



House of Representatives

File No. 755

General Assembly

February Session, 2016

(Reprint of File No. 421)

Substitute House Bill No. 5585
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 28, 2016

AN ACT REQUIRING CERTAIN TRANSPORTERS OF ALCOHOLIC LIQUOR TO REPORT THE TRANSPORTATION OF ALCOHOLIC LIQUOR INTO THE STATE.

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

1 Section 1. Section 30-19f of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) An in-state transporter's permit for alcoholic liquor shall allow
4 the commercial transportation of any alcoholic liquor as permitted by
5 law. The annual fee for an in-state transporter's liquor permit shall be
6 one thousand two hundred fifty dollars.

7 (b) No person, corporation, trust, partnership, incorporated or
8 unincorporated association, [and] or any other legal entity except: (1)
9 The holder of an out-of-state shipper's permit issued pursuant to
10 section 30-18 or 30-19; (2) the holder of a manufacturer's permit issued
11 pursuant to section 30-16 other than the holder of a manufacturer's
12 permit for a farm winery; [and] or (3) the holder of a wholesaler's
13 permit issued pursuant to section 30-17, shall transport any alcoholic

14 beverages imported into this state unless such person, corporation,
15 trust, partnership, incorporated or unincorporated association or other
16 legal entity holds an in-state transporter's permit and the tax imposed
17 on such alcoholic liquor by section 12-435 has been paid and, if
18 applicable, the tax imposed on the sale of such alcoholic liquor
19 pursuant to chapter 219 has been paid.

20 (c) An in-state transporter, when knowingly shipping or delivering
21 wine directly to a consumer in this state, shall: (1) Ensure that the
22 shipping labels on all containers of wine shipped directly to a
23 consumer in this state conspicuously state the following: "CONTAINS
24 ALCOHOL—SIGNATURE OF A PERSON AGE 21 OR OLDER
25 REQUIRED FOR DELIVERY"; (2) obtain the signature of a person age
26 twenty-one or older at the address prior to delivery, after requiring the
27 signer to demonstrate that he or she is age twenty-one or older by
28 providing a valid motor vehicle operator's license or a valid identity
29 card described in section 1-1h; and (3) not ship to any address in the
30 state where the sale of alcoholic liquor is prohibited by local option
31 pursuant to section 30-9.

32 (d) Each holder of an in-state transporter's permit for alcoholic
33 liquor issued pursuant to this section that knowingly transports
34 alcoholic liquor into this state shall file a report with the Department of
35 Revenue Services, in an electronic format prescribed by the
36 Commissioner of Revenue Services, not later than the fifteenth day of
37 the month following the month during which the transport is made.
38 The report shall include the name of the person, corporation, trust,
39 partnership, incorporated or unincorporated association or other legal
40 entity filing the report, the period of time covered by the report, the
41 name and business address of each consignor of the alcoholic liquor,
42 the name and address of each consignee of the alcoholic liquor and the
43 date of shipment or delivery of the alcoholic liquor. The Department of
44 Revenue Services shall provide a copy of the report, upon written
45 request, to the Liquor Control Commission and the Commissioner of
46 Consumer Protection.

47 (e) Notwithstanding any provisions of this section, all functions
48 required of the Department of Revenue Services under this section
49 shall be performed within available appropriations.

50 ~~[(d)]~~ (f) Any person convicted of violating ~~[subsections]~~ subsection
51 (a), (b), ~~[and]~~ (c) or (d) of this section shall be fined not more than ~~[two]~~
52 one thousand dollars for each offense.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2016	30-19f

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 17 \$	FY 18 \$
Department of Revenue Services	GF - Potential Cost	120,284	64,284
Comptroller- Fringe Benefits ¹	GF - Potential Cost	25,675	25,675
Department of Revenue Services	GF - Potential Revenue Gain	less than 100,000	less than 100,000
Department of Revenue Services	GF - Potential Revenue Gain	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires certain permittees transporting alcohol into the state to file a monthly report with the Department of Revenue Services (DRS), and establishes a \$1,000 fine for violation of the requirement. The report must, among other things, identify the name and address of each person or entity delivering and receiving the alcohol. This results in an estimated on-going potential cost of \$89,959 (\$64,284 in salary and \$25,675 for fringe costs) annually associated with one Revenue Examiner I within the DRS to receive and verify the information in the report, as well as a one-time cost of \$60,000 in FY 17 associated with programming costs to incorporate the report into the online Taxpayer Service Center and agency Integrated Tax Administration System. It should be noted that the bill requires that these provisions be performed within available appropriations. It does not appear this

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 39.94% of payroll in FY 17 and FY 18.

mandates that the agency perform the activity regardless of available funding, therefore the cost is potential.

To the extent the reporting requirement results in increased compliance with alcoholic liquor tax laws, there is also a potential revenue gain which is anticipated to be less than \$100,000 annually.

The bill also expands existing alcohol law violations for which fines are currently levied, which results in a potential minimal revenue gain.

House "A" strikes the underlying bill and replaces it with the impact described above.

The Out Years

The fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5585 (as amended by House "A")******AN ACT ESTABLISHING AND FUNDING A STATE PARKS SUSTAINABILITY ACCOUNT.*****SUMMARY:**

This bill requires in-state transporter permittees for alcoholic liquor (i.e., beer, liquor, and wine) that knowingly transport alcohol into the state to file a report with specified information to the Department of Revenue Services (DRS). Each violation of this reporting requirement is punishable by a fine of up to \$1,000. The bill specifies that all the functions it assigns to DRS must be performed with available appropriations.

Current law requires in-state transporter permittees, when shipping or delivering wine directly to a Connecticut consumer, to follow certain age verification requirements (e.g., obtaining a signature from someone age 21 or older, see BACKGROUND). Under the bill, these requirements only apply when the permittee knowingly ships or delivers the wine.

The bill also makes it a separate offense to (1) transport alcoholic liquor into the state without the correct permits and (2) violate the age verification requirements. Currently violators may only be fined if they are convicted of both offenses. Under the bill, a violator may be fined if convicted of either offense. It lowers the fine from \$2,000 to \$1,000 for each offense.

*House Amendment "A" replaces the underlying bill (File 421) which established a state parks sustainability account with money from unclaimed bottle deposits.

EFFECTIVE DATE: July 1, 2016

DRS REPORT

Under the bill, in-state transporter permittees that knowingly transport alcoholic liquor into Connecticut must submit the required report in a DRS-prescribed electronic format by the 15th day of the month following the month the transport took place. The report must include the:

1. name of the person, corporation, trust, partnership, incorporated or unincorporated association, or other legal entity filing the report;
2. time period covered by the report;
3. name and business address of each person or entity that delivered the alcohol (i.e., consignor);
4. name and address of each person or entity that received the alcohol (i.e., consignee); and
5. alcohol's shipment or delivery date.

DRS must provide a copy of the report to the Liquor Control Commission and the consumer protection commissioner when they request it in writing.

BACKGROUND

Direct Wine Delivery Requirements

By law, in-state transporter permittees must (1) make certain that all packages of wine shipped to Connecticut consumers bear labels stating, "CONTAINS ALCOHOL – SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY" and (2) obtain the signature of a person age 21 or older before delivery, after requiring the signer to prove his or her age by showing a valid driver's license or Connecticut identity card.

The law prohibits permittees from delivering to any address in the state where the sale of alcoholic beverages is prohibited under the local option provision of the Liquor Control Act. It also prohibits them from delivering alcoholic beverages unless applicable sales taxes have been paid.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 29 Nay 0 (03/16/2016)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 46 Nay 0 (04/18/2016)