



## Massachusetts Package Stores Association, Inc.

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**Written Testimony of the Massachusetts Package Stores Association  
Submitted to the Joint Committee on Consumer Protection & Professional Licensure for the Hearing  
Record on HB4377 - An act relative to licensing of liquor retailers  
Thursday, April 19, 2018**

Dear Honorable Members of the Joint Committee,

The Massachusetts Package Stores Association (MassPack) wishes to voice opposition to HB4377 - An act relative to licensing of liquor retailers. Of concern is that HB4377, without substantive and material amendment, would provide the newly designated "Chain Store" classification within Ch. 138, §15 a material discounting and pricing advantage over other Ch. 138, §15 licensees. The pricing disparity could be both disruptive and potentially harmful to small and single store operators that will not be given the means to reduce their costs.

Disruption has been the driving force within the three-tier system that regulates the alcoholic beverage industry in Massachusetts. The three-tier system in Massachusetts is designed to separate alcoholic manufacturers from wholesalers and retailers, and vice versa. It also maintains the balance between public safety and commerce. The three-tier system is facing significant challenges.

Whether it is a national retailer working toward blending the three-tiers for a pricing advantage, or Amazon aiming to expand their e-commerce business by expanding direct sales of alcohol to consumers, or brewers who want to be producer, distributor and retailer, the regulatory system in Massachusetts is under attack. Attacks to the 3-tier system are often veiled as efforts to meet consumer demand, support entrepreneurship and generate tax revenues for Massachusetts.

MassPack has observed that agents for change have been seeking to dilute M.G.L. Ch. 138 in a manner that creates disparity within the tiers. Look no farther than HB4377, and the many other recommendations within the Treasurer's Alcohol Task Force Report. Many of the thirty-seven recommendations, if enacted, would virtually rewrite M.G.L. Ch. 138 in a manner that produces direct competition against many of the state's independent package stores.

Independent package stores have a significant impact to the Massachusetts economy. In Massachusetts, independent package stores are responsible for almost \$20 billion in total economic activity. That impact includes the generation of 39,685 direct jobs, over \$8.02 billion in wages and benefits annually, and over \$1.08 billion in state and local taxes.

An alternative to HB4377 is to amend M.G.L. Ch. 138, §15 in a manner that allows for chain store and coop purchasing of inventory. In this manner, both multiple and single store retailers can more equally possess the means for securing reasonable discount pricing in an industry facing competition from national retailers and direct shippers. MassPack intends to induce such an industry all-encompassing fix during the next legislative session. Support will be encouraged.

Until a new bill is introduced, MassPack requests that the sensitive balance within the retailer classification of Chapter 138 is maintained by not pressing forward with HB4377. Thank you for the opportunity to submit written testimony on this important matter. Please reach out to MassPack with any questions regarding the package stores community.

Respectfully submitted,

Robert A. Mellion, Esq.  
Executive Director / General Counsel

*The Massachusetts Package Stores Association (MassPack) is a non-profit trade organization representing the interests of the thousands of independently-owned retail liquor stores across Massachusetts. The Board of Directors of MassPack are primarily comprised of owner/operators of liquor stores. Contact MassPack with any questions at (800) 322-1383, or email [info@masspack.org](mailto:info@masspack.org). Visit the MassPack website at: [www.masspack.org](http://www.masspack.org)*