



COMMENTS to the LIQUOR TASK FORCE: Stan Sorkin, President, Connecticut Food Association

Connecticut's grocery industry believes in competition and consumers benefit when retailers can compete on price and hours of operation. Connecticut's current alcohol laws prohibit competition based on price and mandate specific hours of operation. CT consumers pay "the price" for this lack of a competitive market. We can only ask why? Why are we not putting CT consumers first?

We recommend the following solutions to benefit CT consumers:

- At best, eliminate retail price minimums on alcoholic beverages and let retailers establish retail pricing based on their marketing strategy. At worst, expand the number of items (SKUs) that a retailer can sell below "cost." The current one SKU below cost law is sham when you cannot put bud, bud lite and other varieties of Bud on sale at the same time.
- Quantity discounts are a way of life at retail. We are proponents of quantity discounts based on the costs savings associated with delivering such a quantity to a specific store location.
- Expand the hours of operation that a retailer can sell alcoholic beverages. We advocate that retailers have the option to sell between the hours of 8 am to 10 pm, 7 days a week. We see no reason that Sunday should not be treated differently from any other day of the week. Let the retailers determine their hours of operation under those parameters.

Expand the number of retail licenses that a retailer can hold. The current 3 limits the growth potential of a retailer who wants to grow his business. We recommend that you duplicate the MA law-six licenses to be phased in over a period of time- to be competitive with a border state.

Under the limits noted above, allow a "grocery beer permit holder" to also obtain a package store license. Why restrict competition?

Also, please take a hard look at the application process for a license, the time it takes to obtain a license, etc. The process can be streamlined saving the applicant and the state time and money.

Lastly, I want to discuss the \$1500 annual grocery store beer permit fee imposed on our industry under the new law on stores with annual sales above 2 million dollars. This law increased the fee from \$170- almost a 900% increase and over \$900 more than a \$595 package store license which grants them right to sell wine, and spirits, in addition to beer. We question the rationale for such an increase. Even with a 6% increase in beer sales, a store doing \$2 million a year will generate incremental gross profit of \$416 vs. the \$1500 license cost, a \$5 million a year store an incremental gross profit of \$1014 vs. the \$1500 license cost. We urge the task force in the name of fairness to return the grocery beer permit fee to \$170.



PROFIT ANALYSIS: BEER PERMIT FEE INCREASE

Example: Independent Store with \$40,000 weekly retail sales (\$2.08 million annual)

Current Beer sales: 1.3% of Sales: \$520 a week

Incremental Beer sales projected at 6%: \$32 per week

Incremental Beer Gross Margin at 25%: \$8

Annual Incremental Gross Margin (\$8 x 52): \$416

Beer license: \$1500

Loss to store before additional labor expense: (\$1084) annually vs. a profit of \$246 under the old \$170 permit fee.

Example: Store with \$100,000 weekly retail sales (\$5.2 million annual)

Current Beer sales: 1.3% of Sales: \$1300 a week

Incremental Beer sales projected at 6%: \$78 per week

Incremental Beer Gross Margin at 25%: \$19.50

Annual Incremental Gross Margin (\$19.50 x 52): \$1014

Beer license: \$1500

Loss to store before additional labor expense: (\$486) annually vs. a profit of \$844 under the old \$170 permit fee.