To: Members of the Indiana House Committee on Commerce, Small Business and Economic Development  
From: Americans for Tax Reform  
Re: Oppose House Bill 1109  

Dear Representative,

On behalf of Americans for Tax Reform (ATR) and our supporters across Indiana, I urge you to oppose House Bill 1109, legislation that would jeopardize the right to private contract in order to impose price controls on certain nonalcoholic beverages. If implemented, this bill would inflict a great deal of harm on small businesses and consumers across the Hoosier State.

Under the status quo, all Indiana retailers, from small convenience stores to large chain grocery stores, can negotiate their preferred contract terms with the nonalcoholic beverage industry. This flexibility allows retailers to benefit from seasonal promotions and other price discounts that can be passed onto consumers, ultimately making their stores more competitive than those in surrounding states.

This free-market approach is not unique to Indiana, but is the standard practice used by all retailers and the nonalcoholic beverage industry nationwide. Unfortunately, HB 1109 seeks to disadvantage Indiana retailers by making it illegal for distributors of packaged nonalcoholic beverages with a weight volume of 8 ounces or more to offer special pricing deals in Indiana unless they are extended to every store in the state.

Despite the good intentions behind this bill, it would actually result in a number of negative consequences for the local economy. Allowing the government to meddle into negotiations between private businesses in order to impose price controls would actually result in fewer discounts being available, driving prices up and leaving families across Indiana to face higher costs at a time when they can least afford it. Many of these households along state lines could decide to instead visit stores in Illinois, Kentucky, Michigan, or Ohio, hurting Indiana’s small businesses and their employees.

Adding insult to injury, HB 1109 would also drive new investment, jobs, and opportunities away from Indiana. Why would a CEO in any industry want to do business in a state that is known for undermining the right to private contract and has the unwelcome distinction of being the only state in the country to impose price controls on nonalcoholic beverages? There are plenty of other states with lower tax rates that are much less hostile to businesses.

ATR opposes HB 1109 and urges lawmakers to vote NO.

Sincerely,

Grover Norquist  
President  
Americans for Tax Reform