
OLR Bill Analysis

sHB 5021 (as amended by House "A")*

AN ACT CONCERNING COMPETITIVE ALCOHOLIC LIQUOR PRICING AND HOURS OF OPERATION FOR PERMITTEES.

SUMMARY:

This bill makes various changes to the liquor control act. It expands the days and hours for alcohol sales, including off-premises sales on Sundays. It also allows retailers who sell alcohol for off-premises consumption (off-premises retailers) to sell one item below cost each month and establishes the Competitive Alcoholic Liquor Pricing Task Force to study Connecticut's liquor permitting and pricing laws and compare them with surrounding states.

The bill also:

1. increases the number of package stores a permittee may own,
2. expands the items offered for sale and allows fee-based demonstrations in package stores,
3. creates a new beer permit and increases allowable daily retail sales for existing beer permittees,
4. changes various permit fees, and
5. makes several other minor liquor permitting changes.

*House Amendment "A" (1) allows package stores to sell olives, but eliminates the original bill's provision allowing them to sell snack foods, including chips, candy, and nuts; (2) increases the governor's task force appointments from one to three; and (3) allows farmers' market wine sales permittees to sell wine on Sundays.

EFFECTIVE DATE: Upon passage, except July 1, 2012 for provisions on beer permits, package store permits (except the increase in the

number of stores a permittee may own), fee changes, and minor permitting changes (except the first selectman allowance).

§§ 10 & 11 — EXPANDING DAYS AND HOURS FOR SALES

Off-premises Sales

The bill allows the off-premises sale and dispensing of alcohol on Sundays from 10:00 A.M. to 5:00 P.M. and on Memorial Day, Independence Day, and Labor Day. It also allows selling and dispensing on the Mondays following any Independence Day, Christmas, or New Year's Day that is on a Sunday.

Café Permit

The bill extends the hours café permittees may serve food, but not alcohol, to the public. It allows them to begin serving food at 6:00 A.M. daily, but does not change when they must close. With certain exceptions, under current law, they may be open until 1:00 A.M. during the week and until 2:00 A.M. on the weekend.

Taverns, Cafés, and Films

The bill allows a tavern or café being used as a site for projects eligible for the state film production tax credit to be open to the public beyond regular hours of operation. Sale or consumption of alcohol beyond the authorized hours of operation is still prohibited.

Casino Permit

The bill allows alcohol consumption at a casino gaming facility in glasses or other suitable containers, other than bottles of liquor or wine, at any time, as long as the alcohol is served to a casino patron during the allowable hours for on-premises alcohol sales. By regulation, a permittee may only serve one drink to an individual at a time (Conn. Agency Regs. § 30-6-A24b(b)).

Farmers' Markets

The bill allows farmers' market wine sales permittees to sell wine on Sundays between the hours of 8:00 A.M. and 9:00 P.M. Under current law, Sunday sales are prohibited. By law, sales may only occur when the farmers' market is open and a town may limit the permissible

hours for sale.

§ 12 — ONE MONTHLY DISCOUNTED ITEM

The bill allows off-premises permittees to discount, per month, one beer or alcoholic liquor item other than beer, identified by a single stock-keeping unit number (SKU), for sale below cost. For alcoholic liquor, the law defines cost to mean the wholesaler's posted bottle price plus what the retailer pays for shipping or delivery to his or her business location. For beer, cost means the lowest posted price for the month plus any shipping or delivery charge the permittee pays that exceeds the price he or she originally paid.

The bill limits the amount of a discount. The item must not be sold for less than 90% of the permittee's cost. A permittee that intends to sell an item below cost must notify the Department of Consumer Protection (DCP) of such sale by the second day of the month the item will be on sale. Current law prohibits off-premises retailers from selling below cost.

§ 14 — COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE

The bill establishes a 15-member Competitive Alcoholic Liquor Pricing Task Force. The task force must examine, review, and analyze Connecticut alcoholic liquor taxes, quantity and volume discounts, existing liquor permit restrictions, and minimum pricing and price posting laws. It must compare its findings to the laws in surrounding states, and note the impacts on Connecticut's consumers and its alcohol industry.

The governor must appoint three task force members and the six legislative leaders appoint one member each. The remaining members are the commissioners of consumer protection and revenue services and the General Law Committee chairpersons and ranking members, or their designees. The leaders' appointees may be members of the General Assembly.

All appointments must be made within 30 days after the bill's passage. Any vacancy is filled by the appointing authority. The House

speaker and Senate president select the task force chairpersons from among the task force members. The chairpersons must schedule the task force's first meeting within 60 days after the bill's passage.

The General Law Committee's administrative staff serves as the task force's administrative staff.

The task force must submit a report on its findings and recommendations to the General Law Committee by January 1, 2013. The task force terminates when it submits its report or on January 1, 2013, whichever is later.

§§ 5 & 7 — PACKAGE STORE PERMIT

Ownership Limit

The bill increases the number of package stores a permittee may own from two to three.

Expanding Package Store Items Sold

The bill expands the types of commodities a package store permittee may sell to include (1) complementary fresh fruits used in the preparation of mixed alcoholic beverages, (2) cheese and crackers, and (3) olives. Current law limits package stores to selling 12 specified items, such as cigarettes, bar utensils, and lottery tickets.

Wine-Related Class Fees

Current law allows package store permittees, during the hours they are allowed to sell alcohol, to (1) offer free samples of alcoholic liquor for on-premises tasting and (2) conduct tastings and demonstrations for a nominal charge on behalf of a charitable, nonprofit organization.

The bill allows them to also conduct wine education and tasting classes for a fee during such hours.

§§ 1-3, 9 & 10 — BEER PERMITTEES

New License for Manufacturer for Beer and Brew Pub

The bill creates a new manufacturer for beer and brew pub permit that combines the permissible uses of separate permits for manufacturers and brew pubs. The combined permit's annual fee is

\$1,500. The current annual fee for a manufacturer's permit for beer is \$1,000 and a brew pub permit fee is \$300.

The manufacturer for beer and brew pub permit gives the permittee the combined rights and abilities of the separate permits if he or she annually produces at least 5,000 gallons of beer. Generally, this means a manufacturer for beer and brew pub permittee can manufacture, bottle, store, distribute at wholesale, sell beer, and offer free samples in the state. He or she may also offer beer for retail sale for on-premises consumption with or without food.

The bill sets the same hours for manufacturer for beer and brew pub permits to sell, dispense, and consume alcohol as for other on-premises alcohol permits. By law, these activities are allowed from 9:00 A.M. to 1:00 A.M. the next morning for Monday through Thursday, from 9:00 A.M. to 2:00 A.M. the next morning for Friday and Saturday, and 11:00 A.M. to 1:00 A.M. the next morning on Sunday.

It also sets the same hours for manufacturer for beer and brew pub permits to sell and dispense alcohol as for other off-premises alcohol permit holders.

Manufacturer for Beer

The bill allows manufacturer for beer permittees to provide beer offerings and tastings without requiring the visitor to first take a tour of the premises, which current law requires.

It increases the amount of beer a manufacturer for beer permittee may sell at retail to an individual from eight to nine liters per day.

Manufacturer for Brew Pub

The bill increases the amount of beer a brew pub permittee may sell at retail to an individual from eight to nine liters per day.

§§ 5 & 6 — PERMIT FEES

Grocery Store Beer Permit Annual Fee

The bill also increases the grocery store beer permit's annual fee from \$170 to \$1,500 for stores that have annual food and grocery sales

of at least \$2 million. Under current law, all grocery stores pay the \$170 annual fee, regardless of sales.

Bowling Establishment and Racquetball Facility Permits

The bill reduces, from \$2,250 to \$1,000, the annual fees for bowling establishment and racquetball facility permits.

Bowling establishment permittees may sell at retail, alcoholic liquor on the premises of commercial bowling establishments with at least 10 lanes. Racquetball facility permittees may sell alcoholic liquor on the premises of a commercial racquetball facility containing at least five courts.

§§ 4, 8, & 13 — MINOR LIQUOR PERMITTING PROVISIONS

Wholesaler's Salesman Certificate

The bill makes the wholesaler's salesman certificate expire biennially on January 31st rather than only when the salesman changes employment. The biennial certificate renewal fee is \$20.

Higher Education Exemption

The bill allows a person at a regionally accredited higher education institution to make and dispense wine on the institution's premises without a permit as part of an approved academic course.

First Selectmen

The bill allows a first selectman who also acts as a town's police chief to hold a liquor permit in that town. Currently, DCP must refuse such permits.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute
Yea 15 Nay 3 (03/20/2012)

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 39 Nay 11 (04/16/2012)

