



State of Connecticut
GENERAL ASSEMBLY
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE
MINIMUM PRICING AND PRICE POSTING SUBCOMMITTEE
ORGANIZATIONAL MEETING MINUTES

Wednesday, August 22, 2012

2:00 PM in Room 1B of the LOB

The meeting was called to order at 2:02 PM by Subcommittee Chairwoman, Rep. Kathy Tallarita, 58th District.

The following task force members were present:

Rep. Kathy Tallarita, 58th District; Brian Durand (OPM); David Leon; Dr. Stanley McMillen; Rep. Sandy Nafis, 27th District; Rep. Rosa Rebimbas, 70th District; Commissioner William Rubenstein (DCP)

Absent were: Dr. Ian Ayres

Rep. Tallarita asked DCP Commissioner Rubenstein to briefly review the minimum pricing and price posting system in Connecticut. Commissioner Rubenstein led the subcommittee in reviewing selected slides from his August 1st PowerPoint presentation to the full task force.

Rep. Rebimbas asked if "Post and Hold" applies to all alcoholic products? Commissioner Rubenstein stated that, with some exceptions, it does. He noted that

farm wineries and brewpubs are two exceptions because they manufacture and sell their products on-premise.

Brian Durand of OPM asked if the subcommittee should research how many states have a similar system?

Commissioner Rubenstein asked if the subcommittee ought to look at the purpose or goal behind each aspect of the pricing system? Is there a better way to achieve the stated goal behind minimum pricing, for example?

Rep. Tallarita asked if there were other products that are regulated similar to alcohol? Commissioner Rubenstein stated that, to his knowledge, cigarettes and whole milk are similarly regulated.

Brian Durand asked what goals other subcommittee members might have? Rep. Tallarita stated that her two goals for the task force from the outset were: 1) to provide some relief to consumers and 2) let small businesses make their own business decisions with respect to hours and days of operation, etc. Rep. Rebimbas stated that her goals are: 1) to make prices more consumer friendly, 2) create a positive business climate, and 3) protect public safety. Rep. Nafis remarked that she could not agree more with Rep. Rebimbas' comments. She said she would also like to look at the impact on jobs. Commissioner Rubenstein stated that Rep. Rebimbas hit the nail on the head. His goal is to examine whether the current pricing structure meets those goals identified by Rep. Rebimbas. David Leon stated that his goal would be to look at the other tiers of the liquor industry in studying the impact of minimum pricing. He stated that the last year or so has been so heavily focused on pricing at the retail level that many people overlook the costs that get passed onto consumers that originate in other layers of the industry. Commissioner Rubenstein remarked that there may not be enough competition among wholesalers, which leads to prices being marked higher.

However, David Leon cautioned the subcommittee on the prospect of eliminating minimum pricing. He stated that eliminating minimum pricing would result in a more chaotic marketplace. He said that the current minimum pricing structure is organized and sets a pricing floor for retailers.

Rep. Rebimbas noted that, to her knowledge, no one has ever testified at a public hearing that minimum pricing doesn't work as it is intended. She asked who is ultimately setting the prices and why?

Commissioner Rubenstein stated that Connecticut prohibits price discrimination in the current three tier system. Current anti-trust laws prohibit suppliers and wholesalers from charging different prices to different retailers/consumers.

Brian Durand asked if the subcommittee ought to look at other states with respect to price markups and review costs across state lines. David Leon offered to conduct some

research on this topic. He said his son, who is in the liquor business, has been helping him with his own research on this very issue.

Rep. Rebimbas wondered if there was a survey of consumers who have purchased products across the border. Rep. Tallarita asked if staff could research that issue for the next subcommittee meeting.

Commissioner Rubenstein asked that each subcommittee member do some homework and try to marry each constituent topic of minimum pricing with the goals that we have identified. It would also be helpful to know what is happening in other states. Dr. McMillen offered to look at pricing in other states, including New York, New Jersey, and Pennsylvania. David Leon suggested we compare the Top 50 best selling brands. Brian Durand suggested that we compare the top sellers and their shelf prices across the various states.

Rep. Rebimbas asked if there was a year-in-review summary that examines why prices fluctuates from month to month? She also wants to know how many in-state businesses there are compared to out-of-state businesses? And finally, does the state have the power to regulate the prices that suppliers and wholesalers may charge their consumers? What factors affect prices at the supplier and wholesale levels? Commissioner Rubenstein stated that he could look at the prices in the wholesale market.

ANNOUNCEMENTS

Rep. Tallarita announced that the next subcommittee meeting will be on Wednesday, September 5th at 2:00 PM in Hearing Room 1B. She also announced that the next full task force meeting will be held on September 12, 2012 at 11:00 AM in Hearing Room 1B. In addition, Rep. Tallarita reminded everyone that the task force will hear from some invited speakers at our September meeting. These invited speakers will be representatives from those associations or portions of the liquor industry that do not currently have a representative on the task force. Rep. Tallarita asked that task force members who may have any speaker recommendations to submit them to the co-chairs or the clerk.

There being no further discussion, a motion was duly made and seconded to adjourn the meeting.

The meeting was adjourned at 2:50 PM.

Stephen A. Palmer
Clerk

CORRECTION: It should be noted that the location for the next subcommittee meeting on September 5th has been changed to Hearing Room 1C.