



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

COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE
MINIMUM PRICING AND PRICE POSTING SUBCOMMITTEE

MEETING MINUTES

Wednesday, September 5, 2012

2:00 PM in Room 1C 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 welcomed everyone to the meeting. She stated that the meeting is being covered by CT-N and reminded members to turn on their microphones before they speak. She also had members state their names for the record.

Commissioner Rubenstein led the subcommittee in reviewing a chart provided by DISCUS comparing Connecticut's prices on the top 15 brands of wine and spirits with prices in Massachusetts and Rhode Island. Commissioner Rubenstein stated that he is

not so concerned with prices in other states; his focus is concentrated on providing consumers with the best possible prices in Connecticut.

David Leon noted that convenience and product selection also impact prices. He shared his research regarding price comparisons with Massachusetts and New York. Commissioner Rubenstein stated that pricing makes a difference in driving consumers across state lines. He stated that he knows that wholesalers and retailers would like to lower prices if not for state law. Brian Durand stated that the minimum pricing law may result in higher prices. David Leon stated that the question that has not yet been asked is: What are the prices that manufacturers are charging wholesalers? He stated that there are two large companies in Connecticut that control 80% of the brands. The prices that wholesalers pay may impact the costs being passed down to retailers and onto consumers.

Dr. McMillen stated that he would like to research how states arrive at their prices? What is the FOB in each state and how do we compare? He stated that sales and alcohol taxes will vary by state and is not the issue. The key issue is costs of production and the prices charged by manufacturers for their products. Commissioner Rubenstein stated that he would like to find a way to require wholesalers to be competitive and "Post and Hold" may increase prices artificially.

Brian Durand asked David Leon if quantity discounts in Massachusetts play a role in lowering prices? David Leon stated that prices can often times be higher in Massachusetts in order to offer greater discounts. He also said that retailers are required to buy a certain number of cases in order to obtain the discount. The retailers costs may be higher because they have to purchase a greater quantity of products compared to Connecticut.

Rep. Nafis asked if the subcommittee could put together a flow chart that lays out the three tiers and the costs paid by each. Dr. McMillen offered to put together the chart and show prices/costs from FOB to shelf price. Dr. McMillen said he wants to look at the mechanics of the pricing system across states.

Commissioner Rubenstein stated that the other research requests are ongoing. Staff will be meeting with folks from Massachusetts this week to understand their system, for example.

Rep. Rebimbas thanked the staff for locating the 2011 Pennsylvania survey and suggested that Connecticut conduct a similar survey in the future.

ANNOUNCEMENTS

Rep. Tallarita announced that the next subcommittee meeting will be on Wednesday, September 19th at 2:00 PM in Hearing Room 1C. She also announced that the next full task force meeting will be held on Wednesday, September 12th, 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 2:33 PM.

Stephen A. Palmer
Clerk