



State of Connecticut

GENERAL ASSEMBLY

STATE CAPITOL

HARTFORD, CONNECTICUT 06106-1591

COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE

QUANTITY AND VOLUME DISCOUNTS SUBCOMMITTEE

MEETING MINUTES

Monday, August 27, 2012

10:00 AM in Room 1B of the LOB

The meeting was called to order at 10:04 AM by Subcommittee Chairman, Edward Berthiaume.

The following task force members were present:

Edward Berthiaume, Mark Abrahamson; Edward Crowley; Rep. Mary Fritz, 90th District; Rep. Sandy Nafis, 27th District; David Rutigliano

Absent were: Brian Durand

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. Mark Abrahamson reviewed his questions about blind posting and family quantity discounts. Ed Crowley asked if the subcommittee could find out if other states offer specific discounts based on the type of permit a licensee holds. He also asked who would be responsible for paying the sales tax on a group or co-op bulk purchase? Similarly, who would pay the handling fee or bottle deposits, commissions and Teamster salaries should several package store owners team up to

make large quantity purchases? Ed Berthiaume asked if the subcommittee could obtain copies of retailer deal sheets offered by wholesalers in Massachusetts. Ed Crowley asked if Massachusetts requires prices to be posted and whether these deal sheets are considered price discrimination? David Rutigliano stated that the restaurant industry would not be able to utilize quantity and volume discounts because restaurants have very little storage room for large discounted purchases. He stated that discounts would have to be made up somewhere and he fears that prices would go up. Ed Berthiaume asked if we could compare prices and discounts, by state.

Ed Berthiaume also asked if there was a correlation between price increases and changes to the excise tax over time. Ed Crowley and David Rutigliano both commented that in their respective experiences, there has always been a connection to the increase in excise tax and the rising costs passed onto the consumer. Mark Abrahamson stated that distributors raised their prices in April 2012 to cover the rising costs associated with tax increases from the previous year. He stated that offering quantity discounts will only benefit large "big box" stores. Likewise, expanding the number of licenses to 9, as proposed in the Governor's original legislation, would have only benefited larger retailers like big box stores. Ed Berthiaume commented that smaller stores would not be able to compete with the discounts offered by a big box retailer. He stated that they would be forced to limit their product selection.

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

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

The meeting was adjourned at 10:37 AM.

Stephen A. Palmer
Clerk