

The Grapevine

CPSA ANNUAL GOLF OUTING 2017 SETS RECORD ATTENDANCE

CPSA hosted its annual Golf Outing on June 14th at Whitney Farms Golf Course in Monroe, CT. The outing was a great success, with over 170 golfers and 200 reception attendees.



CPSA enjoys another beautiful outing at Whitney Farms Golf Course

The event is especially regarded for the comradery between wholesalers, retailers, and manufacturers. This year, a number of local beer and spirits manufacturers attended for the first time. CPSA thanks all who sponsored the tournament and looks forward to working with friends in the industry as the year progresses. Make sure to check out the next issue of The Connecticut Beverage Journal for more coverage and pictures from the event!

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TOTAL WINE LAWSUIT DISMISSED

On June 6th, the U. S District Court for the District of Connecticut dismissed the lawsuit by Total Wine & More seeking to end the state's liquor pricing system, including minimum bottle pricing. Chief U.S. District Judge Janet C. Hall ruled that Connecticut's liquor pricing system cannot be preempted by federal antitrust law that prohibits activities restricting interstate commerce and competition in the marketplace. She said this falls under the purview of Connecticut's executive and legislative branches of government.



John Blanding/Globe Staff—Boston Globe

CPSA Executive Director, Carroll J. Hughes said “We think this is a good decision in properly interpreting the way the alcoholic beverage laws are crafted across the country, not just in Connecticut. With the repeal of Prohibition, the federal government gave states the power to regulate alcoholic beverages.” (cont'd on pg. 4)

MINIMUM BOTTLE NOT IN BUDGET PROPOSALS

Although it has been and will continue to be aggressively pushed by the Governor, the elimination of minimum bottle pricing has not been included in any budget proposal as a “revenue item.” This is due to the fact that the inclusion would result in a major loss of stores and their respective sales, income, and local property taxes.

A bill to eliminate minimum bottle pricing was offered by Governor Malloy in the General Law and Finance Committees, but the committees declined to move the bill after the outpouring of opposition at the public hearings.

Based on projections provided by the Governor, CPSA has estimated a (cont'd on pg. 4)

LOCAL CPSA INDUSTRY EVENTS

CPSA is planning to host another offsite meeting at a local brewery, distillery, or vineyard.

These events are designed to encourage retailers to come together with local manufacturers to familiarize them with their products, and encourage them to sell local brands.

Many of these local manufacturers are small businesses like retailers, and are in need of any assistance they can get to grow.

BUDGET SOLUTION NOT YET REACHED

The legislature will now begin a special session to arrive at a solution to the 2018-2019 biennial budget, which is facing a \$5 billion deficit or 25% of the two year budget.

One reason a budget resolution was not reached by the June 7th deadline was that state employee concessions negotiated by the Governor could not be voted on for approval until mid-July.

Several unions have to approve the contract in order for the agreement to be ratified. If a certain number of them do not approve, the agreements would be invalid and the savings could not be factored into the budget. Republicans have indicated that they do not feel the concessions negotiated with the unions garner enough savings. They were looking for close to \$1.1 billion per year, instead of the approximate \$700 million next fiscal year and \$850 million in the Governor's 2018-2109 concession package.

Negotiations between Republicans, Democrats and the Governor have taken place over (cont'd on pg. 4)

TOTAL WINE APPEALS CT DECISION

Total Wine has appealed Connecticut's federal court decision which was favorable to retention of the current liquor control system, including minimum bottle.

After the defeat of Total Wine in the Federal Court system, they have appealed to the Second Circuit courts. Arguments will be heard by all parties and a decision is not expected until late fall.

TOTAL WINE TO "MODERNIZE" MA LIQUOR LAWS

Massachusetts is now experiencing the Total Wine bulldozer as the big box giant has begun a campaign to change the way package stores function in that state.

Total Wine and More is looking to pass discounts from wholesalers and manufacturers on to consumers. They would also like to provide consumers with volume-based discounts based on single or collective purchases in the store, and to allow coupons to be used as credits.

The ultimate goal of Total Wine has always been to discount the major brands so they can poach the loyal customers from the smaller stores, which cannot buy in large quantities. Total Wine currently benefits from the advantage to sell their own private labels, some of which are marked up anywhere from fifty to even two hundred per cent or more.

Other retailers are unable to purchase the private labels that are sold by Total Wine, which was discussed at a public hearing in Hartford on a bill that would have made those private labels available to all stores in Connecticut. The bill was passed by the General Law Committee, but died in the House at the close of the legislative session.



MINIMUM BOTTLE NOT IN BUDGET

(Cont'd from pg. 2)

\$6-9 million sales tax revenue drop, due to the decrease in the average bottle price. It could also result in the loss of more than 3,000 employees from up to 600 stores, which would mean more than \$4 million in lost income tax. The municipal tax loss is estimated to be over \$5 million.

A trickle down effect would occur if these stores were to close, causing employee losses in retail, wholesale, sales, and delivery and warehouse workers. The indirect loss of service employees to the stores would further reduce income and sales tax receipts for the state.

Closing stores also means a loss of rent payments and mortgages, affecting shopping centers already suffering from the rampant closures of retail chain stores as online retail marketplaces expand. As Amazon and other mail order operations increase, the loss of retail stores will continue.

These factors and other points were presented by CPSA members and their lobbying team to legislators, who heard concerns and acted in CPSA's favor. CPSA thanks all those who came to support retailers, wholesalers and other entities who would be affected by this potential loss at the public hearings in Hartford and other events. CPSA will remain vigilant as budget negotiations continue.

LAWSUIT DISMISSED

(Cont'd from pg. 2)

"Some states chose to control it themselves," Hughes said. "Other states set up a system whereby they strongly regulate all aspects of alcohol sales, which is what Connecticut did. Connecticut has a very intricate set of regulations that were upheld by the judge. The current system serves the public well."

Hughes thanked the Wine and Spirit Wholesalers of Connecticut, the Connecticut Beer Wholesalers Association and the Connecticut Restaurant Association for their efforts in fighting this lawsuit alongside the Connecticut Package Stores Association.

BUDGET SOLUTION NOT REACHED

(Cont'd from pg. 3)

the period into July. There is strong speculation that the actual budget solution and vote could extend into September, as vacation schedules and other factors make a budget deal more elusive than it has been in more than 25 years.

In the meantime, since a budget was not passed by the beginning of the new fiscal year on July 1st, the governor is now running the state under the existing budget, which is experiencing an \$800 million revenue shortfall per year due to a dramatic decline in income tax receipts. This will cause many additional problems as the Administration will hold back payments to providers and reduce agency expenses in an effort to keep the state operating within existing resources.

Join CPSA



Connecticut Package Stores Association

No one of us... Is as strong as all of us.

Address: 700 Plaza Middlesex, Middletown, CT 06457 | Phone: 860.346.7978

We need every store as a member.

Without you, we cannot win at the legislature or in our legal efforts to save your business.

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Billing address _____

City, ST Zip Code _____

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Please Select Your Form of Payment: check credit card

Credit card type | Exp. date _____

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Authorized signature _____

Signature

Date

Please make checks payable to:

**Connecticut Package Stores
Association
700 Plaza Middlesex
Middletown, CT 06457**



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

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