



# House of Representatives

**File No. 595**

General Assembly

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February Session, 2012 **(Reprint of File No. 226)**

Substitute House Bill No. 5021  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
April 27, 2012

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 30-16 of the 2012 supplement to  
2 the general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2012*):

4 (b) A manufacturer permit for beer shall be in all respects the same  
5 as a manufacturer permit, except that the scope of operations of the  
6 holder shall be limited to beer, but shall permit the storage of beer in  
7 any part of the state. Such permit shall also authorize the offering and  
8 tasting, on the premises of the permittee, of free samples of beer  
9 brewed on such premises and the selling at retail from the premises of  
10 sealed bottles or other sealed containers of such beer for consumption  
11 off the premises. The offering and tasting [shall] may be limited to  
12 visitors who have attended a tour of the premises of the permittee.  
13 Such selling at retail from the premises of sealed bottles or other sealed  
14 containers shall comply with the provisions of subsection (d) of section  
15 30-91, as amended by this act, and shall permit not more than [eight]

16 nine liters of beer to be sold to any person on any day on which such  
17 sale is authorized under the provisions of subsection (d) of section 30-  
18 91, as amended by this act. The annual fee for a manufacturer permit  
19 for beer shall be one thousand dollars.

20 Sec. 2. Subsection (f) of section 30-16 of the 2012 supplement to the  
21 general statutes is repealed and the following is substituted in lieu  
22 thereof (*Effective July 1, 2012*):

23 (f) A manufacturer permit for a brew pub shall allow: (1) The  
24 manufacture, storage and bottling of beer, (2) the retail sale of alcoholic  
25 liquor to be consumed on the premises with or without the sale of  
26 food, (3) the selling at retail from the premises of sealed bottles or  
27 other sealed containers of beer brewed on such premises for  
28 consumption off the premises, and (4) the sale of sealed bottles or other  
29 sealed containers of beer brewed on such premises to the holder of a  
30 wholesaler permit issued pursuant to subsection (b) of section 30-17,  
31 provided that the holder of a manufacturer permit for a brew pub  
32 produces at least five thousand gallons of beer on the premises  
33 annually. Such selling at retail from the premises of sealed bottles or  
34 other sealed containers shall comply with the provisions of subsection  
35 (d) of section 30-91, as amended by this act, and shall permit not more  
36 than [eight] nine liters of beer to be sold to any person on any day on  
37 which such sale is authorized under the provisions of subsection (d) of  
38 section 30-91, as amended by this act. The annual fee for a  
39 manufacturer permit for a brew pub shall be three hundred dollars.

40 Sec. 3. Section 30-16 of the 2012 supplement to the general statutes is  
41 amended by adding subsection (g) as follows (*Effective July 1, 2012*):

42 (NEW) (g) A manufacturer permit for beer and brew pub shall be in  
43 all respects the same as a manufacturer permit for beer, as defined in  
44 subsection (b) of this section, and shall allow those additional  
45 permissible uses specified in the manufacturer permit for a brew pub,  
46 as defined in subsection (f) of this section, provided the holder of a  
47 manufacturer permit for beer and brew pub produces at least five

48 thousand gallons of beer on the premises annually. The annual fee for  
49 a manufacturer permit for beer and brew pub shall be one thousand  
50 five hundred dollars.

51 Sec. 4. Subsection (a) of section 30-17b of the general statutes is  
52 repealed and the following is substituted in lieu thereof (*Effective July*  
53 *1, 2012*):

54 (a) No person shall be employed by any wholesaler of alcoholic  
55 liquor to sell or offer for sale alcoholic liquor to any retailer of alcoholic  
56 liquor unless such person holds a wholesaler's salesman certificate or  
57 files an application for such certificate not later than ten days after the  
58 date of his or her initial employment. Any person desiring a  
59 wholesaler's salesman certificate or renewal thereof, shall file a sworn  
60 application for such certificate upon forms to be furnished by the  
61 Department of Consumer Protection, showing his or her name,  
62 address and such other information as the department may require.  
63 An application for an initial certificate shall be accompanied by a  
64 nonrefundable fee in the amount of fifty dollars. [Upon approval of  
65 such application, the department shall issue a certificate which shall be  
66 renewed only upon change of employment.] All such certificates shall  
67 expire biennially on January thirty-first. The biennial renewal fee for a  
68 certificate shall be twenty dollars. If a certified wholesaler's salesman  
69 changes employment, a renewal application shall be filed not later  
70 than ten days after the date such new employment commences and  
71 shall be accompanied by a nonrefundable fee in the amount of fifty  
72 dollars.

73 Sec. 5. Subsections (a) and (b) of section 30-20 of the 2012  
74 supplement to the general statutes are repealed and the following is  
75 substituted in lieu thereof (*Effective July 1, 2012*):

76 (a) A package store permit shall allow the retail sale of alcoholic  
77 liquor not to be consumed on the premises, such sales to be made only  
78 in sealed bottles or other containers. The holder of a package store  
79 permit may, in accordance with regulations adopted by the

80 Department of Consumer Protection pursuant to the provisions of  
81 chapter 54, offer free samples of alcoholic liquor for tasting on the  
82 premises, conduct fee-based wine education and tasting classes and  
83 demonstrations and conduct tastings or demonstrations provided by a  
84 permittee or backer of a package store for a nominal charge to  
85 charitable nonprofit organizations. Any offering, tasting, wine  
86 education and tasting class or demonstration held on permit premises  
87 shall be conducted only during the hours a package store is permitted  
88 to sell alcoholic liquor under section 30-91, as amended by this act. No  
89 store operating under a package store permit shall sell any commodity  
90 other than alcoholic liquor except that, notwithstanding any other  
91 provision of law, such store may sell (1) cigarettes, (2) publications, (3)  
92 bar utensils, which shall include, but need not be limited to,  
93 corkscrews, beverage strainers, stirrers or other similar items used to  
94 consume or related to the consumption of alcoholic liquor, (4) gift  
95 packages of alcoholic liquor shipped into the state by a manufacturer  
96 or out-of-state shipper, which may include a nonalcoholic item in the  
97 gift package that may be any item, except food or tobacco products,  
98 provided the dollar value of the nonalcoholic items does not exceed  
99 the dollar value of the alcoholic items of the package, (5)  
100 complementary fresh fruits used in the preparation of mixed alcoholic  
101 beverages, (6) cheese or crackers, or both, olives, (7) nonalcoholic  
102 beverages, [(6)] (8) concentrates used in the preparation of mixed  
103 alcoholic beverages, [(7)] (9) beer and wine-making kits and products  
104 related to beer and wine-making kits, [(8)] (10) ice in any form, [(9)]  
105 (11) articles of clothing imprinted with advertising related to the  
106 alcoholic liquor industry, [(10)] (12) gift baskets or other containers of  
107 alcoholic liquor, [(11)] (13) multiple packages of alcoholic liquors, as  
108 defined in subdivision (3) of section 30-1, provided in all such cases the  
109 minimum retail selling price for such alcoholic liquor shall apply, and  
110 [(12)] (14) lottery tickets authorized by the Department of Consumer  
111 Protection, if licensed as an agent to sell such tickets by said  
112 department. A package store permit shall also allow the taking and  
113 transmitting of orders for delivery of such merchandise in other states.  
114 Notwithstanding any other provision of law, a package store permit

115 shall allow the participation in any lottery ticket promotion or  
116 giveaway sponsored by the Department of Consumer Protection. The  
117 annual fee for a package store permit shall be five hundred thirty-five  
118 dollars.

119 (b) A grocery store beer permit may be granted to any grocery store  
120 and shall allow the retail sale of beer in standard size containers not to  
121 be consumed on the premises. A holder of a grocery store beer permit  
122 shall post in a prominent location adjacent to the beer display, the  
123 retail price for each brand of beer and said retail price shall include all  
124 applicable federal and state taxes including the applicable state sales  
125 taxes. The annual fee for a grocery store beer permit shall be one  
126 hundred seventy dollars. For a grocery store that has annual sales of  
127 food and grocery items of not less than two million dollars the annual  
128 fee for a grocery store beer permit shall be one thousand five hundred  
129 dollars.

130 Sec. 6. Section 30-37c of the general statutes is repealed and the  
131 following is substituted in lieu thereof (*Effective July 1, 2012*):

132 (a) A bowling establishment permit shall allow the retail sale of  
133 alcoholic liquor to be consumed on the premises of a commercial  
134 bowling establishment containing ten or more lanes. A bowling  
135 establishment permit for beer and wine shall allow the retail sale of  
136 beer and wine to be consumed on the premises of a commercial  
137 bowling establishment containing ten or more lanes. The annual fee for  
138 a bowling establishment permit shall be [two] one thousand [two  
139 hundred fifty] dollars and for a bowling establishment permit for beer  
140 and wine shall be four hundred forty dollars.

141 (b) A racquetball facility permit shall allow the retail sale of  
142 alcoholic liquor to be consumed on the premises of a commercial  
143 racquetball facility containing five or more courts. The annual fee for a  
144 racquetball facility permit shall be [two] one thousand [two hundred  
145 fifty] dollars.

146 Sec. 7. Subsection (a) of section 30-48a of the general statutes is

147 repealed and the following is substituted in lieu thereof (*Effective from*  
148 *passage*):

149 (a) No person, and no backer as defined in section 30-1, shall, except  
150 as hereinafter provided, acquire an interest in more than [two] three  
151 alcoholic beverage retail permits, but nothing herein shall (1) require  
152 any such person who had, on June 8, 1981, such interest in more than  
153 two such permits to surrender, dispose of or release his interest in any  
154 such permit or permits nor shall it affect his right to continue to hold,  
155 use and renew such permits, or (2) prohibit any such person who had,  
156 on June 8, 1981, such interest in more than two such permits from  
157 transferring his interest in such permits by inter vivos or testamentary  
158 disposition, including living trusts, to his spouse or child, or such  
159 spouse's or child's living trust or prohibit such spouse or child from  
160 accepting such a transfer notwithstanding that such spouse or child  
161 may already hold another permit issued under the provisions of this  
162 chapter. Any such permit so transferred may be renewed by such  
163 transferee under the provisions of section 30-14a. Except as provided  
164 in subdivision (1), a person shall be deemed to acquire an interest in a  
165 retail permit if an interest is owned by such person, such person's  
166 spouse, children, partners, or an estate, trust, or corporation controlled  
167 by such person or such person's spouse, children, or any combination  
168 thereof. The provisions of this subsection shall apply to any such  
169 interest without regard to whether such interest is a controlling  
170 interest. For the purposes of this subsection, "person" means (A) an  
171 individual, (B) a corporation or any subsidiary of a corporation, or (C)  
172 any combination of corporations or individuals any of whom, or any  
173 combination of whom, owns or controls, directly or indirectly, more  
174 than five per cent of any entity which is a backer as defined in said  
175 section 30-1.

176 Sec. 8. Section 30-77 of the general statutes is amended by adding  
177 subsection (c) as follows (*Effective July 1, 2012*):

178 (NEW) (c) The provisions of this section shall not prohibit a person  
179 from manufacturing or dispensing wine as part of an academic course

180 in a curriculum established, approved by and under the control of a  
181 regionally accredited institution of higher education and located on the  
182 premises of such accredited institution.

183 Sec. 9. Subsection (a) of section 30-91 of the 2012 supplement to the  
184 general statutes is repealed and the following is substituted in lieu  
185 thereof (*Effective from passage*):

186 (a) The sale or the dispensing or consumption or the presence in  
187 glasses or other receptacles suitable to permit the consumption of  
188 alcoholic liquor by an individual in places operating under hotel  
189 permits, restaurant permits, cafe permits, restaurant permits for  
190 catering establishments, bowling establishment permits, racquetball  
191 facility permits, club permits, coliseum permits, coliseum concession  
192 permits, special sporting facility restaurant permits, special sporting  
193 facility employee recreational permits, special sporting facility guest  
194 permits, special sporting facility concession permits, special sporting  
195 facility bar permits, golf country club permits, nonprofit public  
196 museum permits, university permits, airport restaurant permits,  
197 airport bar permits, airport airline club permits, tavern permits, a  
198 manufacturer permit for a brew pub, manufacturer permits for beer  
199 and brew pubs, casino permits, caterer liquor permits and charitable  
200 organization permits shall be unlawful on: (1) Monday, Tuesday,  
201 Wednesday, Thursday and Friday between the hours of one o'clock  
202 a.m. and nine o'clock a.m.; (2) Saturday between the hours of two  
203 o'clock a.m. and nine o'clock a.m.; (3) Sunday between the hours of  
204 two o'clock a.m. and eleven o'clock a.m.; (4) Christmas, except (A) for  
205 alcoholic liquor that is served where food is also available during the  
206 hours otherwise permitted by this section for the day on which  
207 Christmas falls, and (B) by casino permittees at casinos, as defined in  
208 section 30-37k; and (5) January first between the hours of three o'clock  
209 a.m. and nine o'clock a.m., except that on any Sunday that is January  
210 first the prohibitions of this section shall be between the hours of three  
211 o'clock a.m. and eleven o'clock a.m.

212 Sec. 10. Subsections (d) and (e) of section 30-91 of the 2012

213 supplement to the general statutes are repealed and the following is  
214 substituted in lieu thereof (*Effective from passage*):

215 (d) The sale or dispensing of alcoholic liquor in places operating  
216 under package store permits, drug store permits, manufacturer  
217 permits for beer, manufacturer permits for beer and brew pubs or  
218 grocery store beer permits shall be unlawful on [Decoration Day,  
219 Independence Day, Labor Day,] Thanksgiving Day, New Year's Day [,  
220 Sunday] or Christmas; [or, if Independence Day, Christmas or New  
221 Year's Day occurs on a Sunday, on the Monday next following such  
222 day except that such sale or dispensing shall be lawful on any  
223 Independence Day occurring on a Saturday;] and such sale or  
224 dispensing of alcoholic liquor in places operating under package store  
225 permits, drug store permits, manufacturer permits for beer,  
226 manufacturer permits for beer and brew pubs and grocery store beer  
227 permits shall be unlawful on Sunday before ten o'clock a.m. and after  
228 five o'clock p.m. and on any other day before eight o'clock a.m. and  
229 after nine o'clock p.m. It shall be unlawful for the holder of a  
230 [manufacturing] manufacturer permit for a brew pub to sell beer for  
231 consumption off the premises on the days or hours prohibited by this  
232 subsection. Any town may, by a vote of a town meeting or by  
233 ordinance, reduce the number of hours during which such sale shall be  
234 permissible.

235 (e) (1) In the case of any premises operating under a tavern permit,  
236 [or premises operating under a cafe permit,] wherein, under the  
237 provisions of this section, the sale of alcoholic liquor is forbidden on  
238 certain days or hours of the day, or during the period when a tavern  
239 permit [or cafe permit] is suspended, it shall likewise be unlawful to  
240 keep such premises open to, or permit it to be occupied by, the public  
241 on such days or hours.

242 (2) In the case of any premises operating under a cafe permit, it shall  
243 be unlawful to keep such premises open to, or permit such premises to  
244 be occupied by, the public between the hours of one o'clock a.m. and  
245 six o'clock a.m. on Monday, Tuesday, Wednesday, Thursday and

246 Friday and between the hours of two o'clock a.m. and six o'clock a.m.  
247 on Saturday and Sunday or during any period of time when such  
248 permit is suspended, provided the sale or the dispensing or  
249 consumption of alcohol on such premises operating under such cafe  
250 permit shall be prohibited beyond the hours authorized for the sale or  
251 dispensing or consumption of alcohol for such premises under this  
252 section.

253 (3) Notwithstanding any provision in this chapter, in the case of any  
254 premises operating under a tavern or cafe permit, it shall be lawful for  
255 such premises to be open to, or be occupied by, the public when such  
256 premises is being used as a site for film, television, video or digital  
257 production eligible for a film production tax credit pursuant to section  
258 12-217jj, provided the sale or the dispensing or consumption of alcohol  
259 on such premises operating under such tavern or cafe permit shall be  
260 prohibited beyond the hours authorized for the sale or the dispensing  
261 or consumption of alcohol for such premises under this section.

262 Sec. 11. Section 30-91 of the 2012 supplement to the general statutes  
263 is amended by adding subsection (m) as follows (*Effective from passage*):

264 (NEW) (m) Notwithstanding any provision of subsection (a) of this  
265 section, it shall be lawful for casino permittees at casinos, as defined in  
266 section 30-37k, to allow the presence of alcoholic liquor in glasses or  
267 other receptacles suitable to permit the consumption thereof by an  
268 individual at any time on its gaming facility, as defined in subsection  
269 (a) of section 30-37k, provided such alcoholic liquor shall not be served  
270 to a patron of such casino during the hours specified in subsection (a)  
271 of this section. For purposes of this section, "receptacles suitable to  
272 permit the consumption of alcoholic liquor" shall not include bottles of  
273 distilled spirits or bottles of wine.

274 Sec. 12. Section 30-68m of the general statutes is repealed and the  
275 following is substituted in lieu thereof (*Effective from passage*):

276 (a) No retail permittee shall sell at a price below his or her cost. For  
277 the purposes of this section, cost for the retail permittee for alcoholic

278 liquor other than beer shall mean the posted bottle price from the  
279 wholesaler plus any charge for shipping or delivery to the retailer's  
280 place of business paid by the retailer in addition to the posted price. [,  
281 except on items of wine sold prior to January 1, 1983, cost shall mean  
282 the posted bottle price from the wholesaler plus a minimum of thirty-  
283 three and one-third per cent of such permittee's selling price.] For beer,  
284 cost for the retail permittee shall mean the lowest posted price during  
285 the month in which the retail permittee is selling plus any charge for  
286 shipping or delivery to the retailer's place of business paid by the retail  
287 permittee in addition to the price originally paid by the retail  
288 permittee. As used in this section, the term retail permittee means the  
289 holder of a permit allowing the sale of alcoholic liquor for off-premises  
290 consumption.

291 (b) "Bottle price" means the price per unit of the contents of any case  
292 of alcoholic liquor, other than beer, and shall be arrived at by dividing  
293 the case price by the number of units or bottles making up such case  
294 price and adding to the quotient an amount that is not less than the  
295 following: A unit or bottle one-half pint or two hundred milliliters or  
296 less, two cents; a unit or bottle more than one-half pint or two hundred  
297 milliliters but not more than one pint or five hundred milliliters, four  
298 cents; and a unit or bottle greater than one pint or five hundred  
299 milliliters, eight cents.

300 (c) Notwithstanding the provisions of subsection (a) of this section,  
301 a retail permittee may sell one beer item identified by a stock-keeping  
302 unit number or one item of alcoholic liquor other than beer identified  
303 by a stock-keeping unit number below his or her cost each month,  
304 provided the item is not sold at less than ninety per cent of such retail  
305 permittee's cost, as defined in subsection (a) of this section. A retail  
306 permittee who intends to sell an item below cost pursuant to this  
307 subsection shall notify the Department of Consumer Protection of such  
308 sale not later than the second day of the month such item will be  
309 offered for sale.

310 Sec. 13. Section 30-45 of the general statutes is repealed and the

311 following is substituted in lieu thereof (*Effective from passage*):

312 The Department of Consumer Protection shall refuse permits for the  
313 sale of alcoholic liquor to the following persons: (1) Any state marshal,  
314 judicial marshal, judge of any court, prosecuting officer or member of  
315 any police force, (2) [any first selectman holding office and acting as a  
316 chief of police in the town within which the permit premises are to be  
317 located, (3)] a minor, and [(4)] (3) any constable who performs criminal  
318 law enforcement duties and is considered a peace officer by town  
319 ordinance pursuant to the provisions of subsection (a) of section 54-1f,  
320 any constable who is certified under the provisions of sections 7-294a  
321 to 7-294e, inclusive, who performs criminal law enforcement duties  
322 pursuant to the provisions of subsection (c) of section 54-1f, or any  
323 special constable appointed pursuant to section 7-92. This section shall  
324 not apply to out-of-state shippers', boat and airline permits. As used in  
325 this section, "minor" means a minor, as defined in section 1-1d or as  
326 defined in section 30-1, whichever age is older.

327 Sec. 14. (*Effective from passage*) (a) There is established a Competitive  
328 Alcoholic Liquor Pricing task force. The task force shall examine,  
329 review, analyze and compare and contrast with surrounding states,  
330 Connecticut alcoholic liquor taxes, alcoholic liquor quantity and  
331 volume discounts, existing alcoholic liquor permit restrictions and  
332 alcoholic liquor minimum pricing and price posting in the state and  
333 the impacts, both positive and negative, of such issues on consumers  
334 and the alcoholic liquor industry in the state.

335 (b) The task force shall consist of the following members:

336 (1) One appointed by the speaker of the House of Representatives;

337 (2) One appointed by the president pro tempore of the Senate;

338 (3) One appointed by the majority leader of the House of  
339 Representatives;

340 (4) One appointed by the majority leader of the Senate;

341 (5) One appointed by the minority leader of the House of  
342 Representatives;

343 (6) One appointed by the minority leader of the Senate;

344 (7) The Commissioners of Consumer Protection and Revenue  
345 Services, or their designees;

346 (8) Three appointed by the Governor; and

347 (9) The chairpersons and the ranking members of the joint standing  
348 committee of the General Assembly having cognizance of matters  
349 relating to alcoholic beverages, or their designees.

350 (c) Any member of the task force appointed under subdivisions (1)  
351 to (6), inclusive, of subsection (b) of this section may be a member of  
352 the General Assembly.

353 (d) All appointments to the task force shall be made not later than  
354 thirty days after the effective date of this section. Any vacancy shall be  
355 filled by the appointing authority.

356 (e) The speaker of the House of Representatives and the president  
357 pro tempore of the Senate shall select the two chairpersons of the task  
358 force from among the members of the task force. Such chairpersons  
359 shall schedule the first meeting of the task force, which shall be held  
360 not later than sixty days after the effective date of this section.

361 (f) The administrative staff of the joint standing committee of the  
362 General Assembly having cognizance of matters relating to alcoholic  
363 beverages shall serve as administrative staff of the task force.

364 (g) Not later than January 1, 2013, the task force shall submit a  
365 report on its findings and recommendations to the joint standing  
366 committee of the General Assembly having cognizance of matters  
367 relating to alcoholic beverages, in accordance with the provisions of  
368 section 11-4a of the general statutes. The task force shall terminate on  
369 the date that it submits such report or January 1, 2013, whichever is

370 later.

371 Sec. 15. Subsection (l) of section 30-91 of the 2012 supplement to the  
372 general statutes is repealed and the following is substituted in lieu  
373 thereof (*Effective from passage*):

374 (l) The sale of wine at a farmers' market by a permittee holding a  
375 farmers' market wine sales permit pursuant to subsection (a) of section  
376 30-37o shall be unlawful [on Sunday and] on any [other] day before  
377 eight o'clock a.m. and after nine o'clock p.m., provided such permittee  
378 shall not sell such wine at a farmers' market at any time during such  
379 hours that the farmers' market is not open to the public. Any town  
380 may, by vote of a town meeting or by ordinance, reduce the number of  
381 hours during which sales of wine under this subsection shall be  
382 permissible.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	30-16(b)
Sec. 2	<i>July 1, 2012</i>	30-16(f)
Sec. 3	<i>July 1, 2012</i>	30-16
Sec. 4	<i>July 1, 2012</i>	30-17b(a)
Sec. 5	<i>July 1, 2012</i>	30-20(a) and (b)
Sec. 6	<i>July 1, 2012</i>	30-37c
Sec. 7	<i>from passage</i>	30-48a(a)
Sec. 8	<i>July 1, 2012</i>	30-77
Sec. 9	<i>from passage</i>	30-91(a)
Sec. 10	<i>from passage</i>	30-91(d) and (e)
Sec. 11	<i>from passage</i>	30-91
Sec. 12	<i>from passage</i>	30-68m
Sec. 13	<i>from passage</i>	30-45
Sec. 14	<i>from passage</i>	New section
Sec. 15	<i>from passage</i>	30-91(l)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Revenue Gain	806,000	5,217,620
Various State Agencies	GF - Potential Cost	Less than \$1,000	Less than \$1,000

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	Revenue Gain	8,500	50,100

**Explanation**

The net impact of the bill is an approximate state revenue gain of \$5.2 million per year. The municipal revenue account share of sales and use tax revenue would increase by approximately \$50,100 per year.

Assuming passage of the bill occurs May 1<sup>st</sup>, the bill would result in \$806,000 in state revenue and \$8,500 for municipalities' share of the sales tax for FY 12. The FY 12 revenue stems from 1) extension of the sale of alcohol at off-premise retailers to Sunday and certain holidays; 2) the extension of hours for the sale of food for café permit holders; 3) extension of sale of wine on Sunday to holders of a farmers' market wine sale permit.

The following table summarizes the estimated annual fiscal impact of each major policy change in the bill:

	State	Municipal

	Revenue	(Cost)	Net Impact	Revenue Share
Sunday Sales <sup>1</sup>	3,960,000	-	3,960,000	40,000
Sales on Certain Holidays <sup>1</sup>	300,000	-	300,000	3,000
Sunday Sales (Farmers Market)	5,000	-	5,000	100
Extended Hours (Café Permits - Food Only) <sup>1</sup>	280,000	-	280,000	5,000
Sale of "Complementary" Food <sup>1</sup>	125,000	-	125,000	2,000
Permit Fees Revenue Changes	547,620	-	547,620	-
Alcohol Pricing <sup>1</sup>	Minimal Loss	-	-	-
Task Force (terminates FY 13)	-	Less than \$1,000	Less than \$1,000	-
Total Impact	5,217,620	Less than \$1,000	5,216,620	50,100

<sup>1</sup>These revenue estimates reflect the assumptions that certain businesses would change their operative hours of sales and/or include sale of food as a result of this bill. Actual revenue will depend on the number of retailers that change their current sales policy.

**DAYS/HOURS FOR SALES OF ALCOHOL**

**Sunday Sales**

The sale of alcohol on Sunday by off-premise retailers of alcohol would increase the annual volume of alcohol sales by an estimated 2.8%. Such an increase would generate a total General Fund revenue gain of \$4.0 million; this total stems from a \$2.5 million increase in sales and use tax and a \$1.5 million increase in excise tax. The municipal revenue share account will increase by \$40,000.

**Holiday Sales**

The bill allows the sale of alcohol by off-premise retailers on Memorial Day, July 4<sup>th</sup>, Labor Day, and any Monday following a Sunday holiday. This results in a state revenue gain of \$300,000 annually. This includes approximately \$190,000 in state sales tax

revenue and \$110,000 in excise tax revenue. The municipal revenue share account will increase by less than \$5,000.

### **Sunday Sales (Farmers Market)**

The bill allows the sale of wine by holders of a farmers' market wine sale permit. This results in an annual state revenue gain of less than \$5,000 through additional sales tax. The municipal revenue share of the sales tax would also increase by up to \$100.

## **FOOD SALES**

### **Café Permit Extension of Hours for Sale of Food**

The bill permits café permit holders to open at 6:00 a.m. to serve food, but not alcohol.<sup>1</sup> Currently, there are 784 café permit holders.<sup>2</sup> Assuming that 10% of café permit holders extend their hours as a result of the bill, the resulting state revenue gain would be \$280,000 in sales tax with a municipal revenue share increase of \$5,000 annually. The actual revenue increase is dependent upon the number of café permit holders which elect to extend their hours of operation.

### **"Complementary" Food Sales**

The bill allows the sale of certain food products (fresh fruit, cheese, crackers, and olives) by package store permit holders. This would result in an estimated state sales tax revenue gain of up to \$125,000 annually. The municipal revenue share account will increase by less than \$2,000 annually. The actual revenue increase is dependent upon the number of stores which elect to sell food at their establishment.

## **PERMITTING**

The bill makes a number of changes to various permits and certificate fees. The following table summarizes the impact of these

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<sup>1</sup> Currently, cafés can only be open when they can sell alcohol, which begins at 9:00 a.m.

<sup>2</sup> As reported by Department of Consumer Protection, February 2012.

changes.

<b>Permit and Certificate Fee Impacts</b>	
	<b>State Revenue Gain/(Loss)</b>
Manufacturer Permit for Beer and Brew Pub (Sec. 3)	1,200
Wholesale Salesman Certificate (Sec. 4)	35,720
Grocery Store Permit Fees (Sec. 5)	551,950
Bowling Permit/Racquetball Facility Permit (Sec. 6)	(41,250)
Total Impact	547,620

### **ALCOHOL PRICING**

The bill allows off-premise sellers to discount either one beer or one alcoholic liquor item other than beer each month to no less than 90% of the permit holder's cost. It is anticipated that the allowance of a discount will have a minimal impact on the volume of alcohol sales. The result is anticipated to be a minimal revenue loss.

### **COMPETITIVE ALCOHOLIC LIQUOR PRICING TASK FORCE**

The bill may result in a cost of less than \$1,000 to agencies participating in the task force to reimburse legislators and agency staff for mileage expenses.

All other changes in the bill result in no fiscal impact.

House "A" alters the original bill by eliminating the sale of snack food by package store permit holders but allowing the sale of olives. This reduces the revenue gain from the sales tax in the bill by up to \$125,000. The municipal revenue share of the sales tax would also decrease by up to \$2,000.

House "A" also allows the sale of wine by holders of a farmers' market wine sale permit. This results in an annual state revenue gain of less than \$5,000 through additional sales tax. The municipal

revenue share of the sales tax would also increase by up to \$100. This provision may also have a minimal revenue gain on the FY 12 sales tax revenue gain for both the state and municipalities, if the bill passes before the end of this fiscal year.

### ***The Out Years***

The annualized ongoing fiscal impact pertaining to the days/hours for sales of alcohol, food sales, and alcohol pricing would continue into the future subject to inflation. The revenue impact from the permit and certificate fees will vary depending on the number of permits issued. There is no ongoing fiscal impact related to the task force since it terminates in FY 13.

*Department of Consumer Protection*

*Source:*

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**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 31<sup>st</sup> 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)