



Testimony in Support of HB 7271: An Act Establishing a Working Group to Study Beverage Container Redemption Rates in the State and Reducing the Fee on Infused Beverage Containers

Dear Members of the Committee,

My name is Gordon Whelpley, founder and CEO of Float House, a CT licensed hemp food and beverage manufacturer located in Windsor. We appreciate the opportunity to express our support for HB 7271, which proposes the establishment of a working group to study beverage container redemption rates and seeks to reduce the fee on infused beverage containers.

We believe that reducing the \$1 per container fee on THC-infused beverages, originally implemented in 2024, is both fiscally responsible and economically strategic. The current fee functions more as a punitive tax than a regulatory measure, suppressing consumer demand and placing unnecessary strain on small businesses that are striving to participate in the legal market.

A lower fee will make it possible for us to grow our business in CT. As it currently stands retailers are taking a 30-35% margin on products in this category which is wildly higher than any alcoholic adult beverage. This, coupled with the \$1/can tax squeezes our margin incredibly tight and forces us to focus our sales efforts out-of-state. A lower tax incentivizes purchases by adjusting the supply/demand curve, unlocking increased consumer engagement with this in-demand product category. As volume rises, we believe this policy change will result in greater net revenue for the state over both the short and long term—while also supporting job creation, entrepreneurship, and a more robust regulated market.

Furthermore, aligning Connecticut's fee structure with those of neighboring states could prevent cross-border shopping and keep consumer spending within the state. RI has a flat 10% gross receipts tax on these products and NJ allows for municipalities to add an optional 2% on hemp beverages at their discretion. Even driving to MA and purchasing in their recreational market is cheaper at 10.75%. CT levies the highest tax on these products at \$24/case, a full \$8 higher than the second highest, CA.

In conclusion, we believe that HB 7271 offers a balanced solution that addresses public health concerns, supports small businesses, and considers the state's fiscal responsibilities. We urge the committee to support this bill and consider the positive impact it could have on Connecticut's economy and public health.

Thank you for your time and consideration.

Sincerely,

Gordon Whelpley

Founder / CEO

