



*Advocating the views of convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors.*

Joint Hearing of the Senate Law and Justice Committee and House Liquor Control Committee

April 26, 2021

Chairman Regan, Chairman Metzgar, Minority Chairs Brewster and Deasy, and committee members, thank you for this opportunity to offer feedback on ready-to-drink (RTD) beverages and associated legislation.

My name is Alex Baloga and I am President and CEO of the Pennsylvania Food Merchants Association. PFMA is a statewide trade association advocating the views of convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors operating in Pennsylvania. We represent more than 800 corporate members who operate more than 4,000 retail food stores and employ more than 250,000 Pennsylvanians.

Our membership strongly believes in the principle of maximizing consumer choice. Satisfying the needs and wants of our customers is mutually beneficial and fundamentally underpins the retail business model. From this perspective, we support legislation that would enhance our ability to meet consumer demand. Authorizing the sale of RTD beverages in convenience and grocery stores, among other licensees, would benefit all parties involved – namely customers, retail businesses, and the commonwealth.

Beyond supporting the general maxim of consumer choice, there are a variety of reasons why expanding the sale of RTD beverages in Pennsylvania makes sense.

Firstly, broadened RTD sales would be a moneymaker for the state. In the future, absent emergency injections of funding from the federal government, Pennsylvania's fiscal balance could once again be in a precarious position, fresh sales tax proceeds from RTD sales would help offset the need for revenue proposals with obvious downsides such as broad-based tax hikes.

Secondly, expanding RTD sales to retailers would be a boon to the Pennsylvania Liquor Control Board, which could see their own increased revenues potentially in the form of permit application and recurring license fees.

Thirdly, as evidenced by the temporary shutdown of the state's Fine Wine and Spirits stores in 2020, allowing grocery and convenience stores – which stayed open throughout the COVID-19 pandemic, and would do so during any foreseeable future public emergency - to stock and sell RTD beverages would add needed resiliency and redundancy to the marketplace.

In the universe of alcohol laws, it should come as no surprise to lawmakers that drawing comparisons with other states can be challenging. Pennsylvania has a relatively unique structural framework for the sale of liquor products. Across the nation, however, RTD beverages, or “canned cocktails,” as they are also known, are often treated as broadly equivalent to beer and wine when it comes to licensing and sales. For example, in neighboring Ohio, RTD beverages up to 42 proof (21% alcohol) can be sold at retail by retailers authorized to sell beer or wine.

Canned cocktails share much in common with another product exploding in popularity and with far broader availability in the commonwealth – hard seltzers. While hard seltzers are made with fermented sugar or malted barley as opposed to the distilled spirits such as tequila and rum of canned cocktails, they are marketed and packaged similarly and can have comparable levels of alcohol by volume (ABV) – often around 5%, upwards to around 10%, closer to a strong beer and approaching wine. Yet in Pennsylvania hard seltzers can be purchased at the same locations as beer and wine, while RTD beverages cannot. This seems like a distinction without any real difference, at least in practical terms, and certainly in the eyes of consumers.

PFMA stands ready to work with the legislature to craft acceptable language that continues to modernize the sale of alcoholic beverages in Pennsylvania, both safely and positively meeting consumer demands.