

The Grapevine

Newsletter of the Connecticut Package Stores Association

Summer 2016

Golf Outing Huge Success

The CPSA Golf Outing was a huge success, with over 140 golfers participating in the June 15th Event. Sponsorships and lunch attendees were at an all-time high. Industry interactions were well received. *(More pictures will be available soon on new CPSA website)*



Attendees enjoyed a beautiful day of golf at Whitney Farms Golf Club in Monroe, CT, and a chance at winning one of many raffle prizes during the afternoon reception

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Retail Expansions, Upgrades: Major Boost to Connecticut Economy

A recent survey of Connecticut package stores indicates there may be significant interest in renovations and expansions of stores.

Many stores have expressed a desire to move to a larger space, or to expand or renovate in their current location. A more modern look, improved product displays, traffic patterns, dedicated tastings or floor sales areas have all been mentioned.

The inhibiting factor to almost all stores, is the insecurity in the industry caused by Governor Malloy proposing and supporting anti liquor industry issues each year. Not only does this legislation erode *(cont'd on p. 2)*

Minimum Bottle Expected to Return in 2017

This year, the governor submitted the minimum bottle repeal bill and when it failed, he tried twice more during budget negotiations to have the proposal resurrected.

In the last two years of his term of office, Governor Malloy is expected to again pursue elimination of minimum bottle pricing.

As one board member remarked, the governor never seems to let anything go, no matter how badly it hurts business.



Governor Malloy has two years left on his four-year term of office. Speculation continues that the governor may be a serious candidate for appointment to a federal position, should Hillary Clinton become president. Those appointments, depending on the level, can take several months with background checks, etc.

Retail Stores Continue to Close

Over the past few months, reports of stores in Connecticut and the rest of the country being eliminated by big chains have become more frequent.



operations. Much of the consolidation is due to new ways consumers are purchasing goods, and the way they deal with financial and other transactions. (cont'd on p. 3)

Sports Authority, Radio Shack, Brooks Brothers, Walmart, Barnes & Noble, EMS, Ralph Lauren, and others are closing. Meanwhile, Amazon and other mail-order operations seem to be growing.

Several local bank branches have also consolidated or eliminated branch

Economy Boost

(cont'd from p. 1)

business confidence, it would totally erode revenue from retailers and wholesalers.

As other retailers close stores, more opportunities are provided to those which still have a viable and potentially expanded customer base.

Some retailers have expanded, and the cost of even minor expansions and renovations have been in the \$150- \$300,000 range. There are also retailers who have expressed interest in purchasing and renovating new permit premises, but the confidence factor remains at a low point.

CPSA estimates there is the potential of \$20-\$30 million in increased construction once confidence is restored to retail package stores, wholesalers, and manufacturers who would add to business of alcohol sales for off premise outlets.

New products manufactured in the state continue to grow. Primary sales outlets for these products are small, family-owned outlets.

**CHECK US OUT ON
THE WEB:**

CTPSA.com

We will be launching a new website over the summer, so keep an eye out for a new "members-only" login, exclusive information, photo galleries and more!

Will Liquor and Wine Bottles be added to the State's Bottle Deposit Bill?

Carroll J. Hughes, President – Hughes & Cronin Public Affairs Strategies, Executive Director – Connecticut Package Stores Association

During the closing days of the General Assembly, a budget proposal was offered that would have expanded a deposit and handling fee to all alcoholic beverage bottles (as well as all other beverage containers not currently under the state's Bottle Bill).

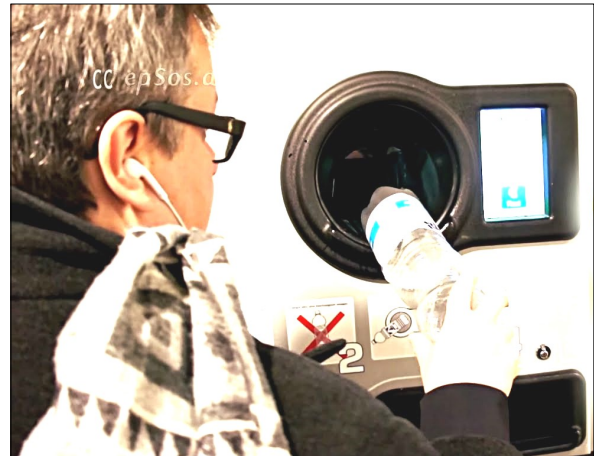
Unlike the Bottle Bill, the expansion was not designed to help recycling as much as it was to raise money for the state. The proposal was to raise an estimated \$10 million from unredeemed deposits paid by the public.

One thing is clear – the Bottle Bill expansion, which had already been defeated in the Environmental Committee earlier in the session (March), will return next year.

The return of the bill will occur for a few reasons: First, legislators who advocated for the bill will file it for next year, second, the state is expected to continue to have a revenue problem, third, a packaging task force created during the last session will begin meeting in August.

The packaging task force is charged with evaluations of packaging to increase recycling including:

- Reducing municipal costs and reducing solid waste by reuse, source reduction, recycling. (*cont'd on p. 4*)



Retail Stores Continue to Close

(*cont'd from p. 2*)

All of this places a strain on retail operations, and puts shopping centers in jeopardy. Anchor tenants are not always enough to keep centers viable. Recent news that fast food locations may turn to kiosks for customer service could affect space, size, and scope of food service operations.

Who would have thought retail package stores would become such a stable tenant in many shopping centers? One reason for this, is mail-orders for liquor are highly regulated. This year, wine and spirit wholesalers sought legislation that would prevent further erosion of sales to mail-order wine dealers.

Although the legislation did not pass, it is hoped that the bill will be submitted again next year with more advanced preparation.

Talking Points Against Repeal of Minimum Bottle Pricing

(*cont'd on p. 4*)

Some of the information provided to legislators against elimination of the minimum bottle in the closing days of the legislative session:

MAJOR ECONOMIC LOSSES:

- Loss of 2,000 package store jobs
- The Loss of 500 wholesaler drivers, sales persons, warehouse persons and marketing personnel
- The Loss of up to 4 independent small wholesalers with specialty products
- The Loss of 6 manufacturers of Connecticut produced products
- Loss of more than \$12 Million in state DECD grants to beer and spirit manufacturers (*cont'd on p. 4*)

CPSA Members Must Stay Involved All Year

Although CPSA had major success in the past two years, the foundation for this never stops.

CPSA is now participating in many ways as well as its staff and members with multiple legislative and legislator events. There have been over 30 fundraising events since the legislature adjourned in May.

This year, there will be over 30 new legislators serving in the 2017-2018 legislature. There could be another 20 or more as seats change in unexpected ways in both political parties.

Not only will legislators change, but even incumbents could change positions where they now serve. Leaders can be new and even political control could change. All this mandates that nothing can be taken for granted. Other interest groups are always looking to take advantage since they have difficulty gaining an edge in the marketplace.

The place they go is the legislature for a more certain gain.

In the next few months leading up to November, you as a package store should:

- Make contact with your elected legislators. You can find out how by visiting the Connecticut General Assembly website (www.cga.ct.gov) "Find Your Legislators" page
- Participate in a fundraiser or volunteer on a campaign
- Talk with elected officials about your issue. Use information in this newsletter to provide pertinent information.
- Secure new members for CPSA, so we can become an even stronger association

Considering that we work with everyone at the Capitol, all legislators are important. Priorities dictate strategy, as with any industry. The General Law Committee, Finance Committee, and top leaders are how we distribute our resources. Chairmen and ranking members always rise to the top. You can go to the General Assembly's website (www.cga.ct.gov) to find the list of committee members and chairpersons.

Bottle Deposit Bill

(cont'd from p. 3)

- Changes in consumer packaging and alternative methods for increasing recycling and reducing waste.
- Extended producer responsibility (EPR), which means manufacturers being involved with its products through final disposal and recovery.

The study will have dramatic implications for manufacturers and local businesses. Recommendations by the task force are required to be presented to the General Assembly in January.



Minimum Bottle Information

(cont'd from p. 3)

in CT whose products are primarily sold through small stores. Municipalities located in Stratford, Waterford, East Hartford, Manchester, Branford, Litchfield, and other locations could be affected by a minimum bottle elimination

- The Loss of more than \$25 Million in local property tax
- The Loss of more than \$5 Million in lottery sales revenue
- The Loss of \$3 Million in package store permit fees
- The Loss of \$30 Million in rents and mortgage payments
- The Loss of up to \$10 Million in sales tax revenue to the state
- The Loss of income tax to the state
- The Loss of brand selections in all stores
- The Loss of \$6 Million in out of state shipper permits and fees as brand owners are in fewer and larger stores
- The Loss in the unemployment fund, and vehicle sales, as well as economic destabilization of shopping centers, etc.

Dear Store Owner,

This past session, the Connecticut General Assembly passed a budget and implementation bill that, despite vigorous effort by Governor Daniel P. Malloy, did not repeal the single bottle minimum pricing legislation. Our efforts have successfully allowed the manufacturer's suggested retail price to continue. However, we will still face this battle and more in 2017 when the next legislative session in Hartford begins. We will advocate on your behalf with the same persistence we always have.

Your membership is one of the most important business decisions you can make. When a new law is passed at the legislature, things can take a very negative turn for your business and the customers you serve. Our board members volunteer a great deal of time assisting our lobbyists with advocacy and it is your participation and support that helps continue our success.

You will notice an area on our membership form that says "Legislative Appeal." With spirits manufacturers, big-box retailers, grocery stores, and the lobbyists that represent them continuing to push for wine in food stores, quantity discounts, the repeal of single bottle pricing, additional permits, and expanded sales hours, we are looking at a number of challenges in 2017. Your additional voluntary donation beyond the membership dues will help us to fight the big dollars on the other side of us. Please remember to provide your email address so we can keep you informed of legislative action that affects you and your business! We can't help you if we can't reach you!

CPSA has some exciting news!

We are very excited to announce the upcoming launch of a brand new CPSA website. This site will feature an attractive, user-friendly look and an exclusive membership login page! When you become a fully paid member, you will be allowed access to the member's portal, where we will regularly post industry updates and information that will help you and your business successfully navigate your way through Connecticut's liquor laws. You will also have access to a photo gallery with event photos, newsletters, and more!

Remember: *"No One of Us ... is as Strong as All of Us"*

Membership Application

Name: _____

Trade Name: _____

Address: _____

Phone: _____

****Email:** _____

Store Contact Name: _____

Credit Card #: _____ Exp. Date: _____

Check #: _____

Please check one: Credit card ☐ Check ☐

\$350 per year + Optional Legislative Appeal \$ _____ = Total \$ _____

Make checks payable to: **"CPSA"**

Mail Application and payment information to:

Connecticut Package Stores Association

700 Plaza Middlesex, Middletown, CT 06457

Please check one: New Member: ☐ Renewing Member: ☐

Thank you for your support.



》 Join Today ‹

We need you in 2017

As the unified organization representing you for the last 40 years, we need your membership to keep our association strong.

Thank you to all of our 2016 CPSA Golf Sponsors!

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