

# LATE TESTIMONY



February 8, 2011

## THE LEGISLATIVE CENTER

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Testimony To: Senate Committee on Public Safety, Government Operations, and Military Affairs  
Senator Will Espero, Chair

Presented By: Tim Lyons  
President

Subject: S.B. 1193 – RELATING TO LIQUOR

Chair Espero and Members of the Committee:

I am Tim Lyons, Legislative Liaison for Anheuser Busch Companies and we oppose this bill.

Since discounts are typically used in order to encourage sales, it might seem odd that a manufacturer would oppose them however, we find that they may not be a proper fit for Hawaii.

Manufacturers are already allowed to offer instant redeemable coupons which allow a discount off the price purchased and the price paid by the consumer. These are non-discriminatory price promotions or price discounts and are generally offered to all and any retailer who offers the product for sale.

A majority of the states however prohibit some sort of form of manufacture coupons or rebate. This is because they can be discriminatory, you can give them to some retailers and not others, and they

are often prone to fraud and abuse. We have received several anecdotal stories of instances on the mainland where manufacturers provide a handful of these discounts to a retailer, the retailer waits for a certain amount of time and then turns them into the manufacturer. In other words, the coupons were redeemable for cash without any actual savings ever being passed on to the consumer. These in effect, are inappropriate cash payments by manufacturers to retailers.

We would remind this Committee that the liquor industry is highly regulated because of problems that occurred many years ago. Since the time of establishing a proper three tiered distribution system, we believe that the greed, the graft and the crime that accompanied these products have largely gone out of the marketplace; at least if they exist they do so at no greater degree than other industry. We are concerned however that this bill would jeopardize that situation and for these reasons, we think that expanding alcohol beverage coupons should be prohibited and, therefore, we would urge you to reject Senate Bill 1193.

Thank you.