially allows our Connecticut farmers markets with the passage of this bill as amended to sell Connecticut wine on Sundays. That is the purpose of that language.

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And for legislative intent, through you, Mr. Speaker, would the farmers market only be allowed to sell that wine on Sundays during the allowable hours on Sunday based on the proposal?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Farmers markets under the amendment would be able to -
- because -- because farmers markets across the state operate at a variety of different times and locations, the amendment before you is modeled after the law that we passed, I believe last year, giving them the ability to sell Connecticut wines.

So it's modeled after that existing law and it has flexibility in it so that essentially farmers markets would

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be able to sell Connecticut wine on Sunday during the hours that they are able to operate.

So to answer the good Representative's question, it would not be held to the same hours as package stores. They would be held to the hours that farmers markets are allowed to operate under. And those hours are, as the amendment says on line 21, from 8 o'clock to 9 P.M..

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and thank you to the chairman for that clarification.

Because I think it's important as we move forward to highlight that distinction in the -- in the amendment that's before us that farmers markets in fact do have their own hours of operation and we are allowing them to then sell home grown wine from vineyards from the State of Connecticut at those farmers markets. So I do appreciate that clarification.

Through you, Mr. Speaker, I've been approached on several occasions of people wanting to further clarify whether or not farmers markets that may be located, let's

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say for example, on school grounds or municipal grounds that may have its own ordinance against the sale of alcohol. Would they still have to adhere to the local ordinances in that regard?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe they would.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and thank you to the chairman for, again, all of his responses in regards to this amendment.

I've been torn as to whether or not I was going to be supporting this amendment because certainly I believe the clarifications regarding the farmers markets are absolutely necessary. Because previously we had passed legislation

that farmers markets were able to sell alcohol during their hours of operation but excluded Sunday.

If the underlying bill that's going to be before us gets passed in this Chamber, it's important to then clarify that they would have the opportunity to also do that on Sundays. So I think that's a very good clarification in this amendment.

Furthermore, I do understand that the convenience stores, although they haven't contacted me since this legislation was passed out of the committee, may have had some concern about the broad language of snacks and things of that nature. Again, I think it was important for us to highlight what these snacks and other items that the package stores will have the right to sell, although I'm not exactly certain we're still clear as to who's going to be making the ultimate decision when there's a gray area as to what exactly does fresh fruits means or what does snacks include.

I would certainly hope that, you know, in time that the Department will take it upon themselves to certainly highlight and clarify, and maybe the industry, again, will come together and have those discussions further.

And it's because I hold the General Law committee in such high respect, because we do work in a bipartisan

manner and we have certainly worked on this proposal before us in so many, many hours in so many different ways and discussions and heard from the industry, and we always appreciate when the consumers as well as the industry reach compromises. I do think that the bill was a very good compromise.

I do have concern, though, regarding the portion of increasing the Governor's appointments to it. Because again, the General Law committee made its decision on the task force. I believe it was a fair and accurate one regarding the appointments, that the task force would have been well balanced. All interests would have been properly represented.

Therefore, with that -- in keeping with the integrity of what was passed through the General Law committee and supporting the legislation that was passed through the General Law committee, at this time I don't believe I could support the amendment because of the provision regarding adding the additions, not understanding what the exact purpose in that is, but certainly standing in support of the other changes that the amendment are making.

So I do ask my colleagues to strongly consider your position on the amendment and look at all of the issues that are being proposed in the amendment before you make your decision on this amendment.

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Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Klarides of the 414th (sic).

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, through you, a few questions to the
proponent.

SPEAKER RYAN:

Please proceed, ma'am.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

I just have a few questions on this amendment.

And I, of course, do not sit on the General Law
committee, so I am not as knowledgeable as my ranking
member or the chairman of the committee. If you could
indulge me.

In line 82 of the bill -- now I just -- just for
clarification -- I know we're on the amendment, but in line
82 where we see fee-based wine education -- education and

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taste -- and tasting classes, that's not on the amendment?

Correct? Or that's on the underlying bill?

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

That is correct.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Klarides. I'm sorry.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. Then I'll address that a little later.

If we can go to line 101, I know there was previous dialog on that.

Just for a point of clarification for me, somebody who wasn't involved in the negotiations. I'm not trying to diminish what -- what was done here. I just don't really understand. If you could maybe explain to me in the big picture how there would be a difference between olives or no olives or snack foods and no snack foods and -- I understand it was an issue between package stores and

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convenience stores. But if you could just kind of give me an overall understanding of that, I would appreciate it.

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Certainly. Through you, Mr. Speaker.

The issue is sensitive because convenience stores -- the -- the majority of their sales are related to selling food items, snacks in particular. So it was a very sensitive issue for our convenience stores. And it was felt that by, I think, many people on our committee and -- and others looking at this issue closely that it wasn't necessary that package stores take on those products. And that what we are left with in the amendment is a narrower, more focusing on products that really compliment wine, such as cheese, olives. I think many people would agree that olives compliment both wine and some mixed beverages.

So it was tailored in a way to address some of the concerns that we heard from our convenience stores. And it was also found to be acceptable to the package stores.

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Klarides.

REP. KLARIDES (114th): Thank you, Mr. Speaker. And through you.

So in line 101 we're striking snack food including "but" and then we are also striking, in line 102, "not limited to chips, candy and nuts."

, So package stores under this amendment cannot sell any of those things if this amendment passes, correct?

Through you, Mr. Speaker.

Representative Taborsak.

REP. TABORSAK (109th):

That is correct. And they can also equally not sell any of these things under current law, that is correct. It keeps the status quo on those food items.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

And I think the ranking member of the General Law committee addressed this point. But for further clarification, how are we determining the definition of snack foods? And if -- I mean, I don't -- I don't know, but if it's, say, potato chips versus beef jerky, does that count as snack food?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I do believe that I -- I -- I appreciate the Representative -- the good Representative's question.

To me, beef jerky doesn't sound like a meal. It sounds more like a snack. To some people, they may consider it a meal. But I -- I think that you're -- you're on the right track.

And I think that with this particular entity with package stores, current law is very specific about what they can sell. They can sell cigarettes, they can sell publications. They can sell bar utensils, they can sell gift packages.

It's very specific because they have a product that sells -- that others can't sell. So I think over the years, this -- the statutes, statutory scheme has been very carefully crafted so the convenience stores and package stores can coexist.

And I think that the snack language really concerned people in a real way that are in the convenience store business as an encroachment into the -- their primary market share and what they really kind of specialize in.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

I thank the gentleman for that answer.

I'm not really trying to be nit-picky here. I guess I just wonder if we've been through this -- this debate for so many years and this argument.

And there's so many people that are -- that are just strongly for it and strongly against it. And then obviously there are people that are kind of in the middle. And even though it is existing law, as the chairman

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mentions, I guess it's just curious to me that somebody -- that -- I would imagine there could be somebody in a package store, especially after this is passed, because we are taking it upon ourselves now to get very specific with what can and can't be sold and add to our -- to our existing laws in regards to these -- to these matters.

And so if one package store -- how would it work if one package store said "You know what, XYZ package store down the road is now selling power bars. And that's considered snack food and they shouldn't be able to sell that." What do they do? Make a complaint to liquor control or how does that work?

And then -- then who makes the determination? I mean, is there a list somewhere? I mean, there can't be an exhaustive list, I would imagine, because there's certain things. I mean, a power bar would that be considered snack food?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I think a power bar is not an item that a package store is able to sell under current law. Whether or not it's considered a snack or something different, I don't know.

But I think that the good Representative's point is well taken. It's a complaint driven system. If someone felt that a package store was violating the law and selling something they didn't have the right to sell, it would -- if -- if there were an investigation by DCP it would most likely be the result of a complaint made by someone who reported that package store for breaking the law on that issue.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker and through you.

And then there would be a power bar investigation? I mean, is that how that go? Somebody would have to -- we would have to have some expert in liquor control to make the determination if that were or were not a snack food?

Through you.

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SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I do believe a visit to the location would probably
take place by DCP.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

One last question. I understand the argument and the
rationale for trying to keep the things that are sold in
package stores limited to the things that are complimentary
to alcohol beverages. And I know olives are added for that
reason. So can they also sell those little bottles of
onions?

Through you.

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Representative, there was a question that's been asked and I'm glad you -- that was already been asked and I'm glad you're asking it again. As a point of clarification -

REP. KLARIDES (114th):

Oh. I -- I apologize. I didn't hear that.

SPEAKER RYAN:

No, no. Somebody else asked it. It wasn't on the floor.

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I think that the answer to that question is that the way the bill is drafted, it's intended for people to use common sense. It's anticipated that they will only -- that they won't abuse the language of selling complimentary fresh fruits.

The -- it would again, be a complaint driven process if someone -- someone was abusing the language and selling things that don't fall within that common sense meaning.

So I -- I hope that that's of assistance. Through you, Mr. Speaker.

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Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, I thank the gentleman for his answers.

And I -- I understand the rationale for this, I do.

And the olives makes complete sense to me. You know, that's com -- that's directly related to alcohol that people might need. If you go into a package store, you buy your vodka or you buy your gin and you want to buy stuff to put in it, I guess. I understand that.

The problem is is that if we specifically write olives in this bill, to me, that means we mean olives. We don't mean onions, we don't mean cherries, we don't mean lemons and limes. We don't mean that other stuff. So that would mean that we only mean olives. And that's the risk we run when we write legislation this way by specifically putting things in. Because by definition, specifically saying this is what you can sell means you specifically can't sell anything else.

So I would think that it would be completely legitimate for somebody to complain that somebody's selling onions or somebody's selling cherries or somebody's selling some other garnish you might put in a drink.

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And it might sound nit-picky, but it's not. Because we as a Legislature are putting things specifically in law to say this is what you can do. Meaning if it's not there you can't do it.

Mr. Speaker, I thank the gentleman for his answers.

SPEAKER RYAN:

Thank you, Representative.

Representative Alberts of the 50th.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I believe I have two or three questions to the proponent of the amendment.

SPEAKER RYAN:

Please proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I'm just trying to understand the integration of the amendment that's before us. Lines 18 through 26 that deal with the sale of wine in a farmers market and the underlying bill itself and I just want to make sure that I understand this properly.

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If we enact this amendment will there be any restriction against the sale of wine at a farmers market on a holiday?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I -- I do believe that the restrictions on sales on holidays apply to retail sellers. I do not believe that under the letter of the law that it would apply to farmers markets.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And I appreciate that clarification.

And then as I understand the last few lines of this amendment, the municipality may, again, restrict the hours

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of operation under which the sale of wine could take place.

Is that not correct?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

I apologize, Mr. Speaker. Can the gentleman re --
repeat the question?

SPEAKER RYAN:

Representative, can you repeat the question?

REP. ALBERTS (50th):

Absolutely.

The last sentence of the amendment beginning at the
end of line 23 to -- to line 26. It's my understanding in
reading that that even though there's wide latitude in
terms of the hours of operation for the sale of wine at a
farmers market, this could be restricted as the local
community determines in their best interests through --
through an ordinance or town meeting.

Through you, Mr. Speaker.

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker, that is correct.

SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

And I believe I have one last question. This reference in the amendment is to the sale of wine at a farmers market. Does the proponent know if there's any restriction against demonstrations that might provide free wine in the course of perhaps promoting wine sales at some point in the future? So if a -- an individual wanted to promote a wine, he may decide to provide free samples. Are there any restrictions against that?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

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If the good Representative could clarify what type of seller he is -- is speaking of, I'd be happy to try to answer that.

Through you.

SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I guess I'm in contemplating someone who might normally want to sell wine at a farmers market, might be a permittee, but for some reasons decides that at a particular date or time they're not going to sell it, they're going to provide free samples. Are there any restrictions against that in terms of date or marketing or - that are not reflected here?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

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Again, I'm sorry. It -- is -- is the gentleman speaking of at farmers markets? At package stores? That would be a helpful clarification, if you could.

Through you.

SPEAKER RYAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Yes, I'm referring strictly to farmers markets. So someone who might normally be engaged in the sale of wine at a farmers market may decide at a particular farmers market they don't want to sell wine that particular day.

They may just want to make it available just for someone to -- to taste perhaps as, you know, any other item. Is that something that's permissible? Are there any hours of restriction that are contemplated for that?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Alberts - I mean, I'm sorry. Taborsak, excuse me.

REP. TABORSAK (109th):

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Through you, Mr. Speaker.

Not that I'm aware of.

SPEAKER RYAN:

Representative Alberts, this time.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

And I do than the proponent for his answers. I just wanted to clarify some odds and ends.

Thank you.

SPEAKER RYAN:

Thank you, sir.

Representative Shaban of the 135th.

REP. SHABAN (135th):

Thank you, Mr. Speaker.

If I may, a couple of questions about the amendment.

Through you.

SPEAKER RYAN:

Please proceed.

REP. SHABAN (135th):

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Thank you. I wanted to make sure I -- I may have misheard but with respect to farmers markets, the new section that allows a town through a vote, I guess, or ordinance to reduce the number of hours. Can a town reduce the number of hours to zero?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Yes.

SPEAKER RYAN:

Representative Shaban.

REP. SHABAN (135th):

All right.

And how about -- and this is the part maybe I -- I didn't understand before. Can a town adjust the hours? Because under this section we're going between 8 A.M. and 9 P.M., I guess.

But can the town adjust it to go outside that time frame?

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Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Not outside, but within that time frame.

Through you.

REP. SHABAN (135th):

All right. Thank you and thank you for the response.

Through you, maybe a technical question. In line 20 of the amendment I was looking at a reference in Section A or subsection A of Section 30-370. And then when I went to the statute to look at it I don't see that one exists. Am I missing something? Is that a typo or are we creating a new 30-370?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

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If I could have a moment to pull that statute.

Thank you. I apologize for the break.

Mr. Speaker, if I may?

The -

SPEAKER RYAN:

Please proceed.

REP. TABORSAK (109th):

-- Section 30-370 is in our Public Acts, 2011 supplement. It's entitled Farmers Market Wine Sales Permit, municipal prohibition of sale of wine by permittee.

REP. SHABAN (135th):

Thank you.

SPEAKER RYAN:

Representative Shaban.

REP. SHABAN (135th):

Thank you, Mr. Speaker.

Well, I guess the state -- the state website list of statutes hasn't caught up yet because it's not in here.

Well, I guess that's -- because really, what I was trying to do is get an answer to my next question without

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having to answer it. So perhaps if the gentleman has the public act in front of him.

At the farmers markets, are farmers allowed to sell other types of alcoholic beverage, i.e. like a mead, for instance, which is fermented honey that could be made on a farm or a barley wine or even - or even a rye, I suppose?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

In -- in my limited knowledge of what farmers markets can do I don't believe they can.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Shaban.

REP. SHABAN (135th):

All right. Well, I thank the gentleman for his responses.

I think that cleared up the questions I had.

Thank you, sir.

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SPEAKER RYAN:

Thank you, sir.

Representative Ackert of the 8th.

REP. ACKERT (8th):

Thank you, Mr. Speaker.

And I just want to continue on that frame.

Through you to the proponent of the amendment -- just one question.

SPEAKER RYAN:

Please proceed.

REP. ACKERT (8th):

I -- just on the farmers market, if I just want -- for my point of clarification. I do represent the best farmers market in New England in Coventry Regional Farmers market. And they are excited about this amendment.

The only question I have is does this essentially say if a farmers market were -- is open any day of the year it can sell wine?

Through you, Mr. Speaker.

SPEAKER RYAN:

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I do not believe that the amendment specifically says that.

SPEAKER RYAN:

Representative Ackert.

REP. ACKERT (8th):

Does it -- I guess a follow up on that. Does it say otherwise?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker. No.

What I would say to the gentleman is that in the law where we have restrictions such as pro -- the prohibition against sale on Christmas, I -- I do not believe that farmers markets fall under the -- the class of permittees that are subject to that prohibition.

So in the silence I would say that there is not a similar prohibition against farmers markets.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Ackert.

REP. ACKERT (8th):

And thank you. And thank you to the Representative, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Aman of the 14th.

REP. AMAN (14th):

Thank you, Mr. Speaker.

I just have a -- one question to the proponent of the bill.

SPEAKER RYAN:

Please proceed, sir.

REP. AMAN (14th):

Yes. Just looking at it that farmers markets are going to be open from 8 o'clock in the morning or could be

if the town allowed it, from 8 o'clock in the morning to 9 o'clock in the evening. Meanwhile, the local package store on Sunday is only allowed to be open from 10 o'clock in the morning to 5 o'clock in the afternoon.

And I remember in the General Law committee a fair amount of discussion about hours of operation. And I'm just trying to understand the philosophical reasons for allowing the farmers market to have much more extended hours. I understand the practical reason why they might want it. If I was a farmers market -- because farmers markets starts early in the morning -- and if I was a farmers market, I probably would have wanted a 6 o'clock in the morning start, probably more than the 9 o'clock in the evening.

But then again, I did talk to my -- especially the grocery stores who also would have liked to have had the 7 or 8 o'clock in the morning start. And in the wisdom of the committee or the -- we had decided on the 10 to 5. And now we're looking at it at 10 to 5 versus 8 to 9. And I just wonder if the good chairman could discuss the reasoning behind the different hours and why they came forward as they did.

Through you, Mr. Speaker.

SPEAKER RYAN:

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The reasoning is that farmers markets, I think, are a very different animal than package stores. Most of them meet seasonally. They don't meet year around. Usually, they -- I think -- most of them meet perhaps once a week. They're not usually a week long operation. They are -- they start and -- and close at various times.

It's a very different creature than a package store. I don't think they're seen as competition by package stores or by supermarkets. They're pretty much embraced, I think, by most in the state.

The -- I would add that the package stores are -- well, I think that the, at least, package stores association is well aware of this amendment and they didn't have any objection to it.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Aman.

REP. AMAN (14th):

Yes. I -- I -- I thank for the answer because I think it did serve the -- the needs of the farmers market to have the extended hours and the regulations set by the local town.

But I do understand why several of my grocery stores are not particularly pleased that one part of the market got the exception that they did not.

But I thank the chairman for his answers.

And thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, sir.

Representative Rebimbas of the 70th, for the second time.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Respectfully for the second time on the amendment, I just -- as the debate was going on regarding the provisions in the amendment, something had occurred to me that I just wanted to question before I vote on the amendment.

So through you, Mr. Speaker, to the chairman of the General Law committee, on the amendment that's before us, specifically again on line 12 where we changed striking one

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to three, being three persons that the appoint -- that could be appointed by the Governor. Would that make for a total of 15 persons on the task force?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is my understanding.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And through you, Mr. Speaker, has the task force, do we have a provision out there regarding how -- what the powers of voting for a task force is? Or is that established individually through each individual task force? So for example, is it for recommendations that are moved forth, is it based on a two-thirds vote, majority vote?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

I'm not aware of any hard and fast rules for the good Representative. But I -- I think that generally a consensus is a way that most task forces try to operate. And building consensus, I think they might look to Robert's Rules of Order or Mason's, probably Robert's Rules of Order for some guidance. But I don't think there is a hard and fast rule.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you and through you, Mr. Speaker.

Then in reference to Robert's Rules of Order, who would, on the task force, make the decision as to how those votes are to be determined if the task force is unable to reach an agreement in that regard?

Through you, Mr. Speaker.

SPEAKER RYAN:

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I don't know the answer to that question.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And I appreciate the chairman's honesty -- honesty and truthfulness in that regard of not knowing exactly then how the voting will be determined when it comes to this particular task force.

And I certainly hope that the task force would be able to move in the same direction that the General Law committee in reaching a consensus as to what's being proposed.

And therefore that's why I do stand, Mr. Speaker, in opposition to the amendment, because I do want to respect the integrity and the democracy of the hard work that went into the bill as proposed prior to this amendment, fully standing in support of the other two provisions of clarification regarding farmers market and also the items,

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although much more clarification needs to be done in that regard as to what a package store could carry.

So thank you, Mr. Speaker, for the second time. I appreciate it.

SPEAKER RYAN:

Thank you, Representative.

Will you remark further? Will you remark further on the amendment before us?

If not, I would try your minds.

All those in favor, please signify by saying "Aye."

REPRESENTATIVES:

Aye.

SPEAKER RYAN:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER RYAN:

I believe the ayes have it.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

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Representative Tallarita.

REP. TALLARITA (58th):

Are you done?

Thank you, Mr. Speaker.

I just rise tonight to support this legislation as before us. Feels like it's taken a long time to get here.

I feel this bill as amended is truly a compromise that has been worked on long and hard by this Legislature, and mainly the General Law committee and the Governor's -- the Governor and his staff.

I feel comfortable with the bill that's before us. We've come a long way since January. And I feel very comfortable with the fact that we have a task force that will study a lot of the issues that were brought forward in the original bill that we did not include in the bill that's before us today.

In some cases those issues that were in the original bill that are not here before us today have not been talked about or looked at since Prohibition. And I think it's time that Connecticut get with the times and move forward.

And I also believe that we need to mention that this bill is permissive. It is not mandatory. There is no package store, no grocery store, no business that we are

telling they cannot open on any given day of the week. And now that includes those businesses that were excluded and were told they could not do business on Sundays. So that is truly exciting to me because that is what I've been fighting for for the last few years.

It's been about fairness for me. It's been about allowing a business to do business as they so choose and to open their doors any day of the week that they so choose, including Sunday, if that's what they want, if that's what they feel their business can withstand.

Mr. Speaker, this is also a bill that is about consumer con -- convenience and is also a revenue generator. The bill that was originally before us raised more revenue. But this bill raises approximately 5.3 million dollars in revenue every year. That's revenue that we've been losing over -- over the lines every single Sunday to our bordering states. And that money, hopefully, will continue to stay here in Connecticut.

I want to thank the chairs of the General Law committee and the ranking members and the actual members of the committee because they put in a lot of hard work. It was long hours. It was truly a compromise and I thank them for the work that they have done.

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And I also need to thank Governor Malloy for his leadership on this because I truly believe he put out a comprehensive bill that would have brought consumers lower pricing and more convenience. And I look forward to working, hopefully, with the task force in the future so that we can do that and provide that to our Connecticut residents.

Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Betts of the 78th.

REP. BETTS (78th)

Thank you, Mr. Speaker.

I just wanted to make a few comments about this bill and explaining the reasoning as to why I'm going to be opposing it.

Although I do want to congratulate the chairperson of the General Law committee for reaching a much more reasonable bill than what was originally intended.

The first comment I would offer that many people have asked me and I, frankly, don't have an answer to, is we're supposedly very tough on DUI laws. And we really take that

very seriously. A lot of laws have been passed to try and make sure that people do not do excessive drinking.

And yet, under this legislation we're going to be making it more available than had we not taken up this legislation. I know in many years past we've been talking about this, but I do see a certain conflict and inconsistency about saying we're going to be very difficult and tough on DUI laws and people drinking and trying to make sure it's responsible. And yet, we're now going to open this on Sundays.

The other thing that I -- really stood out in my mind, I spent a lot of time talking with the -- probably the better part of 25 package stores in my district. And they work very hard. And there seems to be a trend here over the last two years to -- to really, I think, overlook the value and importance of what these folks contribute, not only to the economy but to the community.

My fear and their fear is this is really the first step of a process that's going to be designed to drive them out of business. And I think that would be a real shame.

We have a lot of choices that we have available now. I know in Bristol, in a certain area, there's about 26 package stores. And it would be really unfortunate if we ended up picking winners and losers as was originally

proposed in the beginning of this session. And have the large stores, the big stores be able to dominate the price of what alcohol is going to be and where we go. And clearly, we're going to lose these businesses if that happens.

And along those lines if we really want to be more competitive and more proconsumer then why don't we just stop doing what we did last year by putting the tax -- increase sales tax as well as the other tax last year on the liquor stores. I think we really need to be more sensible in our approach here.

Once again, small businesses, as we discussed in the minimum wage bill, have been bearing the brunt of what we've been doing with public policy. And it is very hard for me to watch these folks and their families work there and put in so many, many long hours. And they've done nothing. And yet be subjected to all these financial pressures and regulations.

So for these reasons I really have a difficult time supporting this. I understand that it concerns the folks who have package stores on the borders. I get that.

But in the big picture scheme of things I look at this as the small package store is being treated the same way, it's what happened with the pharmacies.

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And I always felt that the small businesses are the backbone of this economy and of the state. And I just want to make sure their voices are heard and that we really try to respond and support them.

And also, I think we need to be very consistent with how -- what we're going to be doing in terms of alcohol. If we want people to be responsible let's not create longer hours, let's not be open for extra days. Let's try and be responsible with our public policy for doing that.

So I thank you very much, Mr. Speaker. And those are the reasons why I'm going to be opposing this bill.

SPEAKER RYAN:

Thank you, Representative.

Representative Rebimbas of the 70th.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Mr. Speaker, through you to the chairman of the General Law committee, I think it's important for us to highlight and -- highlight for the Chamber as well as anybody else who is watching, exactly what does this bill do.

Because I certainly do stand in support of the bill even though I have some reservations regarding many items that's in the bill and many other things, that through testimony, that does cause great pause in this regard.

But certainly again, I do rise in support of something that was reached in a bipartisan manner by the General Law committee.

But again, it is important to highlight exactly what does this bill do and change?

So through you, Mr. Speaker, if the chairman of the General Law committee could highlight the number of package stores that any one permittee can own, whether or not that changes in this bill and if so, how?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Under the bill, under current law, a person can only have two package store permits. The bill would change that limit to three.

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker. And thank you to the chairman for highlighting that.

So a small package store that previously under current law has the ability to own two package stores now can, in fact, own three.

And through you, Mr. Speaker. If the chairman can highlight how the retail pricing changes with this proposed legislation?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

There is a section in the bill that provides consumers with an opportunity and retailers with an opportunity to sell an item below cost as it's defined under current law. And essentially they are limited to going down to 90 percent of costs as cost is defined by law under Connecticut General Statutes 30-68M.

So essentially, these current price controls that are in effect, there would be an exception to these price controls such that a retailer could put an item out for sale that would be, in theory, at a lower cost than they currently can under current law. And consumers would be able to shop around and benefit from those sales.

And just one further clarification is that each retailer would only be able to sell one item per month under that exception. And they would have to notify the Department of Consumer Protection what product that they will be offering at that discounted price.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebinbas.

REP. REBINBAS (70th):

Thank you, Mr. Speaker.

And through you, Mr. Speaker, and how will that one product be identified specifically? Are we talking about a name -- name brand product? Are we talking about by the type of liquor? How will that one item have to be identified?

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

By a stock keeping unit number.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and thank you for the clarification in that regard because I think that's very important.

During the testimony we heard from many, many package stores. It was the majority of package stores that had indicated that this was actually something that they weren't necessarily interested in having. But I do believe that this was something that was reached as a compromise.

Again, with the intent of consumers may want convenience, we're allowing for Sunday sales. With the idea that most consumers, although I have yet to be approached, Mr. Speaker, by any consumer telling me that the alcohol they can't get at a cheaper a price or would like alcohol to be at a cheaper price or that alcohol is

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too expensive at package stores, but understanding that maybe consumers and the general public for other items like to see for sale items or items sold for less. This was a compromise that was reached.

So there is one item that the package stores is allowed to identify on a monthly basis in that regard. Because as most business people -- they wouldn't want to sell something at less than the cost that it was -- that they purchased it at because it just would not make much business common sense in that regard.

Through you, Mr. Speaker, we had discussed a lot of how the Sunday hours, the extension of hours on Sundays for the sale of alcohol impacts farmers markets, how it impacts the package stores. If the chairman of the General Law committee can explain to us how it impacts casinos?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

My understanding is that casinos are -- face an issue that is different than other providers of on premises alcohol. In that the facilities are so large that quite

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often they have to stop serving an hour in advance of the hours allowed by law in order to clear all of the glasses, bottles and other containers off the casino floor to be in compliance with the law.

And what this bill does to accommodate that issue that's unique to casinos -- it doesn't let them sell later than the allowable hours under law. But it essentially allows that glasses or other suitable containers, not including full bottles of alcohol, not including full bottles of wine could remain on the casino floor after 2 A.M..

Through you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you for the clarification regarding how this may impact the casinos.

Also, I want to highlight that during the testimony there was many people who were actually surprised and learned for the very first time that there actually are

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convenience stores in the State of Connecticut that are allowed to sell beer. And there's also gas stations that may also be allowed to sell some alcoholic beverages.

Through you, Mr. Speaker, for clarification regarding the bill that's before us.

Does the bill before us make any changes whatsoever to the current law regarding any criterias and formulas that are under current law that allow some convenience stores and or gas stations the ability to sell alcohol?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

No, it does not.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Mr. Speaker, we do have before an historic bill and I think it is important to continue on, to highlight all of

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the changes that will be impacting the residents and the industry in the State of Connecticut.

So through you, Mr. Speaker, looking at the manufacturer's permits section, I notice that we are making a change as to how many liters of beer could be sold with a manufacturer's beer permit. So if the chairman of the General Law committee can highlight that change, I would certainly appreciate it.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe the good Representative is talking about Section 1 of the bill which allows the beer manufacturer to sell at retail to any person up to nine liters. Current law is eight liters. So the bill allows them to sell an additional liter.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you for that response.

So it is increasing the number of liters an additional liter from the current law.

Also, it's my understanding on the manufacturers, their permit, that the offering of tasting on premises was limited only to those people who toured the premises. Is there a change under this proposed legislation in that regard?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is correct. There is a change. No longer is it a requirement that a person go on a tour in order to take part in tasting.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

We also in this proposed legislation have what's call a brew pub permit that allows for the sale of alcohol. But there is a criteria in order -- you can't just put up a sign and say we're now a brew pub we're going to be selling alcohol and therefore we have all of the rights under this legislation. There is specific criteria that a brew pub would have to meet in order to benefit from this proposed legislation. If the chairman of the General Law committee can highlight that.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The -- the provision in the bill that the good Representative is talking about, I believe, is Section 3, which creates a -- a new permit which combines two permits that basically, currently exist.

A new manufacturer, that permit combines a manufacturer for beer and a brew pub permit. It allows the same uses permitted under the beer manufacturer permit and under the brew pub permit.

And there's an annual fee of \$1,500, clearly establishes the hours of operation in compliance with current law and it essentially takes those two different -- those two uses that are similar but are different permits and allows them to basically be combined into one use.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And I thank the gentleman for his response in that regard.

And I believe it was actually he just went to Section 3 which was the very next question I was going to ask.

But I do want to back up. It was Section 2, just specifically regarding the brew pub permit. I wanted to highlight that in order to qualify under this legislation, a brew pub permit, if -- could be confirmed through you, Mr. Speaker, must produce 5,000 gallons of beer in order to be able to have the benefits of this legislation.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is correct.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Moving on to Section 4, regarding the wholesale salesman certificate. If the chairman of the General Law committee can explain exactly what does that mean and what are the fees associated with that per -- certification?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Under current law, any person employed by a wholesaler of alcoholic liquor to sell alcoholic liquor to any retailer has to have a wholesaler salesman's certificate.

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And they file an application and they go through an application process for that.

Upon approval of the application the Department of Consumer Protection issues a certificate, which is renewed only when the person changes employment.

The change in the bill would basically have those certificates instead expire biannaly (sic) -- biennially on January 31st and there would be a renewal fee for a certificate of \$20. This changes the process. It helps the Department of Consumer Protection keep track of people better. The industry essentially views it as harmless and sensible, through you -- as far as I understand.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and thank you for that response.

In Section 5 under the package store permit, I notice under this piece of legislation we're actually creating an ability for package stores to have fee-based wine education and tasting classes. I just wanted to kind of clarify that and flush that out a little bit.

Are we talking about a package store owner would simply be able to put a sign on his or her counter that says, "We're holding classes. Therefore let's open several bottles of alcohol and taste them, look at them." Do whatever the case is or is there some type of restriction or requirement or qualification for the package store owner to be able to have these types of actual classes under this legislation?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The -- the bill proposes to allow package stores to provide wine education and tasting classes for a fee if they so choose. Currently, they can provide free tastings, they can have those kinds of demonstrations under current law, but they can't charge a fee.

This allows them to charge a fee for that service if they wish to go into that area. There are not specific requirements that I know of or credentials in order to do that under the current bill.

Through you, Mr. Speaker.

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SPEAKER RYAN:

Rep -- Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker.

What is the annual fee for a package store permit?

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe it is \$535.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and through you, Mr. Speaker.

What is a grocery store beer permit fee?

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

A grocery store beer permit is a limited alcoholic liquor permit that allows a grocery store to sell beer.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and through you.

And what is the annual fee for a grocery store beer permit?

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe it is, under current law, I believe it is \$170.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker. Mr. Speaker, through you.

If the chairman of the General Law committee can clarify exactly -- and understanding that a package store permit allows for more than just beer to be sold there and certainly a grocery store permit only allows beer to be sold there -- but understanding the two types of industries, why the large discrepancy in an annual fee for a package store at \$535 compared to a large grocery store beer permit of \$170?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I -- I can't speak to when that fee was established or what the policy was behind it.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker, and through you, Mr. Speaker.

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Is it correct that under this proposed legislation if a grocery store has the sale of food and groceries of more than two million, they only pay a thousand five hundred in an annual fee?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is my understanding of the bill.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker and through you, Mr. Speaker.

What is a bowling establ -- establishment permit?
It's my understanding that in this proposed legislation it actually does change what the current law is.

So through you, Mr. Speaker, if that could be highlighted?

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Representative Taborsak.

REP. TABORSK (109th):

Through you, Mr. Speaker.

It is a permit that allows bowling establishments to sell alcoholic liquor on the premises, provided the premises has at least ten lanes.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak (sic).

REP. REBIMBAS (70th):

Thank you -- thank you, Mr. Speaker.

Mr. Speaker, what I'm wanting to inquire of the chairman is do we have -- this task force -- do we have a -- an agenda as to what the items we are going to be looking for, looking at, examining, studying, gathering information.

Do we already have an agenda made as to what those will be or is this something that the task force will take it upon themselves to determine what will be the issues of interest?

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The -- the bill does make a charge of the task force which includes examining, reviewing, analyzing and comparing and contrasting with surrounding states, Connecticut alcoholic liquor taxes, alcoholic liquor quantity and volume discounts, existing alcoholic liquor permit restrictions and alcoholic liquor minimum pricing and price posting in this state. And the impacts, both positive and negative, of such issues on consumers and the alcoholic liquor industry in the state.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you to the chairman for highlighting that because one of the concerns I have as I'm looking at this proposed legislation -- and I think we did a wonderful service to the bowling establishments regarding their

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annual percent -- their annual permit fee -- because originally they were paying a lot more than a thousand dollars.

And as we go through this and we were looking at the package stores are paying 535. We've got bowling establishment were paying well over a thousand. Now it's down to a thousand. And we have grocery stores, large grocery stores of two million dollars and more paying only a thousand five hundred.

Certainly, I think the discrepancy is -- is obvious in this. And I think that might be a point that the task force may want to look at moving forward.

So in highlighting what's in the proposal before us, the bill, saying that regarding -- was it restrictions regarding permits? Would the fees be included in that?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I -- I think that the language allows some latitude. And you'd have to apply a common sense interpretation of restrictions.

But I'd like to highlight that a task force will -- like this task force -- will provide a report to the General Law committee. And it doesn't -- it doesn't have the effect of law. It will -- it will be up to the General Law committee to consider those proposals and go through their regular committee process and determine whether or not the committee wants to raise some or all of those proposals as a bill. /

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebinbas.

REP. REBINBAS (70th):

Thank you, Mr. Speaker.

And I thank the chairman for his response.

And I think that is important for a task force. If a task force is tasked with the responsibility of looking at all these items, it should be the task force's responsibility as they move forward in examining these specific ones that are in this bill whether or not it would be pertinent to look further or maybe not. And/or if there

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are any other issues or items out there as we move forward in the task force as to what we might want to examine. And I think that certainly would be important.

Through you, Mr. Speaker, if the chairman can highlight how the education institutes are impacted by this legislation before us?

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Our colleges and universities, under the bill as it is proposed, will be able to incorporate dispensing and making wine as part of their higher ed culinary curriculum.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you for the response.

I know we did hear testimony, actually over the years, from some of these higher ed institutions that came to

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testify before the General Law committee on how they wanted to have the ability to do these things. Because again, we're preparing our student body for the future of the industry moving forward.

And just for clarification purposes, is this bill only limited to wine? Or would that institute be able to manufacture or -- or create beer?

Through you, Mr. -- Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

My understanding is that it is limited to wine.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Mr. Speaker, the chairman did a wonderful job earlier on highlighting the different holidays that the package stores would be able to stay open and -- and sell liquor.

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Through you, Mr. Speaker, just for clarification, how did we come to those holidays that were chosen to the elimination of some others? And then just for clarification purposes would -- actually -- someone actual -- highlighted it to me, why is it that they're still allowed to sell alcohol on Easter? So how exactly did we choose these holidays, including some but excluding others and why did we keep Easter in there?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The original bill that was presented to the General Law committee suggested that we -- proposed that we allow sales on Memorial day, Independence day and Labor day.

I can't speak for anyone else's thoughts on why those days would be good sale days. I imagine they are days that people probably celebrate and picnic. And perhaps, they're good sales days for retailers. But essentially, I think that that was my reasoning anyway, to find them acceptable to me.

Through you, Mr. Speaker.

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SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Looking at Section 10 there is discussion regarding a cafe permit. And I know we highlighted earlier before regarding the farmers market hours, things of that nature. Cafe permits under this legislation have also highlighted hours that they would be able to be open.

If the chairman can clarify whether or not a cafe permit would allow during their hours of operation, which hopefully the chairman will highlight, if they could also sell alcohol?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

The bill proposes to allow cafe permittees to serve food, but not alcohol, to the public in extended hours. It allows them to begin serving food at 6 A.M.. It does not change when they close.

I hope that -- there's also a -- a special exception to accommodate the Hollywood East movement where some of our small businesses or cafes try to accommodate film projects. And it allows the tavern or cafe -- that specific exception, if you will -- allows the tavern or cafe used as a site for a state film production tax credit to be open to the public beyond regular hours of at -- of operation. However, the sale or consumption of alcohol cannot be beyond the authorized hours of operation.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And I want to thank the Chairman for that clarification regarding the film production tax credit. It also is one of the items in this piece of legislation.

Through you, Mr. Speaker, just again, highlighting.

For example, on a Sunday, if I were to walk into a cafe that has a cafe permit or if I were to walk into a restaurant that has their respective liquor permit and I walk in at 8 -- 8 A.M. for breakfast or brunch and I order a mimosa, would they be able to sell me a mimosa?

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Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Not through my understanding, Mr. Speaker.

Through you.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, if I wanted to go to my local grocery store, pick up some fresh fruit, go down to my farmers market that's open at 7 o'clock A.M., on Sunday and pick up a bottle of wine, would I be able to at 7 o'clock A.M.?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I believe that the Representative would not be able to. I think that the earliest she would be able to purchase at a farmers market would be 8 A.M..

SPEAKER RYAN:

Representative --

REP. TABORSAK (109th):

Through you.

SPEAKER RYAN:

- Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And thank you for that clarification.

So if I were to walk down to my farmers market to buy a bottle of wine from our wonderful vineyards that we have in the State of Connecticut, I would be able to purchase it after 8 o'clock when their hours of operation are. But yet I wouldn't be able to walk down the street to the package store and purchase on a Sunday any type of alcohol whether it's our home grown wine until after ten, is that correct?

Through you, Mr. Speaker.

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Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker, that's correct.

SPEAKER RYAN:

Representative Rebimbas.

REP. REBIMBAS (70th):

Thank you, Mr. Speaker.

And I want to thank the chairman of the General Law committee for all of his responses.

And I think I'll give him probably a break now if he'd like to take a -- take a seat and relax a little bit. I think I might be done with my questions and I'll certainly forewarn otherwise.

I do want to take this opportunity to say that I do stand in support of this piece of legislation. I think for all of us on the committee -- we didn't think that we would have Sunday sales bill being proposed as an item on our agenda this year, only because it is a short session and it is a year that we're supposed to be dealing with financial issues such as the budget, and not necessarily Sunday sales.

Also, it was proposed to be a session of education reform, not Sunday sales.

But we are here today and I'm proud to say that the General Law committee did take up the piece of legislation. We did hear from everyone who came before us. And I'm also proud to say that the majority, if not all of the members on the General Law committee, stayed until the very last person testified.

We listened from consumers. We list -- listened from people in the business community. And we also listened from students.

And I want to highlight the students because we had several students come before us who as a sociology project in their respective schools had to pick a topic that the Legislature was handling. And they were intrigued by the title of Sunday sales. They admitted that most of the information they knew about Sunday sales was off of the media, based on media, what they read in the newspapers, what they heard on the news, on TV, maybe even what they heard around.

Only after they sat for hours upon hours and heard all the testimony that we as committee members heard, they came up and instead of reading word for word of what their response was going to be, which the majority of them was

certainly to do away with Sunday sales, because they believed Sunday sales was blue laws and probably related to religious viewpoints. And they thought that that was archaic. They wanted to see their state move forward, modernize its laws.

But after sitting after all those hours and they actually looked at the legislation that was before us -- and at that time it was the Governor's proposal -- they then scratched their head and said "Wow. I see why this is being so debated. I see why there's hundreds of people in this building to testify on this bill." It's not so easy to say that it's blue laws. It's not so easy to say, "We want to be consumer friendly." There are some serious ramifications in changing these types of legislation.

And I am so proud to have served on that committee with my fellow ranking members and our Senate chairs and all of the committee members that took the time to listen to each and one of them.

And we did put forth a compromise. A compromise that maybe not all consumers like, a compromise that the industry, the business persons may not like. But it was a compromise.

Now I respect everyone's views that might be more pro consumer over poor -- pro business. And it might be a

tough decision for them here today to pick one over the other. So they may vote against this proposal because it didn't go far enough for consumers. They may vote against this proposal because it hurts the small businesses. Or they may share the pain of the General Law committee that reached a bipartisan consensus and wants to support the hard work that we did as a result of the residents of the state of Connecticut, both businesses and consumers, who took times (sic) away from their personal lives, their businesses, to come up here and tell us how this piece of legislation was going to impact them.

I also want to highlight that each and one of us -- us other than the times we met with our constituents and in our districts with the many business people and consumers in this regard, sometimes we don't know how much our work impacts on us.

And I just want to commend everyone for their hard work in that regard. And I certainly stand here, again, in support of this, for many different reasons because it was a compromise.

But I understand what small businesses go through. Last time this bill came before us I voted against Sunday sales.

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Because I heard from all the small business as to how this is going to impact. Because if you do a business analysis, if you open your business, a package store, for example, on a Sunday or allow Sunday sales, the energy costs of keeping those refrigerators going, those lights going, your staff going, and the time away from your family, all that has a price.

And that price for a small business person is huge. It may not compensate for the half a dozen people that might come in through their door. Because as we know many people on Sunday take the opportunity to spend time with their families, which these business people would not have that opportunity.

On Sunday, many people take the opportunity to go grocery shopping and shopping. Why wouldn't they then at least buy their beer at those grocery stores? If their shopping at the large malls why would they go to a small package store if it's probably a more convenient location? So again, there's a lot of struggles in this regard.

And I say this because I know what it's like to be a small business because I have a small business of my own. And I do stand up here on behalf of the mom and pop shops. And I want to make that clear that I stand up here on behalf of the mom and pop shops and no other reason.

It's well known amongst the committee in this Chamber, I'm sure, that I do have an aunt and uncle that own a package store in the State of Connecticut. And I am proud of that. And I will never be embarrassed for the fact that my family are entrepreneurs and I have a small business.

But I can also assure everyone and I'm sure my committee members and my fellow colleagues here know, that not any one person, whether it's a family member, a friend, or any political leader, do I make my decisions based on those individuals.

I take my position seriously on the General Law committee. I take my responsibilities as a state Representative of the 70th district very seriously. And I weigh all of the testimony, all of the pros and cons.

And that's why I can't say it enough, how proud I am of the bipartisan legislations before us. Even though there might be many other people that don't feel the same in that regard.

I do think that there is a cost to proposing legislation that we want to say is consumer friendly when it comes to alcohol. Folks, alcohol is a drug. We're not trying to sell the cheapest pair of shoes. We're not trying to sell more economic items for the everyday

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household such as groceries or things of that nature. This is a drug. It's regulated for a reason.

I am not looking for penny alcohol, penny bottles. I don't want it to be readily available in that regard where it's going to be abused. We need to be respectful and mindful of the legislation that we pass. It's great to say consumer friendly and convenience. And I'm sure every consumer out there would want to do a drive through for all of the times that we have to buy on a regular basis and have it readily available at all hours, 24 hours a day.

But we need to remember this is a drug. We need to remember there's rules and regulations for a reason regarding the use and purchase of alcohol.

We also need to remember that we can't put the interests of small businesses necessarily above large businesses. Nor do we put the interests of large businesses above small businesses.

But I'm afraid that the original proposal before us did just that. If you read the articles in the newspapers you may think differently. You may think, "Well, it's competition. It's the real world. You compete, some people win, some people lose." That was not what was proposed in the original legislation.

The original legislation asked for package stores to compete with each other. How could you ask package stores to compete with each other when they're so restricted as to where the alcohol is coming from? They did not have the choice under this piece of legislation who they were going to be purchasing their alcohol from. So compete with each other is not realistic, it's not real competition in this regard.

Also under the other legislation we were allowing big grocery stores to have both groc -- the beer permits as well as a liquor store permit. Let's be realistic here. Who has most of the revenue to be able to maybe take a hit on alcohol but make the revenue in the groceries, if that were to happen? Small businesses would not be able to compete. That's not competition.

And again, I'm not putting one industry over the other, large businesses over the small businesses, but I -- what I want to do here in the State of Connecticut -- and I have not been quiet about this -- is making a business friendly environment that both large businesses and small businesses can work cooperatively, together.

Our State of Connecticut should not be seen as only small businesses. And it should not be seen as only large businesses. We should, again, be stimulating and creating an environment where both can thrive.

And I believe that under this legislation as much as it may have a negative business impact on our small package stores, it was reached in a compromise.

I certainly look forward to serving on the task force and all the hard work we have before us. We're going to be proposing a report, January 13th, to -- I believe it's January 2013. So that means we still have a lot of work ahead of us to be done on this.

So it's certainly not the end of the road. But it's one that I take, again, very seriously, my responsibility on that task force and look forward to serving with all the other people who are going to be appointed on that task force to truly look at all the aspects related to the alcohol and see the impact that it has, not only on consumers, but also on the business community.

So again, Mr. Speaker, if I haven't said it already, I'm going to say it one more time.

I do stand in support of this legislation, not because I believe it's good for the small businesses of Connecticut, not that I believe that it's good for the consumers of Connecticut. But I think we listened to both sides and this is a reasonable compromise before us in light of the fact of what the original proposed bill that we were facing.

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So thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Williams of the 68th.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker and good evening -- I believe it's evening -- to you.

Mr. Speaker. I -- I know that so many of the members of the House here share a frustration that I have in that in talking to our constituents we find that so many of them are frustrated with what happens here at the state Capitol or down in Washington or at different levels of government. And so often people will say to us things like "Aw, it doesn't matter. I shouldn't pick up the phone and call" or "I don't have to email anybody because nobody cares. You people don't listen." We hear the same thing over and over again. "You people don't listen. You're all the same. My vote doesn't matter." Et cetera, et cetera.

I think piggybacking a little bit on what Representative Rebimbas was just saying, this is an example of where the Legislature listened to and worked with people throughout the State of Connecticut, all different shapes, all different backgrounds, different things that they had

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interests in. And I think at the end of the day, this is a -- a bill that was developed because of the people who contacted us, who wrote to us, who called us.

And I can't give enough credit to the members of the General Law committee in both Chambers, the House and the Senate and on both sides of the aisle, Representative Taborsak as the chair and Representative Rebimbas as the ranking member, especially here in the House, for the hard work that they put into this. And the negotiation -- I can't even imagine the amount of hours that went into something like this.

I heard Representative Tallarita, who's been a big proponent of this bill for many years, talk about the fairness that is involved in this bill and allowing businesses and consumers to do as they so choose. And I remember last year around this time talking to a friend of many of ours, the late, great Clem Roy, about the liquor industry and why are the rules like this? Why are they the way that they are? It's very confusing and difficult for so many of us to understand how did we get to the point where our -- our laws are like this. And -- and Clem and I talked about how if you wanted to develop an uncompetitive system for some type of a product or service you could model it after Connecticut's existing liquor laws.

And so I think many of us were not in a negative way surprised when Governor Malloy proposed such sweeping liquor reforms this year. We saw that the issue of Sunday sales sort of carried all the other issues. We saw TV ads and emails that came about because of the issue of Sunday sales. And people said, "Let's end our blue laws. Let's change this antiquated system."

I think a lot of us were taken aback by the wholesale undertaking that the Governor had put forth to completely change and completely gut the system. And I think that -- I recall, by the way, being in the Legislative office building the day there was a rally on liquor issues and seeing hundreds and hundreds and hundreds of people there. And I thought to myself, Oh, my God, this is the first time I've ever seen this many people in the LOB."

And it's because of the fact that the Legislature was willing to listen. It's because of the fact that people here, good people, were willing to get together, compromise, negotiate and do something that would not be harmful to any particular interest group involved in -- in this issue.

And I do agree with Representative Tallarita. This is about fairness. This is about allowing people to do as they choose. And I do understand why we have put together

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a task force to study some of these other issues to come back and possibly handle those next year.

On the issues of -- of fairness and equity, I just have a few questions for the proponent of the bill.

Through you, Mr. Speaker.

SPEAKER RYAN:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, to Representative Taborsak, I -- I -- forgive me and I know this question has been bandied about quite a bit.

I'm having some difficulty on the -- how we came to the snacks that will be sold and the food products that will be sold in -- in package stores now.

As I said, that conversation I had in the LOB about this time last year, I said, "It doesn't make sense to me that you can't buy a lime with your Coronas or you can't buy lighters with cigarettes and that sort of thing." It seemed to me to be such an antiquated way of -- of -- of creating a market.

And I -- I'm wondering why we have restricted some of those snack products? Let me say this. I understand that the answer earlier was because, I believe, the convenience stores had some concern with this and this was the negotiation.

It would seem to me that you'd have to sell a lot of bags of Doritos and Sunchips in order to really cut into the convenience store market.

And I'm -- I'm questioning, through you, to Representative Taborsak what the convenience stores actually said about the possible detriment of selling certain types of snack foods in our package stores?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

My recollection was that it would be devastating to them. It -- it is their primary market to sell these kinds of snack foods.

I can just think of an example that, to me, clarifies it all. Not far from where I live, there is a -- a small

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retail building that has two tenants in it. One is a package store. One is a convenience store. And I could only imagine that if the package store were able to sell all these snacks how devastating it would probably be to that store right next door.

Hopefully, that clarifies the question.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Williams.

REP. WILLIAMS (68th):

It certainly does. I -- I never knew that Sunchips sales could be so devastating to any particular economy. But I'll certainly take the convenience store's word for it.

And through you, Mr. Speaker, just one other question on the fiscal note. The Office of Fiscal Analysis has said that we would potentially generate 5.3 million dollars more as a result of the Sunday sales portion of this bill and that we would generate, I think, \$547,000 from increased fees with regard to cafe permits and -- and that sort of thing.

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I think I can understand the -- the 547 million thousand dollars with regard to fees because there are a finite number of -- of permits that will be issued.

But with regard to 5.3 million dollars, is it the -- has it been the position of the Office of Fiscal Analysis, to your understanding, that the reason that they are projecting 5.3 million dollars is because there will be increased sales, mostly on Sundays? Or would that be largely due to the holidays that we're increasing access to consumers?

Through you.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

My understanding is that the lion's share of that projected revenue gain is from Sunday sales, although the holiday sales due contribute for a revenue gain.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Williams.

REP. WILLIAMS (68th):

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Thank you, Mr. Speaker and I thank Representative Taborsak for his answers to those two questions.

Again, I think that, on the whole, this is a good bill. I think it's the product of -- of good bipartisan work between two parties here in this Chamber and -- and the Senate as well.

I think that Representative Rebimbas and Representative Taborsak will be quite happy to put this bill to bed this year after all their hard work, as well as the other members of the committee. I would urge support for the bill.

Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Hoydick of the 120th.

REP. HOYDICK (120th):

Thank you, Mr. Chair.

I'd also like to thank the members of the General Law committee, the chairs and the ranking member for a great bipartisan effort and for providing a bill that will help many of the constituencies in Connecticut.

And to that I lend my support to this bill.

And I'd like to share with you a success story that incorporates a real estate transaction of over two million dollars, 2.85 million dollars to be exact.

Brownfield redevelopment, small business development and job growth in the State of Connecticut for 70 jobs. And I'm talking about Two Roads Brewing company, which is at the junction of Stratford and Bridgeport. And it happens to be the site of the US Baird facility.

And Two Roads received a \$500,000 grant from DECD. And they will be able to create a state of the art brew house. They will have high speed bottling and canning and kegging area. And the provision in this bill that allows this tasting and offering without being able to tour is very important to their business model.

So needless to say I'm happy to the State of Connecticut. I'm happy to the town of Stratford. And I invite you all to join me in September of 2012 for their opening.

Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, ma'am.

Representative Srinivasan of the 31st.

REP. SRINIVASAN (31st):

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Thank you, Mr. Speaker.

Good evening, Mr. Speaker.

We -- we come up with good ideas. And as I've seen in the last two years that I have been here, these good ideas, these great ideas, take various twists and turns. And by the time they come here to the floor of the House, that great idea, that good idea, is not as good anymore. We have talked about that in the past. We talked about it earlier in the afternoon today.

But I'm very glad that this evening we're talking about a good idea that has taken the twists and turns and gone in the right way. It has become a good bill. And I definitely will be supporting this because I have seen the immense amount of work that has gone into this bill to make it friendly both to the small businesses the core of Connecticut as well as the big business as well.

Through you, Mr. Speaker to the proponent of the bill.

SPEAKER RYAN:

Representative Taborsak, prepare yourself.

Representative Srinivasan -

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

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SPEAKER RYAN:

-- you may proceed.

REP. SRINIVASAN (31st):

Through you, Mr. Speaker.

My concern is around the lines 301 to 310, when the pricing of a beer or an alcoholic liquor has been identified which would be sold at 90 percent of the retail price for the period of a month.

My concern about that, which is a good idea, which is a great idea, and I know there's a lot of support from that -- for that idea across the board. My concern is in terms of monitoring, you know, how -- how comfortable are we that that item will remain for a month and then will go off the month and then the chances that it will be misused? That is my concern.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

I've spoken at great length with the Department of Consumer Protection about this -- this question. And what

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I could say to the good Representative is that the primary focus of the Department of Consumer Protection is to protect minors from being sold alcohol, legal sales to minors. They are most proactive in that endeavor.

As far as monitoring our current pricing, regulations or current price controls, it is -- I would say, could fairly be described as a reporting system. The industry is a limited industry. There's a limited number of people that have these permits. They're on a list. They're easily identifiable. They have a lot a stake in the sale of alcohol. It's their livelihood. I don't think they take these -- these requirements lightly.

But it is a self reporting process. Most complaints that are investigated on -- on issues such as violations of pricing regulations start from a complaint that is made by someone and then an -- an investigation follows through the Department of Consumer Protection.

I hope that helps answer the question.

Through you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Srinivasan.

REP. SRINIVASAN (31st):

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Thank you, Mr. Speaker.

That definitely helps me in understanding this better.

And so if I understand it, through you, Mr. Speaker, that if a violation were to occur, that would -- that would be detected by a -- a computer kind of a system, by a bar code or if somebody were to formally go and complain?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through a complaint. Through a person's complaint.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Srinivasan.

REP. SRINIVASAN (31st):

Thank you, Mr. Speaker.

And I want to thank the proponent of the bill for the answers.

And I definitely want to thank our very eloquent ranking member for the -- from the -- what district is

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that -- from the 70th district for all her hard work that she has done along with the chair in -- in making this bill a very reasonable and an acceptable bill for all of us.

Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Representative Thompson of the 13th.

REP. THOMPSON (13th):

Thank you, Mr. Speaker.

I'll try to be very brief. We've had a long afternoon here. Thank you.

I wish to relate my remarks to remarks made already by Representative Betts and Representative Rebimbas.

I had some serious reservations about this legislation because there is a dark side to consumption of alcohol. It's a plague on many of our homes and communities and so on because of its misuse. And the idea that we were expanding the opportunity to access liquor left me nonplussed.

But I listened to Representative Betts. He had the same concern I had about the larger liquor establishments,

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sales -- sales places and that we'd be open on a greater number of hours and so on.

And with Representative Rebimbas, I have seen the horror of alcoholism in our community. And I'm sure many people in this community know, have loved ones and friends and so on who have suffered from what I would consider a mental illness.

It was very much like the other night when we were talking about marijuana. And I supported that legislation because I believe that it's be much better to have marijuana as a schedule 2 prescription drug under the supervision and administration of the state government and have it subject to careful examination by the medical profession, the entire health profession. So that if there is a possibility that we can control that and help people suffering from various illness and grant them relief and contribute to their improvement and still have very, very close supervision.

Well, I think the same is true of what we're doing here tonight. And my hat goes off to Chairman Taborsak and the ranking member, Rebimbas -- am I pronouncing that word? I'm sorry -- name -- if I'm not.

But I think I would rather have it on -- out there and we would be looking at it in a positive way, how do we

control this. This Sunday hours, I think, was brilliant. And the possibility that we will look at these other issues, the side issues that haunt us as a society and that's the misuse of alcohol by young people. It's people who have a mental health problem with the consumption of alcohol and so on. It will get a lot more attention and a lot more positive attention, perhaps, than it's getting now. Because we know we are changing things.

So I rise in support of this legislation. I think it was a -- a wonderful job. I sat here amazed at how Chairman Taborsak has handled a lot of knotty issues here in the last few days and it seems with the cooperation of his ranking members. So it's something we can do together in promoting this and have a good come out of it.

So that's my two cents. I support it and I thank the Chairman and members of the committee for what they did in presenting it here today. I didn't think it was -- it would be possible to come together as they did and they certainly did. And when we act together on these issues, as we did the other night as well, knowing that there are a lot of prescription drugs out there that are misused, that are underground and so on and so forth but we're addressing these issues in a positive way. And I think we can benefit from it. So I urge support of it. Thank you.

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Thank you, Representative.

Representative Smith of the 108th district. You have the floor, sir.

REP. SMITH (108th):

Thank you, Mr. Speaker.

And I -- I'm going to be very brief because I -- I'll tell you that the -- the answers and questions that have been posed back and forth between the chairman of the General Law committee and the ranking member have -- have been tremendous and answered 99 percent of the questions I had. And I'd like to commend them both and both the full committee as well for doing a great job on this bill.

I represent three towns that border the state of New York. So this bill naturally was a great concern to those establishments in -- in my particular districts.

I do have a -- just a very quick few questions for the proponent of the bill, if I may, through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak, prepare yourself.

Representative Smith, please proceed.

REP. SMITH (108th):

Thank you.

I understand that the permits have gone from two to three. And I'm just wondering if there are any restrictions with the permits? And basically my question is can you have three permits in the same towns?

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

Provided that the town is not maxed on the number of liquor permits, my understanding is that that would be possible.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you.

And I notice that there was reduction in the bowling alley and racquetball facilities. And I commend the committee on that. And I would hope, looking forward with the task force, that they would also look at some of the

other establishments that are described in the bill and -- and see if we cannot reduce those costs as well. I thought that was a --a great move.

One of the other concerns I do have with the bill is I know that we're closed on Christmas and closed on New year's day and that were closed on -- on one other -- Thanksgiving, I believe it is. The one concern I do have is that this bill allows the liquor stores to be open on Easter.

And for many Christians obviously that's the most holy day of the year. And I think it -- it's a travesty to actually to require those or have this bill even make the establishment owner consider whether to be open or not on that holy day. And I would hope that would be part of the task force, that we would look at changing that particular day and make that a -- keep that a holy day where, in fact, those can -- can go to church and do what they need to do on that particular day.

I also would ask the task force to consider the hours of operation. As we have heard, the hours of operation are -- are kind of all over the place for this particular bill. And it seems to me they should be consistent. I think on Sunday for those who do wish to go to church, being forced to be open at 10 o'clock in the morning is a little onerous. And I would hope that we would look at that and

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move it to noon time to allow that to occur. Not all churches have Saturday service so Sunday would certainly be an -- an ideal time to do it at 12 o'clock.

And lastly -- I'll just wrap up -- I know the effective date, I was looking at it, there's -- there's various days, mostly it's July 1st, but some, I believe, is based on the passage of the bill and I just wanted to confirm that.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

I apologize.

Through you, Mr. Speaker, can the gentleman repeat the question?

SPEAKER RYAN:

Representative Smith, can you repeat the question?

REP. SMITH (108th):

Absolutely.

In terms of the passage of the bi -- or the effective date of the bill, I noticed some sections were effective, I

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believe, upon passage, and some sections were effective
July 1st. And I'm just looking to confirm that.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Taborsak.

REP. TABORSAK (109th):

Through you, Mr. Speaker.

That is correct. There are a few provisions that are
effective upon passage. Allowing Sunday sales is one of
those provisions. And also the discounted one item, that
is also effective upon passage.

There are a few other sections as well.

Through you, Mr. Speaker.

SPEAKER RYAN:

Representative Smith.

REP. SMITH (108th):

Thank you very much.

Thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, sir.

Representative Miller of the 122nd, Larry Miller.

REP. L. MILLER (122nd):

Thank you, Mr. Speaker. I'll be brief.

I mean no disrespect to the people that worked on this bill. I know that a lot of work went into it. And I think it's probably a better bill than what it originally started out as.

However, being somebody who was in business for 40 years, I'm glad the General Assembly didn't stick their nose into my business. Because I was the one that ran it and I'm the guy that made the money, not the General Assembly. And I think we continue to stick our big nose into private enterprise. And generally, we end up hurting them or causing them more grief.

I was recently in Pennsylvania and I picked up the paper and there was a half page ad from a liquor store. The liquor store had about 10, 15 employees, it was not a mom and pop operation. And they had 40 items in that ad.

Now I don't know what it costs for a half page ad in the Philadelphia paper but it's got to be big bucks. And they had 40 different items. Every kind of wine you could think of, beer. They had the price, and again, 40 items.

Now, mom and pop stores can't do that. They haven't got the money for it. It'll wipe them out. So you know, what we're doing on the one hand, we're trying to make liquor more competitive.

You know, I know I hear the Governor saying, "Oh, they're getting ripped off at the liquor store." Well, I've got Mr. (inaudible) in one of my district who's out of job. And he's worrying about how he going to pay his taxes, never mind the price of liquor.

So, you know, again, I'm opposed to this. I think we're sticking our nose into someplace where we don't belong. And I think it would be better if we could just keep on a steady flow here without getting involved with every business that's in the State of Connecticut.

I thank you, Mr. Speaker.

SPEAKER RYAN:

Thank you, Representative.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

If not, will staff and guests please come to the well of the House. Will the members please take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is taking a roll call vote. Members to the Chamber, please.

SPEAKER RYAN:

Have all members voted?

Have all the members voted? Have all the members voted?

Please check the roll call board to make sure your vote has been properly cast.

If all members have voted, the machine will be locked. Clerk will please take a tally.

Clerk, please announce the tally.

THE CLERK:

House Bill 5021, as amended by House "A."

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	116
Those voting Nay	27
Those absent and not voting	8.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

The bill as amended is passed.

Clerk, please call Calendar 437.

THE CLERK:

On Page 33, Calendar 437, substitute for House Bill
Number 5445, AN ACT CONCERNING SUPPLEMENTAL PAYMENTS UNDER
THE CONNECTICUT ENERGY ASSISTANCE PROGRAM, favorable report
by the committee on Appropriations.

SPEAKER DONOVAN:

Vice chair of Appropriations, Representative Kathy
Abercrombie, you have the floor, ma'am.

REP. ABERCROMBIE (83rd):

Thank you, Mr. Speaker. Good evening.

SPEAKER DONOVAN:

Good evening, madam.

REP. ABERCROMBIE (83rd):

Mr. Speaker, I move the acceptance of the joint
committee's favorable report and passage of the bill.

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SENATOR LOONEY:

Thank you, Madam President.

And Calendar Page 33, Calendar 342, Senate Bill Number 415; move to refer that item to the Committee on Planning and Development.

THE CHAIR:

So ordered, sir.

SENATOR LOONEY:

Yes; thank you. Thank you, Madam President.

Madam President, if the Clerk would next call as the next ready item, it is the -- got the letter -- yes, Madam President. On Calendar Page -- we've asked -- we've -- first we'd request for suspension to take up a single-starred item.

THE CHAIR:

Seeing no objections --

SENATOR LOONEY:

And that --

THE CHAIR:

-- you --

SENATOR LOONEY:

That is Calendar Page -- Calendar Page 24, Calendar 434, House Bill Number 5021; ask for suspension to take up that single-starred item.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Yes. Thank you, Madam President.

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And then if the Clerk would call from Calendar Page 24, Calendar 434, House Bill Number 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

THE CHAIR:

Senator Doyle. Good afternoon, sir.

SENATOR DOYLE:

Good afternoon, Madam President.

I move acceptance of the joint committees' favorable report and passage, in according with the amendments of the House.

A VOICE:

It's not on the floor.

THE CHAIR:

Excuse me. The -- can you stand at ease for a moment, please?

(Chamber at ease.)

THE CHAIR:

I'm sorry; I forgot.

Will -- Mr. Clerk, will you please call it onto the floor --

THE CLERK:

On page --

THE CHAIR:

-- (inaudible).

THE CLERK:

-- 24, Calendar 434, Substitute for House Bill Number 5021, AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES;

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favorable report of the Committees on General Law and Finance.

THE CHAIR:

I apologize. Now Senator Doyle.

SENATOR DOYLE:

Thank you. Good afternoon, again --

THE CHAIR:

Good --

SENATOR DOYLE:

-- Madam President.

THE CHAIR:

-- afternoon again. It's still beautiful out.

SENATOR DOYLE:

I move acceptance of the joint committees' favorable report and passage of the bill as amended by the House.

THE CHAIR:

The motion is on acceptance and passage. Will you remark?

SENATOR DOYLE:

Yes. Thank you, Madam President.

We have before us a bill that's the result of a lot of work by a lot of different people. I'd like to say in mid-January, I didn't think we were going to do any bills on liquor this year, as Chairman of the General Law Committee. But then our Governor proposed a broad -- broad liquor reform bill and presented it to the General Law Committee. And then our committee, in a bipartisan fashion labored long and hard on -- on

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this bill, and the Governor's proposal had certainly a lot of significant changes to our current law.

And throughout the session, the -- we -- the -- the committee worked in a truly bipartisan fashion. Both -- both caucuses worked hard to try to achieve some consensus. We had a long, I don't know, 12-or-15 hour -- maybe 12; I don't want to get too dramatic -- maybe 12-hour public hearing where at the end of the night, around eleven o'clock at night, about 80 or 90 percent of the committee was still in their seat listening to every person testify. So I just first want to thank our committee for doing a lot of good, hard work.

What you have before us is a -- the result of the majority. The -- the vast majority of the committee, in a bipartisan fashion, approved this bill. And I'll try to highlight some of the key provisions of the bill.

This bill, which the average citizen is aware of, what it does is it -- it permits Sunday sales under Connecticut law for our package stores and our supermarkets and, you know, the other retail sellers. This would bring Connecticut into -- to be the 49th state in the Union to -- to permit sales on Sunday and end our blue laws. The hours will be 10 a.m. until 5 p.m., so therefore our package stores and supermarkets are permitted but not required to open up on Sunday.

And the -- the ultimate bill, and as a result of Sunday sales, will generate anywhere around \$5.2 million of additional revenue. That's our OFA estimate, which is probably pretty conservative, so we're hopeful in these difficult economic times that extra revenue will hurt [sic] our -- the -- the -- our State budget.

In addition, under current law an individual may only hold two liquor permits. This bill permits any individual to hone -- to -- to hold now up to three permits. So -- and a person who may own two, two permits now is -- is -- has the opportunity to -- to purchase another package store or other permittee location.

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Another item, one of the more -- under current law, the package stores must sell all other goods and -- and liquor at the -- the minimum pricing. This bill permits a package store or supermarket to sell one item, whether liquor or -- or beer below cost, in -- in the maximum of 10 percent below cost.

It also, the other major component of the bill is the Competitive Alcoholic Liquor Pricing Task Force. This bill, as I -- as I mentioned, the Governor's bill had a lot of significant changes in there, and a lot of us were just not exactly confident of what the ultimate impact would be of some of the pricing components of the bill, such as minimum pricing, volume discounts, price posting, and liquor permit restrictions. And as a result, it was the consensus of the committee, in a bipartisan fashion, that we wanted to study some of these issues.

And I'd like to say, I've been around this -- I've had the -- been fortunate to represent people at the Capitol for many years now. And way back, early on in my career in the House, one of the bills I'm most proud of, I voted against the electrical deregulation bill. And a lot of these bills, when you decide to deregulate, you can have unintended outcomes; and, unfortunately, I think I probably was correct to vote against electrical deregulation.

And with that in mind, the bill before us or I should say the original Governor's proposal caused me to pause and just think that we should maybe study for a year. So this bill creates a 15-member task force that will, in depth, look into the bill and look into some of these concepts including minimum pricing and try to determine what the impact is.

And some of the concerns were our prices are currently lower than some of our bordering states, not Massachusetts but another -- another state. We wanted to really understand and try to appreciate what the real impact, if we were to adopt these radical changes.

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This bill also does a number of other less-significant changes, but, for instance, we create a singular -- a single manufacturing brew-pub license. We also allow some of our package stores to conduct wine and education-testing classes. And it also permits some of our institutions of higher education to conduct -- to -- to manufacture and have wine tastings as a part of their academic criteria.

So a lot of these provisions have been around, and this really -- and I'll conclude to just say this bill is probably one of the most radical and extensive reforms of our liquor -- liquor statutes, you know, since the Great Depression.

So, again, I urge -- I -- first I want to thank all of the members of our Chamber and in the House that worked hard on this bill, and I urge the Senate to approve it today.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

There once was two, now there's one, and I refer to the number of states when Governor Malloy signs this legislation, hopefully into law when it passes this Chamber, the number of states that do not -- that continue with the blue laws in our country. We used to be one of two, and with the passage of this, I think we'll be down to one in the -- in the United States of America.

I also want to thank Senator Doyle, Senator Leone, Representative Taborsak, and Representatives Baram and Rebimbas and all the members of the General Law Committee for the dedicated hours that they -- they put into the -- from the very beginning, as Senator Doyle said.

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The public hearing was long. It was probably one of the -- the busiest days that the Legislative Office Building has ever seen, certainly in my short tenure of ten years here, as it was -- was the busiest I've ever seen. All five floors just had massive crowds of people there, and they were all here for that one committee, to supply testimony on what they felt should drive the liquor laws of the State of Connecticut.

And the members stayed, right -- for the 11-hour debate -- right up to the very end. And that's something that's generally not seen on this building, because for a variety of reasons, people have to leave. But the members of the General Law Committee stuck it out and for -- for good reason. And I think that's why we have the product that we have before us today.

This bill does a lot of different things, and I think it's a -- going to be a boon to our economy. In addition to some of the things that Senator Doyle spoke about, it also is a revenue gain for the State of Connecticut; \$5.2 million coming up in the next fiscal year, which as we hear, we so desperately need.

The -- the -- one of the thing that I likened about the bill is it allows some of our existing companies in the State of Connecticut to grow. The Thomas Hooker Brewer Company, right here in Bloomfield, Connecticut, it gives them the opportunity to expand their business and sell foods, like a brew-pub. How great would that be to -- almost like a tourist attraction -- to take your family to see Connecticut beer being brewed, walking through the manufacturing plant, seeing the bottles being filled, and then going right next door, within the same plant, to sit down and have a meal and have a -- the -- the freshest brew that you can, right at Thomas Hooker Brewery? So this bill is going to allow that to happen, Madam President.

It also is going to allow the tasting and offering of wine on a premise, and you don't have to take a tour. How many of us, sometimes we get those ads in the paper or we're on vacation, they say -- they pull you

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aside, say, hey, come on and just -- if -- you can have this for free as long as you attend this tour and this lecture. And you're like, oh, maybe that's something I don't want to do. But this bill takes away the requirement that says you must attend the tour; it says you might have to, but you're not going to be required to. I think that's a -- that's a good thing for -- for consumers.

One of the other things it does, it allows in a package store some one-stop shopping. If you're running in real quick and you want to pick up a bottle of wine or a six-pack of beer and you're having some friends over, you might want to have some cheese and crackers. Well, before this bill passed, you weren't -- the package stores were only -- those were not allowed to be sold in a package store. So this opens up items that are allowed to be sold in a package store, from fresh fruits, to cheese, to crackers, to olives.

Some of the things that I -- I learned about, when I first came here in the Senate, one of the constituents of mine owns a bowling alley in the City of Torrington, Sky Top Lanes. And he said, Can you do something about the permit fee for me? And I said, Well, you know, I -- everybody has to pay a permit fee. And he said, I pay for my little bar in my bowling establishment the same that the Civic Center pays, the same that the -- the Meadows pays, any large venue, he goes, we pay the same; we got caught up into it. And the DCP so rightly said they're right. We -- this -- very small businesses -- there's only 32 bowling alleys in the State of Connecticut -- they're paying the same thing as our major, large venues.

So we've created a new permit for bowling alley establishments and for racket ball facilities that have a little, minor bar or lounge within their locations. So their fees have dropped from 2250 to \$1000 for the permit, and we're helping small businesses by doing that.

One of the things that we -- you'll be allowed to do now under the bill is to buy, purchase alcohol on three holidays, Memorial Day, Fourth of July, and Labor Day. And we learned a new -- a new name, or at

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least I did, a border raider; that was a term I learned during the public hearing. And that is somebody that crosses a state line to purchase alcohol. And one of the reasons why we decided on the hours of 10 a.m. to 5 p.m. is because Massachusetts doesn't open until noon. So we wanted to be a border raider to them and say if you want to purchase alcohol, you can come to the State of Connecticut, because if the store owner wants to, it's permissive, they can open at 10 a.m. And maybe we can draw some of those sales to Connecticut.

Now, the public hearing was very passionate from the three tier levels that we have in the State of Connecticut, from the retailers to the distributors and to the manufacturers. And it was so complex, Madam President, that you have to have all of those people, those entities in the same room to kind of really get a feeling of what's happening. So I -- I think -- and I thank Senator Doyle for the creation of the 15-member task force that's going to be able to have the ability to draw in representatives from the three-tiered system that we have in the State of Connecticut into one room.

And we're going to have a debate or that task force is going to have a debate as to how could we be competitive in the State of Connecticut. And they're going to look at a lot of different things. They're going to look at the surrounding states. They're going to look at the -- our alcohol taxes; are we charging too much in Excise Taxes and Sales Taxes on our alcohol proportionate to other states? Quality and volume discounts, and the minimum pricing and price posting, they'll be looking at all those things.

And they're going to report back to this General Assembly by January 1 of next year, just in time for our next legislative session, to bring back ideas, if we think it's important, that we can act to further grant savings and cost savings to the citizens of the State of Connecticut and the consumers that want to come into our state.

So, with that, Madam President, I urge the Chamber's adoption. I thank everyone that participated in the development of this bill.

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Thank you, very much.

THE CHAIR:

Thank you.

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Madam President. Good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR KISSEL:

This bill is a bold, a bold step forward towards increasing free-market activities regarding alcoholic sales in Connecticut. And at the outset, I want to thank Governor Malloy and you, Madam President.

Nobody believed that this issue was going to be addressed this year, here in Connecticut, and then lo and behold in the middle of winter, we -- I received notification that yourself, Madam President, and the Governor would be appearing in the Town Hall of Enfield, along with my friend and colleague from the House, Representative Tallarita and Representative Kiner, and others. And the Governor put forward what he proposed as broad and sweeping changes to the entire three-tier system regarding alcohol in Connecticut.

Well, this bill is a little different than that, but had the Governor not made that initiative at that time, we wouldn't be here right now. And so I do believe on this particular measure, he deserves an awful lot of credit for getting people to sit down and talk to one another.

As my friends and colleagues from the General Law Committee stated, the day of the public hearing was incredible. I've been lucky enough -- knock on

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wood -- to serve in this Legislature, in this great Senate, for 20 years. There are a handful of times I can remember that Legislative Office Building being filled to the max, but even on those days, even on those days when you could look down and see not a piece of tile on the floor, never have I seen every single floor filled up. Indeed, I do believe there was a time during the public hearing, right before the public hearing started, where I don't know whether it was for precautionary measures, but the escalators were shut down; that's how many people were in this building, and they were primarily package-store owners.

I want to commend, at the outset, Chairman Taborsak, Chairman Doyle, Ranking Members Rebimbas and Witkos, and the Vice Chairs of the General Law Committee. I have a certain fondness for the General Law Committee. Once upon a time, in that 20-year spread that I've been allowed to be a Senator, there were two years where we were in the majority, and during those two years, one of the committees that I -- I was Chairman of was the General Law Committee. There were some other committees; I was -- Public Health, I was Vice Chair. And it was a different world when you're in that position, so I always had a particular fondness for the General Law Committee.

And, indeed, the day that we had the public hearing, it went on for, as Chairman Doyle indicated, about 12 hours. And there was ample testimony on all sides of nearly every issue, starting with the Commissioner of the Department of Consumer Protection all the way to package-store owners in the smallest parts, corners of our state saying, Listen, if you could do anything, please do no harm.

Now, let me take a step back. One of the things that I had championed for years was trying to get Sunday sales here in the State of Connecticut. Indeed, when I was allowed to be -- because we go back and forth every two years -- Chairman on the Program Review and Investigations Committee, one of the things that I asked of our staff was to examine Connecticut's place as far as competitiveness with surrounding states. And they did a fabulous job. And I said while you're doing that study, that 40, 50-page study, can you

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focus on one particular issue, because it's always been a bone of contention; can you look at the aspect of Sunday sales of alcohol?

Because up until that point in time, the Package Store Association had argued rigorously that there would be no additional revenues, period, end of story. And I've got to give Carroll Hughes and the Package Store Association some credit, because right around the day that we had the public hearing this year, they made a concession that I never thought that I would see. They said, Listen, go slow on the rest of the bill but if you could, we will go along with Sunday sales.

To have that message sent by the Package Store Association, that they were willing to accept Sunday sales as a principle in exchange for us going slow on many of the other aspects of the bill, I thought that was tremendous; and they deserve an awful lot of credit for offering that olive branch to us.

As Senator Doyle indicated, he's -- one of his proudest moments was voting against electric deregulation. Believe it or not, I made that same vote; I voted against electric deregulation because my study of history and business shows that sometimes having good regulation in industries, especially those that serve the public in critical needs, is a good thing for our country.

But one of the things that I think became evident during the public hearing was that in the great State of New York, they went forward in trying to deregulate some aspects of their liquor industry with the prospect that they would have lower prices, and then it went in the exact opposite direction. So at the same time we were embarking on this and trying to sort of understand and appreciate and digest a lot of the bold proposals put forth by Governor Malloy, at the same time we heard ample testimony from different aspects of industry in surrounding states that this thing had rebounded in a different direction. And so that proved to be unfortunate.

There's a couple of folks in my neck of the woods that have been fighting this -- oh, let me go back to Program Review and Investigation. So when they did

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their study, what they concluded was that we would, indeed, raise revenues and, indeed, that it was something worthwhile to pursue. And they really did an excellent, excellent study.

And we had an opportunity a few years back to actually vote on that, but we kept our powder dry, hoping that maybe someday we could get a bill that we could all embrace and move forward with. But I think that that sort of set a whole nother dialogue in motion, because all of a sudden there was a concrete document prepared by objective staff that are nonpartisan, saying that there would be, indeed, millions of dollars of revenue to be gleaned by Sunday sales.

And then, after that, other research was done, Office of Fiscal Analysis and other groups. And so I want to thank the PRI staff for the hard work they did on that study, of which Sunday sales was just a small aspect. But if it was not for that, I don't think that the dialogue would -- would continue moving on in this direction.

We have made little changes as far as package stores go. One of the things that I worked on way back when was just trying to allow package stores to open until nine, if they wanted to. And, indeed, if you look around, at least in my communities in North-Central Connecticut, while that's an option, I don't know of any package stores that are open until nine o'clock on a Monday or a Tuesday or a Wednesday. It tends to be something that package stores avail themselves as an option on a Thursday, a Friday or a Saturday.

The great thing about the Sunday sales initiative in this bill is that it is an option. There is not a single package store that has to avail themselves of it. And during the public testimony, we heard from folks that have very prosperous package stores. I remember one gentleman -- he must be doing well, because I think we're a member of the Westerly Rhode Island Yacht Club -- and he has a package store on the Rhode Island border, selling high-end wines. It's not my neck of the woods, so I can't really recall the name. But he said, to be very honest, I'm probably not going to open on Sundays because I don't really think I need to. We have a specific clientele. We --

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we do the above and beyond. When someone walks in that door, they say I'm looking for a bottle of wine for this occasion, that occasion, so what they do is that they have found their niche by having incredible knowledge of their products and good customer service.

It would be remiss of me if I didn't thank a couple of folks from my neck of the woods that were very outspoken regarding this issue. Dominic Alaimo, from Enfield, has been outspoken for years regarding this issue and deserves an awful lot of credit for pushing it forward, pushing it forward, pushing it forward. And he would be the first to tell you, right here in the Senate Chamber, that he thinks that actually it should go even farther than we've done this afternoon. But you know what? At least we've got Sunday sales.

We've got the study group that will be set up, where we bring everybody around the table, all the stakeholders, and we kind of try to learn best practices from throughout the United States so that we don't wreck what works in Connecticut, we save what works in Connecticut, make sure that we don't lose any jobs; we may need to keep the three-tier system but that we pick things from all around the country that could maybe make things even better for our consumers.

In fact, one of the things that I like in this bill is the fact that package stores can sell snack foods and things like that. I know there's a store up in Great Barrington, Massachusetts that I love popping into. They have nice wines but they also have pâtés and cheeses and crackers and all sorts of interesting products that you can't get. They're snack foods but you just can't get them any -- at any other place, and so that's a nice one-stop destination. And I envision that in Connecticut we will have more places like that.

James -- James Bailey Brislin, also from Enfield, both Dominick and James stayed during the public hearing to testify, have come to the Program Review and Investigations Committee meetings, testified there; they've been champions regarding this.

When it comes to Sunday sales, I just want to sort of highlight one thing. I've always felt that our blue

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law -- and I think it's -- it would be a misnomer to call it anything else -- but this vestige of our blue laws is unconstitutional. We don't have to grapple with that anymore, but sometimes the exceptions to the rule undermine what the rule, itself, is. And there's so many exceptions and carve-outs regarding Sunday sales that I think it was just a matter of time before we were able to successfully change it. But I've always been of the believe that if can do things as a Legislature as opposed to having things determined in the court, that we're all better off for that.

So I promised my leadership I would be brief. It would be ridiculous for me to filibuster a bill that I believe so strongly in; although, who knows? Maybe I've -- I've been known to do that, on occasion. But I just have to say that I know that this is still a little bit controversial. There's still going to be some mom and pops out there that aren't going to be real happy with the option to be open on Sunday. But I think as a -- as a legislative determination, this is the correct way to go. It is certainly widely, by wide margins strongly supported by our constituents, the general public.

Life has changed. Whether it's the second-biggest shopping day or the third-biggest shopping day, people are out there on Sundays because they have to struggle in this economy, maybe two or three jobs, and this is the time that they're out there and they're doing their shopping. This allows small businesses to address that reality, if they want to exercise the option. And God-willing this bill is signed into law, the ability to purchase alcoholic beverages on Memorial Day, while some people might feel, indeed, that is controversial, again, that's an option that's out there that our public, our constituents can avail themselves of.

So, again, I want to thank the leadership of the General Law Committee, Chairman Taborsak, who's joined us here in the Chamber, Chairman Doyle, Ranking Member Rebimbas, Ranking Member Witkos, the rank and file. This has been a hard slog; it's been a difficult slog.

I think that this negotiated package addresses a lot of the concerns that we've had. It addresses my

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concerns regarding Sunday sales, but at the same time it sets a process in motion where we will get best practices, we will get recommendations, and we will have all the stakeholders around the table over the next several months trying to get as much information as possible so that the next Legislature can act, if they so choose, to try to move our state another step forward.

So, again, thank you. And I'm happy to support this legislation this afternoon.

THE CHAIR:

Thank you.

Will you remark?

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

I also rise in favor of the bill and just want to echo some of similar comments already made. You know, this is my first term on the General Law Committee, so I don't have the luxury of the 20 years' experience. But I have been in the Legislature for a number of years now, and it has seemed that every year Sunday sales has been an issue. And each year it -- it boils down to a stalemate, and we never seem to accomplish anything, so it pits many colleagues against each other, and -- and we're all fighting for the same things.

You know, we're trying to protect small businesses, but we're all, we're also trying to give consumers the options that they demand of us as -- as a state. And this year when the Governor proposed his proposal in reference to liquor laws, he went beyond just the Sunday sales and said if we're going to really do something, let's do something worthwhile and look at this whole industry to see where we can make improvements, to see how we can make it better for consumers, to see how we can protect those that are providing the service and selling the product to us.

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And that was a huge undertaking. That was a huge undertaking, considering that we have a very short session this year for such a -- a large issue.

And I have to give kudos to the leadership of the General Law Committee, Senator Doyle, Chairman Representative Taborsak, Ranking Member Senator Witkos, and all my other colleagues, because as was mentioned, on that day when the bill became forward and for public hearing, it was true. Every level was full. The Legislative Office Building was overflowing, the Capitol was overflowing; there were people out in the streets. You would think there was a rock concert out there or something, but there was so many people to come and voice their opinion, and -- and all for the right reasons. They all had an interest. They all provide a service and they wanted to make sure they weren't harmed.

And the fact that almost every member -- I believe every member -- stayed there for every person to provide their testimony, and it was well into the night and -- and our committee had full membership listening to what everyone had to say. And while we were listening to everything, there were times where it was going back and forth, and one person say it is good, another person saying it's bad. So we're sitting in the middle, trying to figure out how we can best address the needs of everyone concerned.

And so we took that public hearing, we took those comments, and we went back together as a committee, as a bipartisan committee. Everybody weighed in on what we thought was relevant that we could work with, that we could support, and what are the things -- what were the things that were valid but maybe we couldn't agree at the moment but still deserved the merit of doing the proper research.

And as a result of that, we were able to come up with some of the ideas presented in the bill and also created a task force to do the future study so that we could take to heart what was presented to us to say, you know what, as a Legislature, because our time constraints are limited, we don't want to do a disservice and act too quickly without having all the information in front of us. We said let's continue to

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study, but at the same time, let's not dismiss the bill entirely. Let's do something that we think can work.

And it was mentioned then that the lobbyists and even the small package store owners came forward and said, you know what, this has been going on. Each and every year we see what's happening. We can agree with Sunday sales but give us more time to adjust. Give us more time to see what actually occurs out there as a business, as we try -- as we strive to move in this direction. So it gives those small-business owners the chance to adapt to the new change. And you don't want to disrupt a business in one fell swoop without having some measure of an ability to succeed, and I think this bill allows that to occur.

So I want to commend -- kudos -- to everyone involved on this bill, including the Governor, for bringing up the issue and forcing us to have this debate to craft a bill that everybody here -- or at least on the committee -- can agree with. And I'm hopeful that we can agree as a Chamber.

It's already passed down in the House, and so if we can move this today, the Governor will have a bill that he can sign into law that will allow the Sunday sales for the next, upcoming holiday but also allows us to continue to study and come up with future recommendations that I hope will affect, in a positive way, all those involved.

So I thank everyone for -- for listening, and I urge support.

Thank you, Madam President.

THE CHAIR:

Thank you.

Boucher -- Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

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Madam President, I rise to support this particular bill and also align with the comments of the two previous speakers, the good Senator from Stamford who mentioned the fact that this issue became a larger-than-life issue. In fact, just the fact that the word was coined to "Sunday sales, " usually made everybody raise their eyebrows and feel as if it would be an issue that we could never come together with and actually get passed through this legislative body. It became that controversial.

And much as has been said by my colleague Senator Kissel, that things have just changed so dramatically in our world. We can all remember growing up, that the -- the -- the thought of having any store open on a Sunday was really an unusual thing, that life was very different then. Sundays were for family, for church or synagogue, and very little occurred. It was a very quiet time. Well, no question, our society and technology has just taken off, and life is a 24/7 in almost every way. People work, oftentimes unusual hours. They may work on a weekend or they may not have time to -- to do their shopping unless it's a Sunday afternoon.

And so there didn't seem to be much controversy with regards to the idea of having our -- any retail be open on a Sunday, including our liquor stores; however, it is amazing what occurred when the issue would rise to the legislative process and how many would weigh in on this. It was really remarkable. It became one of those big issues. And as all of us have experienced, we have more than we imagined of the small, retail liquor stores in our district. In mine, I can't even begin to count; I must have at least 30, of the seven towns that I'm in, and in the region, and every one of them weighed on it and including, also, their customers.

And what we found, increasingly, that they were portraying the argument as if it were a David-versus-Goliath issue. And as even our economy has suffered, many of the residents that are in my district, that have lost their jobs, some of them actually opened up small liquor stores and were just getting their feet on the ground, a year or two into their business, and they found that they were going to be confronted with

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an issue that might literally, they felt, take them out.

And there's no question that as these small businesses have evolved, they do portray a different market in that they can provide different items that are more exclusive or more customized, that aren't usually provided in maybe a larger, bulk-purchasing type of retail establishment. So they do provide a unique service. They're much more local. They're a part of our communities, and now they do represent a good number of jobs and small-business entrepreneur establishments.

So I had become convinced that I should never support a Sunday sales bill until this year. And this year they got together, realized that this bill had certainly a great deal more support behind it, and that it was better to be at the table, help to negotiate the bill so that at least each side had their interests represented, and they would feel that they continue to survive and be able to be a business.

I must tell you, having family members that have small retail businesses and oftentimes they could be the only person in the store, having the seven-day operation is very taxing on them and their businesses and on their families as well. Yet, in -- in many cases many of these store owners will miss a lot of family events that are very important to them, don't give them any time off, whatsoever, in order to survive in these economic times. So they don't have the kind of staff that a large retailer might have, that's open seven days anyway. So for them to just say, fine, we're going to be selling our beverages, alcoholic beverages on Sunday, it just adds to their bottom line; there's no really cost involved, whereas, again, a very small retailer is hampered severely and is in a -- a big disadvantage.

Although, I might add, my usual value is free markets will be what they are, and the free market should determine, but in this case, I think there was just too much harm at a precarious time in our economy with too many small employers and their families for us not to at least make some changes to accommodate them. And for that reason, I'm very pleased to support it.

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And I recognize all the hard work that has gone behind it, on both sides of the aisle, and in the Governor's Office, as well. And so I thank them all for that hard work.

And I'm at least pleased that, maybe reluctantly on some parts of my small retailers, but at least they've come to the table to say it's okay to vote for this, this year. So, for the first time, I will be voting for Sunday sales.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Duff.

SENATOR DUFF:

Thank you, Madam President.

Briefly, I just wanted to rise. And I appreciate all the comments that have been made on Sunday sales. I had a little bit of a chuckle with what my colleague and good friend Senator Kissel said when he said we're being bold, bold. And I thought, well, we're being bold; I don't know if we're being bold, bold. But we're being bold and that, you know, when Sunday sales, the issue of Sunday sales always came up, it was -- it's always been one of those things where it seemed like it -- we were the first state in the nation to even consider the idea of Sunday sales, but as has been stated before, we're not blazing a trail here. We're one of two states or maybe the last state to finally do some sort of Sunday sales. But that has always been tricky and it's been a tricky thing to navigate.

So I just wanted to thank Senator Doyle, Senator Leone, and -- and Senator Kissel, Representative Tallarita, and others who have really championing this idea for a long time to bring us to this vote today, because I do think it's historic. And the State of Connecticut is going to help consumers out. But it's

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always been trying to still find a balance with our small mom-and-pop retailers. We've been very, very concerned and very cognizant about how we look at them and how we treat them in the state, especially as we've seen kind of the Wal-Mart effect or the Home Depot effect with other big retailers. And we wanted to really try and protect the smaller stores as well.

And I think, thanks to the leadership and thanks to the careful guidance of Senator Doyle and Representative Taborsak, we have come up with a package today that at least brings us down that road, gets us to the Sunday sales that so many consumers want, gets us to the point of having a study and can look at with the industry, and advocates and others, where we might want to go in the future. So I commend them for kind of navigating what has been a very tricky issue for -- for many people in this building.

And for Sunday sales, obviously a lot of people had wanted, consumers, but some of the other stuff that may not have been understood as well is an issue that was a little, obviously, more difficult to navigate. So I appreciate that. I certainly appreciate the Governor for bringing this issue and making it front and center and having the Legislature really deal with this issue in a real way and no longer avoid it, which has been done in the past.

So my hat is off to the good Chairman and -- and the other advocates as well. I urge support of the legislation and that I know, going forward, consumers will be grateful that they have at least a choice to be able to purchase beer on the weekends if they'd like.

Thank you, Madam President.

THE CHAIR:

Will you remark?

Senator Cassano and then Senator Suzio.

SENATOR CASSANO:

Thank you, Madam President.

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Yes, I rise, too, to support the bill and would begin by, again, as others have said, congratulating the committee for -- for moving forward with what they've done.

I do have mixed emotions. Last year, when we first talked about Sunday sales, like you, I went to many of the stores in my region, went to 26 package stores, to -- all 26 were opposed to Sunday openings at that time, 100 percent. I point that out because in making those visits, I met parents, children, brothers, sisters in many of these places, because that's the way small businesses function. Why I have mixed emotions today is that they usually get about 55 days off a year; they're losing 52 of those days off, because they will be the ones that will have to come in and staff those stores, for limited hours. In most cases, it will be that owner who will make that sacrifice. And so from that point of view, you know, for the general good, we all get to buy booze on Sunday. I never had a problem. I stocked up on Saturday, that's what we tended to do. And so I -- I worry about the impact individually on many of these people.

I also applaud the efforts of the committee to recognize that if we're going to do this, Rome wasn't built in a day; this is step one. Step two is the study. And let's look at the rest of this; let's look at it all. Because we have to have the answers to every bit of these questions, so these small owners are going to know, can I continue in this business or not? Do I have to sell it? How much time do I have? I have a life investment, in many cases. They -- they've mortgaged their homes and everything else to open these stores and buy their stock. We can't just do this overnight.

And so, in effect, we're saying we're going to study it for a year, and next year the Legislature probably will have solid recommendations that I would hope would allow another year, so that these people can make real, sensible, economic decisions than -- instead of being pushed into something quickly. So this bill does, provides the opportunity to do both, and I'm pleased with that.

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Thank you.

THE CHAIR:

Thank you.

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President. Good to see you again today.

THE CHAIR:

Same here, sir.

SENATOR SUZIO:

Senator Cassano's words, I can only say I -- I think he couldn't have said -- I couldn't have said it any better about my mixed feelings about this. I, too, I'm concerned about the impact on small-business families with the Sunday sales openings.

You know, I'm -- I'm an expert in the banking regulations, and the banking industry is one of the most regulated industries in the country, that along with medicine. And so we -- we have regulations that sometimes inhibit competition for a higher or better good, and I think the proscription on Sunday sales was taken into consideration.

Aside from old-fashioned, let's say moral, religious issues, you know, it, Sunday is -- there's a reason to have a day of rest. We're human and we all need a day of rest. And I worry about the -- the small-business families that run these very small package stores now that may feel compelled to work seven days a week.

But I do also want to commend the Chairs and the Ranking Members of the committee, because I -- I think the bill as it's now being presented to us is certainly an improvement over what it was originally. And -- and I want to thank the Chairs and the -- and the Ranking Members for their hard work on that.

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I do have, if I may, two or three quick questions for the proponent of the bill, if I may, through you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

Thank you, Madam President.

Through you, in Section 7(a) there's an explanation of the permits that should be allowed. And I wondered if Senator Doyle could elaborate on that a little bit further. I notice that -- that it does permit three alcoholic beverage retail permits. And then it goes into how those -- if there's more than that -- how those permits can be passed on. And I wondered if the good Senator would -- would explain that a little bit more.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President. Well, the only change to that part -- the statute is it permits any individual under current law can hold two permits, whatever -- whatever type of liquor permits. So here we are increasing, and it -- one individual or -- or an entity's right to hold from two-to-three permits of any type of alcohol retail permits. So it's not necessarily just package store, it's, you know, in theory, it's probably going to be more or less package stores, but there are other type of permits an individual can hold. Through you, Madam President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

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Thank you.

And through you, Madam President, Section 12(a) deals with cost, and I noticed that the phrase that pertains to -- let me, if I may, read it, if I --

THE CHAIR:

Please --

SENATOR SUZIO:

-- madam.

THE CHAIR:

-- proceed, sir.

SENATOR SUZIO:

No retail permittee shall set a price below his or her cost. For the purposes of this section, cost for the retail permittee for alcoholic liquor, other than beer, shall mean the posted price from the wholesaler plus any charge, et cetera. And then it goes on to say for beer, the -- the cost for the retail permittee shall mean the lowest posted price during the month in which the retail permittee is selling, plus any additional charges, et cetera.

I notice there's a distinction. In the case of beer it's, quote, the lowest posted price over the previous 30 days or the previous month, but there's no such qualification with respect to alcohol. And I was wondering why there is such a distinction. Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President, that is a historical fact of our statutes that you are pointing out, and that, one of the issues here is that Governor Malloy proposed getting rid of all minimum pricing. If -- if

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that were passed and we were voting that today, which we're not, that would be struck.

But what -- basically, you are correct; there is -- you -- you could say there's an inconsistency between beer and alcohol. But it was the consensus of the General Law Committee that we wanted to study the whole concept before we're going forward. So that's why these specific items you're referencing will be considered by the task force. Through you, Madam President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Great. And thank you, Madam President.

So basically then this inconsistency between beer versus alcohol, one of the questions I was going to ask, but I won't push it, it's just that when if -- when a merchant is buying and taking shipments of alcohol beverages, the price, itself, may change in that 30-day period of time. And when you have multiple prices or costs associated with a given beverage, how do you determine which is the price you use for the price control purposes? And maybe I can ask that through you, Madam President, if I could.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President. What happens is at the beginning of each month, the retailers and others have to post the -- they have to post the prices with Department of Consumer Protection. So for the whole month, that's the prices, and there actually are -- they buy them from the wholesalers; the prices are posted in there. So basically, up front, at the beginning of the month, each -- everyone knows what their prices will be. And there's an adjustment period, but the bottom line is, to try to keep it

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simple, manufacturers, that -- that there's a book you go through each month and you know that's the minimum price. Through you, Madam President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And -- and finally, one other question, through you, Madam President. The -- the task force that's going to be appointed as a result of this legislation has certain tasks which it's been assigned to do, and which I applaud and I wholeheartedly support. But I notice that -- and I want to go back to Senator Cassano's comments about this -- that I would hope that the task force would take into consideration the impact of any future changes in the law on the small-business community, itself, and -- and how it may affect them even adversely or positively.

I notice in the list of items that are the -- the committee will be charged with in terms -- it explicitly mentioned minimum pricing and posting in the state and comparisons to other states, as far as the taxes are concerned. I would respectfully ask that maybe the -- you might consider, again, the impact on our small business, the families as well, though. Through you, Madam President.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President. I'll -- I assume, recognizing there's going to be appointments by leadership that there will be representation on the committee from some retailers. So rest assured; I believe the concerns and issues of retailers will be brought to the floor and, you know, certainly can be presented in the final report, I suspect. Through you, Madam President.

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THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

I have no further questions, Madam President. I want to --

THE CHAIR:

Thank --

SENATOR SUZIO:

-- thank Senator Doyle, again, for his efforts in improving the bill.

I do have mixed emotions, like Senator Cassano pointed out. I do know personally families that own retail package stores and that are very concerned about how it'll impact their family life, so I am torn over this bill. As I'm sitting -- standing here, even, I'm deliberating in my own mind whether I'll be voting for it or not; although, again, I do consider it to be a big improvement over what was originally introduced. And I want to thank Senator Doyle for that.

I do know, too, that if we're trying to help Connecticut consumers and Connecticut businesses be more competitive, we certainly are at a tremendous disadvantage with our neighboring state Massachusetts when it comes to not only the Alcohol Excise Tax but the fact that they don't have a -- a retail Sales Tax on the sales of alcoholic beverages, whereas here in Connecticut we tax both ways.

And I'm certain Senator Doyle will recall that I came to the -- to the hearing with certain graphic images displaying the difference, and -- and it was quite shocking, actually, because I -- I looked at a -- at the comparison of the pricing of a bottle of Jack Daniel's in Massachusetts versus Connecticut. And the -- the taxes were quite substantially different;

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it was approximately, I think, 2.89 in Massachusetts and was over \$6 for the bottle in terms of taxes. So I -- I'm certain that's going to be part of the considerations that the task force is going to be charged with. And by looking at the tax structure as it's applied to alcoholic sales in Connecticut, I think both Connecticut consumers and Connecticut's small businesses can be benefited by taking a new look at that and perhaps making Connecticut's own tax laws more competitive with our immediate neighbor to the north, Massachusetts.

And, again, thank you, Senator Doyle for your hard work. Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

I, too, will be supporting this bill, and I do so with some caution and trepidation, I think for many of the reasons that have been expressed so far.

I mean, if this bill was solely about Sunday sales, for me it's -- it's a no-brainer. I always struggled with the concept of being able to drive away from my home and purchase alcohol at a restaurant and yet not be able to do that at a package store and drink it in the safety of my home.

But -- but this bill is about a little bit more, and I think a few months ago, it was about so much more. And -- and therein is my caution, because many people have sold a lot of assets, they've done a lot of things, and -- and they've, in essence, invested their lives in these small businesses. And when they did so, they did so with one set of rules; they did so with an understanding as to how the market worked, how it was regulated, and how it was operated. And so

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I'm very cautious about changing many of those rules, kind of midstream, after people already made promises or made investments upon, relying upon a particular set of facts.

I think we've gone a long way in reeling that back, and I think that's a good thing. I mean, I -- and in a lot of ways, it's something that goes on in my house. I've got a number of children and they'll be playing games, and inevitably halfway through the game, one of the younger kids usually will come to me and say, Daddy, my -- my big brother says the rules have now changed and they are -- they are this. And I usually chuckle and laugh and I say, well, the rules are what you guys agreed the rules were when you started the game, not what your big brother says halfway through the game. And, of course, this is not a game we're talking about; we're talking about real lives, real dollars, real business.

So I do appreciate all the work the committee has done to kind of at least consider the fact that changing the rules midstream has very drastic consequences.

But, again, I will be supporting this bill. I do so hoping that we will continue to consider that as -- as things move forward.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Fasano -- whoops; wait a minute. Hold on a minute.

SENATOR FASANO:

We good?

THE CHAIR:

You're good, always good, Senator Fasano.

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SENATOR FASANO:

Thank you, Madam President.

Madam President, I think I may be the minority no vote in this -- in this Chamber with respect to this bill, and let me explain why. I don't believe it's fair to say that this bill was fairly negotiated and people came to the table, and after the dust settled, there was a fair negotiation for Sunday sales. This was an effort early on to put forward a bill that had Sunday sales and then a whole slew of bad things that the smaller businesses, smaller package stores hated and would be thrown out of business in a year. And their revolution, if you would, against the Sunday sales or against the bigger bill only was successful to the extent that they caved in on the Sunday sales.

To me, a resolution and compromise is where two people of equally bargaining power come from the table and reach a fair agreement, not where it's David versus Goliath. And in this case, the stores had to take what they got, which is Sunday sales, to get rid of the horrible stuff that would have killed their business. That's not a compromise. That's not a compromise in anybody's book. And still the way the bill is written, it's looming at the end of the day, all those things they negotiated away to get the Sunday sales still may come back to haunt them next session. So I don't think that's a fair analysis. So from that point, I'm going to vote no because I think it's going to hurt small businesses.

Now let's look in the ma and pas who said, Len, I think as Senator Suzio said, all I want is one day off a week; that's all I want. And customers are repetitive. And if I close a Tuesday, which is the slowest day, I'm told, and a customer shows up and he goes to a different package store, he may not come back. I understand that; it's routine. People get used to another place; they don't come back. That's it.

As far as a revenue driver, with all due respect, it's not going to be a revenue driver of any considerable degree. Here's why: Number one, those people who are going to buy on Sunday would probably if it -- when it

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wasn't open on Sunday bought on Saturday, and now they're just going to buy on Sunday. You're not going to pick up much on that issue. The border towns, let's face it, they're not necessarily -- need a Sunday to stay afloat. People are going to go across the state line because it's less expensive. The spirit sales are so much less expensive because of the taxing issue and the Sales Tax and everything else we do to spirits, they're going to go across the line because it's a better deal. They're not going there necessarily because it's closed on Sunday; they're going there because it is a better deal.

And I guess as a final note, because I want to keep this short, in an old-fashioned way, you know, Sundays, we used to have; nothing was opened. Stores were closed. Businesses were closed. And what did we do on Sundays? We spent time with our families. We spent time having lunch or spending time with our families and we talked. We actually communicated -- we didn't text -- we actually communicated with each other and we talked about issues.

And, to some extent, our oral history of our family came from exchanging stories about what my father's uncle did or what my father's father did. And with the hectic society that we live in now, where there's games on Sundays and shopping on Sundays, people take Saturday and say I'll do half on Saturday, half on Sunday. That whole kind of quaint atmosphere of our life has disappeared. I know I'm not going to go it back by voting no on this bill; I get that. But maybe for me it's more of a nostalgia thing, that I believe that we need this family time, as much as I could protect it. We need that time that we could all be together, which is missed. And I think our generations, my kids' generations, I guess, don't understand the significance and importance of that time. So I guess I'm old-fashioned and I'm a relic in that respect, and I agree I am, and I take that criticism, But if you -- that's the small part of my no.

The larger part of my no is the fact that it was not negotiated, it was forced settlement for a goal that was set out, and to get that goal, they raised the stakes. And then it was a throw-away negotiation to

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get the Sunday sales, and the other hard stuff, we're going to see in the future.

And then, number two, I don't think it's a revenue increaser. I don't think it has anything to do with the border states, and my apologies to those Senators upon the border state, like Senator Kissel, who may disagree, because I think people are going to go for less cost.

So for those reasons, Madam President, I may be one of the lone wolves in this Chamber, but I will be voting no.

Thank you.

THE CHAIR:

Thank you, Senator Fasano.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Notwithstanding the way in which we arrived at the bill that's before us today in the Chamber that was just described, I think, quite accurately, the constitutionality of the prohibition on Sunday sales is something that may have been touched upon before, a little bit; I might have missed that. But there's no question that there are some constitutional issues here that have to be taken into account in making up one's mind as to whether they're going to vote in favor of it or not.

And we have some, what basically amounts to landmark cases in the State of Connecticut here, having to do with other retail businesses, stating that -- where the Court states that -- that there cannot be a prohibition on retail sales in that particular area. Obviously, that will eventually someday apply to this industry as well. And frankly, Madam President, I'm surprised that the industry did not go out and -- and -- and try to seek a change through the judicial system; for some reason, they did not.

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Now, this bill before us, I -- I believe, is a huge improvement. All of us have talked to our local retailers back in our districts, whether they were small, medium or large, and very few like the original bill. That was the sledge hammer; we're now looking at a little ball-peen hammer, and in the meantime, it's come a long, long way.

And it would have been great to be part of that discussion; there's no question about it, and who knows what the future holds for this business. But I tend to take the perspective of the small-business owner. We have a lot of those in our district, and many of these are second-and-third generation stores that are run by wonderful, wonderful people who really take great pride in the wines that they sell, the kind of service that they offer, oftentimes delivering whatever it might be on their way home from work.

And I -- I suppose I'm almost a yes on the -- only because of the constitutionality of -- of the issue here as it relates to liquor sales and -- and beer and wine sales on Sunday. But I still have a place in my heart and my mind for those who will suffer. And there's no question that they will suffer if they're smaller and they can't afford to stay open on that seventh day of the week, given the very competitive landscape in that particular market.

Many of them have talked to me about this, and they say they're grateful that the original bill isn't still before us, that things have been watered down, deluded quite a bit, and they can probably live with this. But there is still no question that they will come under competitive pressures and some -- some of them will unfortunately go out of business. And obviously that means loss of jobs, loss of revenues, loss of revenues to the -- to the local municipality as well as to the State of Connecticut, both Sales Tax and -- and Income Tax, and so on and so forth. So that's why I'm still not there yet.

And with all of the increased competitiveness, which I understand is trying to bring prices down; yes, I do understand the merit of doing that, which is something we should always be on the look out for. But at what

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expense is the question we should always be asking ourselves.

I have one, short question for Senator Doyle, through you, Madam President.

THE CHAIR:

Senator Doyle.

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

Through you, Madam President, Senator Doyle, thank you for your work on this bill.

My question relates to the discounting that the retailers are allowed to do. I believe it's on a -- a one-month period of time, no lower than 90 percent of their cost. What's the idea of doing that? Because it strikes me as nuclear weapons. If you allow one entity to do this, everybody else is going to have to follow suit.

THE CHAIR:

Senator Doyle.

SENATOR DOYLE:

Through you, Madam President, the consensus of the committee and the thought behind the section is that the -- the premise of the Governor's bill was, you know, discounts, try to get the cheapest alcohol as a most -- at the lowest level for all consumers. It was agreed by the committee on both sides that we'll test it. We'll limit it to just one item and see how it works. So it's -- it's a limited price-discount theory, because the Governor's, in theory, would have gotten rid of all pricing; you know, the minimum pricing would be gone. So it was just a committee, kind of a -- of a negotiated compromise.

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We'll give one discount, see how it goes, because there was some concern if all pricing were to go, what would it -- how would it impact our small businesses. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And through you, Madam President, that -- that answers that question; it was negotiated and therefore I completely understand it. That doesn't necessarily have all the logic in the world, but it was negotiated and -- and that was the compromise that -- that they came to.

We live in an era when I think most blue laws are ignored because they don't apply or they're so ridiculous that, you know, no one really has ever called on them for a hundred-plus years. But, you know, I see this as -- as -- as perhaps a blue law that has served a great purpose, that maybe should be considered to -- to remain on the books.

However, we know that -- that society and government and laws progress over the course of time and that blue laws, such as some of the ones that I was just looking up, some of them -- and if you put them in the context of today, you know that they're gone. Maybe 50 years from now the anti-Sunday sales provision will be considered, you know, as ridiculous.

For example, blue laws supposedly still on the books: Men-stealers shall suffer death. The selectmen, on finding children ignorant, may take them away from their parents and put them into better hands, at the expense of their parents. A man that strikes his wife shall pay a fine of \$10. A woman that strikes her husband shall be punished as the Court directs. Whoever publishes a lie to the prejudice of his neighbor shall sit in the stocks or be whipped 15 strikes. Clearly, we don't enforce those laws

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anymore; maybe that's the way this liquor law or the existing liquor law is going.

I wish we could do more for the smaller business person. I wish we could postpone this for a while. That's why I'll be a no on this, but I do understand where we're going as a legislative body.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I rise, kind of sentimentally if not anything else, to oppose the bill, because for 18 years I've been representing many small communities in northwest Connecticut. And for some of these small communities, the package store is the only show in town.

Madam President, in the communities that I represent, we have gotten along pretty well for a long time without being able to purchase liquor on Sundays, and not too many of us -- it's a long drive from some of the towns I represent to cross the border to get a case of beer or a bottle of wine, and not too many people are making the trek for that purpose.

A lot of people are making the trek, though, across the border because the taxes on liquor in Connecticut are so much higher than the taxes on liquor in Massachusetts or New York. If we want to do something to boost revenues in this state, we ought to look closely at aligning our tax structure with the tax structure of neighboring states.

The small businesses that we all represent know that's the case. They know that if we lowered our taxes, people would -- and we were open one day a week -- we'd get a lot more revenue than by opening seven days a week and having taxes which are measurably higher

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than our neighboring states. So I think we're missing the mark in terms of trying to revive business in Connecticut, and this bill will not have my support.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I represent the 24th Senate District that straddles the New York border, Danbury, north to Sherman, and we are surprisingly, for the most part, not in agreement with the northern border of Senator Kissel. I met with 23 out of 27 liquor permittees in my district and all of those 23 were opposed to the original bill proposed.

They were also opposed to Sunday sales because of the old-fashioned point that Senator Fasano so eloquently made, and I have to honor that. I have to honor the point that their family and their physical and emotional and mental well-being is important, and that we can do without the additional day of liquor sales in the State of Connecticut.

But I also honor the points made by Senator Roraback about our tax structure on liquor and cigarettes, for that matter, in the State of Connecticut, whereby it is not a competitive situation. And so if the State of Connecticut seeks to gain more revenue and taxes from spirits, then do so by being competitive with our neighbors. And, indeed, that will make a dramatic difference in the traffic at all of our small businesses across the State of Connecticut that -- that are in the liquor business, and that will mean more money in the coffers of state government.

I have to honor the small-business person, and so I stand opposed to today to this bill.

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Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I will be brief in my remarks. I have long opposed Sunday sales for many of the reasons that Senator Fasano and Senator Roraback and Senator McLachlan have given, but I do want to thank and respect the hard work that the General Law Committee did, and especially under the leadership of, in the Senate, Senators Doyle and Witkos. Not only did they navigate the committee through a difficult issue, they did so in a bipartisan way and -- and I think, to Senator Doyle's credit, demanded that bipartisanship.

The Governor's bill would have devastated hundreds of small-business owners around the State of Connecticut, all in the name of consumer protection. Ironically, if you look at the Governor's bill, it did nothing to erase the monopoly that beer distributors have. If you want to buy beer in the State of Connecticut and you're a package store or a supermarket, there's only one place you can go. Those beer distributors have a monopoly, a monopoly that remained intact under the Governor's pro-consumer, friendly bill. So there's a lot of inconsistencies with many of our positions around this Circle, even those who claim to be so pro-consumer.

Will this increase revenue to the State? I -- I don't think so. I think a lot of people I know might go buy two bottles of wine for the weekend on Saturday, now may only buy one on Saturday, thinking they can buy the other on Sunday and may make a decision not to buy one. Others I know who, especially with our new corking law, will go to a restaurant, have a glass of wine, cork the bottle and bring it home, which they

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can't do anymore. That will actually save us money not having to do that but will cost the State, because we all know how incredibly a bottle of wine might be at a restaurant versus buying it at the liquor store.

I think Senator Kissel, who has been working in this issue, is going to sadly find that many of his residents, who have gone to Massachusetts Monday through Saturday, will go to Massachusetts on Sunday because their taxes are so much higher. And the budget that was passed that raised taxes on alcohol probably did more damage to those small businesses, Monday through Saturday, than this bill will help them on Sunday.

You know, one of the -- one of the -- one of the arguments has always been, why do you protect these small package stores; why this industry? And I don't think this Legislature ever passed a law to protect an industry. What happened is our laws existed. We got rid of all the blue laws except for one. I guess you could argue it's an alcohol law not a blue law, but regardless, we got all of them except for one. And because of our laws and because of our arcane system, package stores flourished in the State of Connecticut, and we have more per capita than any other state.

And I would ask all of you to look, go up and down Main Street in any of the towns we represent. When I was a kid, there were family owned, independent bookstores; they're all gone because of Barnes and Noble. They were independent pharmacies; I can only think of two left in my town, and they're all gone. There are six CVSs and Rite Aids. There's no more mens' or womens' clothing stores; they're all national chains. The coffee shop has turned into a Starbucks or a Dunkin' Donuts. We've lost that small, independent business person for most of us on our Main Streets, and ironically, one of the last ones left is that small package-store owner.

What surprises me most is that if you go into that small business, you will inevitably find the owner working there. And if you ask them how many hours a week do you work, they will usually tell you they work 60-plus hours, six days a week. And they will tell you definitively that if you let them open up on

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Sunday, they're not going to sell any more. So their revenue increase will be minimal at best, but their costs are going to go up about 15 percent, because they're going to have to be open a seventh day.

And it's always frustrated me that we in government want to tell that small-business owner that we know how to run his or her business better than he and she does. You know, if one business owner said it's I'm not going to make more money and others said I would, then we could have a disagree. But I've yet to meet a package-store owner who has said that their business will increase by being open on Sunday. And yet here we are, telling them that we know how to run their business better than they do.

Madam President, I guess my last comment would piggyback a little on what Senator Fasano said. When the Governor's first bill came out, I met with a group of about 30 package-store owners in Fairfield and Westport, just those two towns. It seemed like about 30 -- no -- actually, there was a gentleman from Ridgefield there and I think a gentleman from Wilton, and they were afraid. They thought they were going to be out of business.

They've now been put in a position of actually supporting a bill that they've opposed for years because the alternative was so bad. But they have agreed to support this. I think as an industry they are thankful for the leadership of Senators Doyle and Witkos on the committee. And as a result and -- and as a way of thanking them for the leadership, I, too, will stand in support of what I believe is a compromise.

But make no doubt that should we see further attempts to attack what is a good, hard-working, small-business industry in our state, we will continue to fight against those measures.

Thank you.

THE CHAIR:

Thank you.

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Will you remark? Will you remark?

If not, Mr. Clerk, will you call for a roll call vote, and the machine will be open.

THE CLERK:

Immediate roll call has been ordered to the Senate.
Senators, please return to the Chamber. Immediate
roll call has been ordered in the Senate.

THE CHAIR:

If all members voted -- if all members voted, the machine will be locked.

Mr. Clerk, will you call a roll call.

THE CLERK:

House Bill Number 5021.

Total number Voting	34
Necessary for Passage	17
Those voting Yea	28
Those voting Nay	6
Absent, not voting	2

THE CHAIR:

The bill passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, for purposes of a -- a referral, the item on Calendar Page -- Calendar Page 7, Calendar 293, Senate Bill 31; Madam President, would move to refer that item to the Committee on Government Administration and Elections.