



General Assembly

February Session, 2014

***Raised Bill No. 298***

LCO No. 1628



Referred to Committee on GENERAL LAW

Introduced by:  
(GL)

***AN ACT CONCERNING THE EXTENSION OF CREDIT TO ALCOHOLIC LIQUOR RETAILERS FROM MANUFACTURERS AND WHOLESALERS.***

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

1 Section 1. Section 30-48 of the 2014 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective from passage*):

4 (a) No backer or permittee of one permit class shall be a backer or  
5 permittee of any other permit class except in the case of any class of  
6 airport, railroad, airline and boat permits, and except that: (1) A backer  
7 of a hotel or restaurant permit may be a backer of both such classes; (2)  
8 a holder or backer of a manufacturer permit for a brew pub, a  
9 restaurant permit or a cafe permit may be a holder or backer of any  
10 other or all of such classes; (3) a holder or backer of a restaurant permit  
11 may be a holder or backer of a bowling establishment permit; (4) a  
12 backer of a restaurant permit may be a backer of a coliseum permit or a  
13 coliseum concession permit, or both, when such restaurant is within a  
14 coliseum; (5) a backer of a hotel permit may be a backer of a coliseum

15 permit or a coliseum concession permit, or both; (6) a backer of a  
16 coliseum permit may be a backer of a coliseum concession permit; (7) a  
17 backer of a coliseum concession permit may be a backer of a coliseum  
18 permit; (8) a backer of a grocery store beer permit may be a backer of a  
19 package store permit if such was the case on or before May 1, 1996; (9)  
20 a backer of a university permit may be a backer of a nonprofit theater  
21 permit; (10) subject to the discretion of the department, a backer of a  
22 permit provided for in section 30-33b, may be a backer of any other  
23 retail on-premise consumption permit, including those permits  
24 provided for in section 30-33b; (11) a backer of a nonprofit theater  
25 permit may be a holder or backer of a hotel permit; (12) a holder or  
26 backer of a restaurant permit may be a holder or backer of a special  
27 outing facility permit; (13) a backer of a concession permit may be a  
28 backer of a coliseum permit or a coliseum concession permit, or both;  
29 (14) a holder of an out-of-state winery shipper's permit for wine may  
30 be a holder of an in-state transporter's permit or an out-of-state entity  
31 wine festival permit issued pursuant to section 30-37m, or of both such  
32 permits; (15) a holder of an out-of-state shipper's permit for alcoholic  
33 liquor other than beer may be a holder of an in-state transporter's  
34 permit; and (16) a holder of a manufacturer's permit for a farm winery  
35 may be a holder of an in-state transporter's permit, a wine festival  
36 permit issued pursuant to section 30-37l, a farmers' market wine sales  
37 permit issued pursuant to subsection (a) of section 30-37o or of any  
38 combination of such permits. Any person may be a permittee of more  
39 than one permit. A person may be a permittee under a permit  
40 provided for in section 30-33b and a backer of any other retail on-  
41 premise consumption permit, including those permits provided for in  
42 section 30-33b. The operator of a racing or jai alai exhibition with pari-  
43 mutuel betting licensed by the Department of Consumer Protection  
44 may be a backer of any permit provided for in section 30-33b. No  
45 holder of a manufacturer permit for a brew pub and no spouse or child  
46 of such holder may be a holder or backer of more than three restaurant  
47 permits or cafe permits.

48 [(b) No permittee or backer thereof and no employee or agent of  
49 such permittee or backer shall borrow money or receive credit in any  
50 form for a period in excess of thirty days, directly or indirectly, from  
51 any manufacturer permittee, or backer thereof, or from any wholesaler  
52 permittee, or backer thereof, of alcoholic liquor or from any member of  
53 the family of such manufacturer permittee or backer thereof or from  
54 any stockholder in a corporation manufacturing or wholesaling such  
55 liquor, and no manufacturer permittee or backer thereof or wholesaler  
56 permittee or backer thereof or member of the family of either of such  
57 permittees or of any such backer, and no stockholder of a corporation  
58 manufacturing or wholesaling such liquor shall lend money or  
59 otherwise extend credit, directly or indirectly, to any such permittee or  
60 backer thereof or to the employee or agent of any such permittee or  
61 backer. A wholesaler permittee or backer, or a manufacturer permittee  
62 or backer, that has not received payment in full from a retailer  
63 permittee or backer within thirty days after the date such credit was  
64 extended to such retailer or backer or to an employee or agent of any  
65 such retailer or backer, shall give a written notice of obligation to such  
66 retailer within the five days following the expiration of the thirty-day  
67 period of credit. The notice of obligation shall state: The amount due;  
68 the date credit was extended; the date the thirty-day period ended, and  
69 that the retailer is in violation of this section. A retailer who disputes  
70 the accuracy of the "notice of obligation" shall, within the ten days  
71 following the expiration of the thirty-day period of credit, give a  
72 written response to notice of obligation to the department and give a  
73 copy to the wholesaler or manufacturer who sent the notice. The  
74 response shall state the retailer's basis for dispute and the amount, if  
75 any, admitted to be owed for more than thirty days; the copy  
76 forwarded to the wholesaler or manufacturer shall be accompanied by  
77 the amount admitted to be due, if any, and such payment shall be  
78 made and received without prejudice to the rights of either party in  
79 any civil action. Upon receipt of the retailer's response, the chairman of  
80 the commission or such chairman's designee shall conduct an informal  
81 hearing with the parties being given equal opportunity to appear and

82 be heard. If the chairman or such chairman's designee determines that  
83 the notice of obligation is accurate, the department shall forthwith  
84 issue an order directing the wholesaler or manufacturer to promptly  
85 give all manufacturers and wholesalers engaged in the business of  
86 selling alcoholic liquor to retailers in this state, a "notice of  
87 delinquency". The notice of delinquency shall identify the delinquent  
88 retailer, and state the amount due and the date of the expiration of the  
89 thirty-day credit period. No wholesaler or manufacturer receiving a  
90 notice of delinquency shall extend credit by the sale of alcoholic liquor  
91 or otherwise to such delinquent retailer until after the manufacturer or  
92 wholesaler has received a "notice of satisfaction" from the sender of the  
93 notice of delinquency. If the chairman or such chairman's designee  
94 determines that the notice of obligation is inaccurate, the department  
95 shall forthwith issue an order prohibiting a notice of delinquency. The  
96 party for whom the determination by the chairman or such chairman's  
97 designee was adverse, shall promptly pay to the department a part of  
98 the cost of the proceedings as determined by the chairman or such  
99 chairman's designee, which shall not be less than fifty dollars. The  
100 department may suspend or revoke the permit of any permittee who,  
101 in bad faith, gives an incorrect notice of obligation, an incorrect  
102 response to notice of obligation, or an unauthorized notice of  
103 delinquency. If the department does not receive a response to the  
104 notice of obligation within such ten-day period, the delinquency shall  
105 be deemed to be admitted and the wholesaler or manufacturer who  
106 sent the notice of obligation shall, within the three days following the  
107 expiration of such ten-day period, give a notice of delinquency to the  
108 department and to all wholesalers and manufacturers engaged in the  
109 business of selling alcoholic liquor to retailers in this state. A notice of  
110 delinquency identifying a retailer who does not file a response within  
111 such ten-day period shall have the same effect as a notice of  
112 delinquency given by order of the chairman or such chairman's  
113 designee. A wholesaler permittee or manufacturer permittee that has  
114 given a notice of delinquency and that receives full payment for the  
115 credit extended, shall, within three days after the date of full payment,

116 give a notice of satisfaction to the department and to all wholesalers  
117 and manufacturers to whom a notice of delinquency was sent. The  
118 prohibition against extension of credit to such retailer shall be void  
119 upon such full payment. The department may revoke or suspend any  
120 permit for a violation of this section. An appeal from an order of  
121 revocation or suspension issued in accordance with this section may be  
122 taken in accordance with section 30-60.]

123 [(c)] (b) If there is a proposed change or change in ownership of a  
124 retail permit premises, no application for a permit shall be approved  
125 until the applicant files with the department an affidavit executed by  
126 the seller of the retail permit premises stating that all obligations of the  
127 predecessor permittee for the purchase of alcoholic liquor at such  
128 permit premises have been paid or that such applicant did not receive  
129 direct or indirect consideration from the predecessor permittee. If a  
130 wholesaler permittee alleges the applicant received direct or indirect  
131 consideration from the predecessor permittee or that there remain  
132 outstanding liquor obligations, such wholesaler permittee may file  
133 with the department an affidavit, along with supporting  
134 documentation to establish receipt of such consideration or  
135 outstanding liquor obligations. The Commissioner of Consumer  
136 Protection, in the commissioner's sole discretion, shall determine  
137 whether a hearing is warranted on such allegations. The commissioner  
138 may waive the requirement of such seller's affidavit upon finding that  
139 (1) the predecessor permittee abandoned the premises prior to the  
140 filing of the application, and (2) such permittee did not receive any  
141 consideration, direct or indirect, for such permittee's abandonment.  
142 For the purposes of this subsection, "consideration" means the receipt  
143 of legal tender or goods or services for the purchase of alcoholic liquor  
144 remaining on the premises of the predecessor permittee, for which bills  
145 remain unpaid.

146 [(d)] (c) A permittee may file a designation of an authorized agent  
147 with the department to issue or receive all notices or documents  
148 provided for in this section. The permittee shall be responsible for the

149 issuance or receipt of such notices or documents by the agent.

150 [(e) The period of credit permitted under this section shall be  
151 calculated as the time elapsing between the date of receipt of the  
152 alcoholic liquors by the purchaser and the date of full legal discharge  
153 of the purchaser through the payment of cash or its equivalent from all  
154 indebtedness arising from the transaction except that, if the last day for  
155 payment falls on a Saturday, Sunday or legal holiday, the last day for  
156 payment shall then be the next business day.]

157 Sec. 2. Section 30-38a of the general statutes is repealed and the  
158 following is substituted in lieu thereof (*Effective from passage*):

159 In all cases where two or more retail liquor permit premises are in  
160 common or cooperative ownership, or where a majority of the capital  
161 stock having voting privileges of corporations owning together two or  
162 more retail liquor permit premises is held by the same person or  
163 persons, the permittees thereof may transfer any alcoholic liquor from  
164 one such retail premise to another such retail premise, for the purpose  
165 of inventory equalization or other business convenience. [ except  
166 when such permittee is a delinquent retailer as said term is used in  
167 subsection (b) of section 30-48.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	30-48
Sec. 2	<i>from passage</i>	30-38a

**Statement of Purpose:**

To eliminate the thirty-day maximum by which manufacturer and wholesaler permittees may extend credit to retail permittees.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*