



# State of Connecticut

GENERAL ASSEMBLY

STATE CAPITOL

HARTFORD, CONNECTICUT 06106-1591

## COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE

### EXISTING ALCOHOLIC LIQUOR PERMIT RESTRICTIONS SUBCOMMITTEE

#### MEETING MINUTES

Monday, August 27, 2012

1:00 PM in Room 1B of the LOB

The meeting was called to order at 1:02 PM by Subcommittee Chairman, Edward Berthiaume.

The following task force members were present:

Edward Berthiaume, Chief James Cetran; Edward Crowley; Rep. Sandy Nafis, 27<sup>th</sup> District; Commissioner William Rubenstein, DCP; David Rutigliano

Absent were: Rep. Rosa Rebimbas, 70<sup>th</sup> District; Rep. Kathy Tallarita, 58<sup>th</sup> District

Ed Berthiaume welcomed everyone to the meeting and thanked each subcommittee member for being here. He asked that each member state their name and reminded everyone to turn their microphone on before they speak.

The subcommittee reviewed some of the research questions that were forwarded to the clerk via email for further study. Ed Crowley asked Commissioner Rubenstein if he knew the number of on-premise licensees with multiple permits? Commissioner Rubenstein stated that he didn't have that information at hand but it is available in the department's database. Ed Crowley then reviewed some of the questions he forwarded to the clerk. Ed Berthiaume asked Commissioner Rubenstein what was the rationale for increasing the number of permits in the Governor's bill? Commissioner Rubenstein stated that increasing the number of permits a single licensee may have would reduce

overall costs and increase efficiencies. He asked does having a large number of permits benefit big box stores? If so, how? Ed Berthiaume stated that increasing the number of permits a single licensee may have will benefit big box retailers, negatively affect prices, and reduce competition. Commissioner Rubenstein asked what was the advantage to owners of multiple package stores? Ed Berthiaume explained that package stores often compete with grocery stores. Grocery stores, he said, have a larger profit margin to offer better prices. Similarly, a large big box store would be able to offer lower prices than package stores because they can make up the difference in costs with sales volume. Commissioner Rubenstein stated that grocery stores are subject to the same loss leaders as package stores.

David Rutigliano interjected that some of the confusion may be concerning the medallion system proposed in the Governor's original bill. Under the Governor's original bill, the medallion system would have capped the total number of permits issued in the state, he said. Combined with the increase in the number of permits a single license could hold, such a cap would stifle competition in the marketplace and increase prices. He asked Commissioner Rubenstein if capping the number of permits negatively affect prices? Commissioner Rubenstein stated that we already have a statutory limitation based on town population. In addition, Commissioner Rubenstein noted that local zoning authorities also limit the location of new package stores.

Ed Crowley asked if there was a correlation between the numbers of liquor violations to package store size? Commissioner Rubenstein stated that the harder it is to operate a business, the more likely it is that a package store owner skirts the edges of unlawful activity, such as selling to minors; regardless of store size.

Ed Crowley asked if the subcommittee could research the existence of beer distributor territories in other states and the number of states that have territories. He also asked if staff could research how many states permit "tied houses", that is holders of one level of the industry simultaneously holding a permit in another tier. Commissioner Rubenstein asked staff to research the legislative history behind territory exclusivity. He stated that the issue of "tied houses" is no longer a serious one.

There being no additional discussion, Ed Berthiaume announced that the next subcommittee meeting would be held on September 10<sup>th</sup> at 1:00 PM in Hearing Room 1B.

A motion was duly made and seconded to adjourn the meeting.

The meeting was adjourned at 1:36 PM.

Stephen A. Palmer  
Clerk