



Senate Law and Justice Committee

House Liquor Control Committee

April 28, 2021

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

My name is Christopher Reed and I am General Counsel for the Rutter's Companies. Rutter's is an 11<sup>th</sup> Generation family-owned company that traces its operations in central Pennsylvania to 1747. Rutter's owns and operates 79 convenience stores with 77 being in Pennsylvania. In addition to its convenience stores, Rutter's operates a beverage company, including a fluid dairy, and a real estate company. Rutter's employs approximately 2,300 Pennsylvanians. All Rutter's companies are Pennsylvania C-corporations and pay their full share of Pennsylvania corporate taxes.

A core principle of Rutter's is to provide award winning service to its customers. Rutter's understands that no two customers are the same when it comes to food and beverage preference. Accommodating individual preferences is one method by which Rutter's fulfills its commitment to customer service. With the ever-changing assortment of food and beverage options, it is essential that Rutter's, and other retailers, be able to meet customers' preferences. With that in mind, Rutter's supports legislation that would enhance its ability to better serve customers. Authorizing the sale of RTD beverages in convenience and grocery stores, among other licensees, would benefit customers, retailers, and the Commonwealth.

Allowing the sale of RTD products in retail stores, like Rutter's, would be a new revenue stream for the state. By expanding the products available for sale at convenience and grocery stores, sales tax proceeds would be expanded. RTD sales would help prevent the need for broad-based tax increases which are not favorable to Pennsylvanians.

Further, allowing the sale of RTD products outside of Fine Wine & Spirits stores, provides Pennsylvania citizens with enhanced choice and consistent availability of product. With the temporary shutdown of Fine Wine and Spirits stores in 2020, Pennsylvania's citizens were unable to purchase spirits-based products. Rutter's, like, other grocery and convenience stores, provided an outlet for citizens to obtain wine products, but Pennsylvanians had no outlet to obtain liquor products. During the pandemic, Rutter's never closed a store and increased store level employee

wages over 15%. In addition, Rutter's also invested over \$7,000,000 in wages and government mandates for PPE and other store modifications. Just this week, Rutter's announced another 10% increase in store-level wages, which will bring starting wage to \$14.00 per hour. Rutter's also plans to donate over \$1,000,000 in 2021 to local communities through its not-for-profit, Rutter's Children's Charities. Allowing Pennsylvania grocery and convenience stores to sell RTD products would add needed resiliency and redundancy to the marketplace, as well as allow a new profit center to offset pandemic operating costs and investments.

In Pennsylvania, Rutter's already sells a multitude of age restricted products in an efficient and responsible manner. In addition to selling beer and wine at approximately 40 Pennsylvania locations, Rutter's offers tobacco, lottery, and video gaming terminals to age-qualified customers. The sale of age restricted products is regulated by both state and federal agencies, including, but not limited to: the Pennsylvania Liquor Control Board; the Pennsylvania State Police Division of Liquor Control Enforcement; the Pennsylvania Lottery; the Pennsylvania Gaming Control Board; and the Federal Bureau of Alcohol, Tobacco, Firearms, and Explosives. Rutter's, like other retailers, go through extensive vetting prior to being authorized to sell age restricted products. Rutter's takes the sale of age restricted products seriously and has policies and procedures in place to prevent unauthorized sales. Failure to prevent unauthorized sales could result in loss of the ability to sell a particular product, which would decrease a retailer's ability to meet customer demands, and thus, result in a decline in sales for the retailer.

As mentioned above, Rutter's already offers a wide array of alcoholic products for to-go sale in Pennsylvania, including beer, wine, and mixed drinks in qualifying locations. In other states, such as West Virginia, Rutter's sells beer, wine, and liquor, including RTD products. Rutter's, and other retailers operating outside of Pennsylvania, are familiar with selling spirits-based products in a responsible manner.

Rutter's is excited about the opportunity to work with the legislature on language that improves the choice for Pennsylvanians to purchase alcoholic products in a safe and efficient manner. In order to support companies like Rutter's, which has a 274-year history in Pennsylvania and over 2,300 Pennsylvania employees, has firmly committed to its employees and communities, and pays its full share of Pennsylvania taxes, we request each committee member vote to advance this important legislation.