



# House of Representatives

General Assembly

**File No. 63**

February Session, 2016

Substitute House Bill No. 5324

*House of Representatives, March 21, 2016*

The Committee on General Law reported through REP. BARAM of the 15th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING ALCOHOLIC LIQUOR.**

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 Section 30-19f of the general statutes is repealed and the  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, as amended by this act, other than the  
12 holder of a manufacturer's permit for a farm winery; [and] or (3) the  
13 holder of a wholesaler's permit issued pursuant to section 30-17, shall  
14 transport any alcoholic beverages imported into this state unless such

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

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

32 (d) Each holder of an in-state transporter's permit for alcoholic  
33 liquor issued pursuant to this section that transports alcoholic liquor  
34 into this state shall file a report with the Department of Revenue  
35 Services, in an electronic format prescribed by the Commissioner of  
36 Revenue Services, not later than the fifteenth day of the month  
37 following the month during which the transport is made. The report  
38 shall include the name of the person, corporation, trust, partnership,  
39 incorporated or unincorporated association or other legal entity filing  
40 the report, the period of time covered by the report, the name and  
41 business address of each consignor of the alcoholic liquor, the name  
42 and address of each consignee of the alcoholic liquor and the date of  
43 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 [(d)] (e) Any person convicted of violating [subsections] subsection

48 (a), (b), [and] (c) or (d) of this section shall be fined not more than two  
49 thousand dollars for each offense.

50 Sec. 2. Subsection (a) of section 30-22b of the general statutes is  
51 repealed and the following is substituted in lieu thereof (*Effective July*  
52 *1, 2016*):

53 (a) A restaurant permit for a catering establishment shall allow a  
54 catering establishment to serve alcoholic liquor at a function, occasion  
55 or event on the premises of a catering establishment, [;] provided (1)  
56 [that] alcoholic liquor shall be sold only to persons invited to and  
57 attending such a function, occasion or event, and (2) [that] alcoholic  
58 liquor shall be sold only during the specific hours such function,  
59 occasion or event is scheduled on the premises. The permittee shall  
60 comply with the regulations of the local department of health. The  
61 department may waive the requirements of subdivisions (1) and (2) of  
62 this subsection for not more than [four] sixteen functions, occasions or  
63 events of a catering establishment annually, provided such  
64 establishment makes written application to the department at least ten  
65 days prior to the scheduled date of the function, occasion or event for  
66 which a waiver is sought. The annual fee for a restaurant permit for a  
67 catering establishment shall be one thousand four hundred fifty  
68 dollars.

69 Sec. 3. Subsection (a) of section 30-91 of the 2016 supplement to the  
70 general statutes is repealed and the following is substituted in lieu  
71 thereof (*Effective from passage*):

72 (a) The sale or the dispensing or consumption or the presence in  
73 glasses or other receptacles suitable to permit the consumption of  
74 alcoholic liquor by an individual in places operating under hotel  
75 permits, restaurant permits, cafe permits, restaurant permits for  
76 catering establishments, bowling establishment permits, racquetball  
77 facility permits, club permits, coliseum permits, coliseum concession  
78 permits, special sporting facility restaurant permits, special sporting  
79 facility employee recreational permits, special sporting facility guest  
80 permits, special sporting facility concession permits, special sporting

81 facility bar permits, golf country club permits, nonprofit public  
82 museum permits, university permits, airport restaurant permits,  
83 airport bar permits, airport airline club permits, tavern permits, a  
84 manufacturer permit for a brew pub, manufacturer permits for beer  
85 and brew pubs, casino permits, caterer liquor permits and charitable  
86 organization permits shall be unlawful on: (1) Monday, Tuesday,  
87 Wednesday, Thursday and Friday between the hours of one o'clock  
88 a.m. and nine o'clock a.m.; (2) Saturday between the hours of two  
89 o'clock a.m. and nine o'clock a.m.; (3) Sunday between the hours of  
90 two o'clock a.m. and [eleven] ten o'clock a.m.; (4) Christmas, except (A)  
91 for alcoholic liquor that is served where food is also available during  
92 the hours otherwise permitted by this section for the day on which  
93 Christmas falls, and (B) by casino permittees at casinos, as defined in  
94 section 30-37k; and (5) January first between the hours of three o'clock  
95 a.m. and nine o'clock a.m., except that on any Sunday that is January  
96 first the prohibitions of this section shall be between the hours of three  
97 o'clock a.m. and eleven o'clock a.m.

98 Sec. 4. Subsection (d) of section 30-91 of the 2016 supplement to the  
99 general statutes is repealed and the following is substituted in lieu  
100 thereof (*Effective from passage*):

101 (d) The sale or dispensing of alcoholic liquor in places operating  
102 under package store permits, drug store permits, manufacturer  
103 permits for beer, manufacturer permits for beer and brew pubs or  
104 grocery store beer permits shall be unlawful on Thanksgiving Day,  
105 New Year's Day, [or] Christmas or Easter; and such sale or dispensing  
106 of alcoholic liquor in places operating under package store permits,  
107 drug store permits, manufacturer permits for beer, manufacturer  
108 permits for beer and brew pubs and grocery store beer permits shall be  
109 unlawful on Sunday before ten o'clock a.m. and after six o'clock p.m.  
110 and on any other day before eight o'clock a.m. and after ten o'clock  
111 p.m. It shall be unlawful for the holder of a manufacturer permit for a  
112 brew pub to sell beer for consumption off the premises on the days or  
113 hours prohibited by this subsection. Any town may, by a vote of a  
114 town meeting or by ordinance, reduce the number of hours during

115 which such sale shall be permissible.

116 Sec. 5. Subsection (f) of section 30-91 of the 2016 supplement to the  
117 general statutes is repealed and the following is substituted in lieu  
118 thereof (*Effective from passage*):

119 (f) The retail sale of wine and the tasting of free samples of wine by  
120 visitors and prospective retail customers of a permittee holding a  
121 manufacturer permit for a farm winery on the premises of such  
122 permittee shall be unlawful on [Sunday before eleven o'clock a.m. and  
123 after ten o'clock p.m. and on] any [other] day before ten o'clock a.m.  
124 and after ten o'clock p.m. Any town may, by vote of a town meeting or  
125 by ordinance, reduce the number of hours during which sales and the  
126 tasting of free samples of wine under this subsection shall be  
127 permissible.

128 Sec. 6. Subdivision (7) of subsection (e) of section 30-16 of the 2016  
129 supplement to the general statutes is repealed and the following is  
130 substituted in lieu thereof (*Effective from passage*):

131 (7) A holder of a manufacturer permit for a farm winery may sell  
132 and offer free tastings of wine manufactured from such winery at a  
133 farmers' market, as defined in section 22-6r, that is operated as a  
134 nonprofit enterprise or association, provided such farmers' market  
135 invites such holder to sell wine at such farmers' market and such  
136 holder has a farmers' market wine sales permit issued by the  
137 Commissioner of Consumer Protection in accordance with the  
138 provisions of subsection (a) of section 30-37o.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	30-19f
Sec. 2	<i>July 1, 2016</i>	30-22b(a)
Sec. 3	<i>from passage</i>	30-91(a)
Sec. 4	<i>from passage</i>	30-91(d)
Sec. 5	<i>from passage</i>	30-91(f)
Sec. 6	<i>from passage</i>	30-16(e)(7)

**GL**      *Joint Favorable Subst.*

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:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Department of Revenue Services	GF - Cost	124,284	64,284
Comptroller- Fringe Benefits <sup>1</sup>	GF - Cost	25,675	25,675
Department of Revenue Services	GF - Potential Revenue Loss	less than 50,000	less than 50,000
Department of Revenue Services	GF - Revenue Gain	less than 100,000	less than 100,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

**Section 1** requires certain permittees transporting alcohol into the state to file a monthly report with the Department of Revenue Services (DRS), and establishes a \$2,000 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 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. 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.

---

<sup>1</sup>The 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.

**Section 1** also expands existing alcohol law violations for which fines are currently levied, which results in a potential minimal revenue gain.

**Section 2** increases, from four to sixteen, the number of functions for which catering establishments may waive the requirements (1) to serve only guests of a function, occasion or event and (2) to sell alcohol during a function, occasion or event.

This results in a potential minimal revenue gain in sales tax, to the extent that catering establishments increase sales of alcohol from this extension.

**Sections 3 and 5** may result in a potential minimal revenue gain in sales tax by extending by one hour on Sunday the sale of alcohol for on-premise consumption and the sale of alcohol by manufacturer permittees for a farm winery. Any potential revenue gain would result only to the extent that additional sales of alcohol are generated that otherwise would not occur during the hours currently allowed by law.

**Section 4** results in a potential minimal revenue loss of up to \$50,000 in sales tax by prohibiting the sale of alcohol on Easter Sunday. Any potential revenue loss would result only to the extent that consumers do not shift purchases to other allowable days under the bill. The prohibition of the sale of alcohol on Easter Sunday does not alter the responsibilities or duties of the Department of Consumer Protection and therefore does not result in a fiscal impact to the agency.

The impacts to the sales tax listed above would also result in corresponding impacts to the Municipal Revenue Sharing Account and the Special Transportation Fund.<sup>2</sup>

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

---

<sup>2</sup> PA 15-244, as amended by PA 15-5 JSS and PA 15-1 DSS, requires a monthly transfer of a portion of the sales tax generated into the Municipal Revenue Sharing Account and the Special Transportation Fund. The general sales and use tax rate, from which the diversion occurs, remains at 6.35%.

---

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

**OLR Bill Analysis****sHB 5324*****AN ACT CONCERNING ALCOHOLIC LIQUOR.*****SUMMARY:**

This bill makes several unrelated changes to the Liquor Control Act.

The bill generally allows permittees that sell or dispense alcohol for on-premises consumption (e.g., restaurants and taverns) and manufacturer permittees for a farm winery to sell and dispense alcohol an hour earlier on Sundays, starting at 10:00 a.m. instead of 11:00 a.m.

It also generally prohibits permittees (e.g., package stores and grocery stores) from selling or dispensing alcohol for off-premises consumption on Easter Sunday. The law already prohibits such actions on Thanksgiving Day, New Year's Day, and Christmas.

Under the bill, in-state transporter's permittees for alcoholic liquor (i.e., beer, liquor, and wine) that transport alcohol into the state must file a report with specified information to the Department of Revenue Services (DRS). Anyone convicted of violating this reporting requirement must be fined up to \$2,000 for each offense. The bill also makes it a separate offense to (1) transport alcoholic liquor imported into the state without the correct permits and (2) fail to follow the requirements for delivering wine directly to a consumer (e.g., age verification requirements, such as labeling and obtaining a signature from someone age 21 or older). 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.

The bill increases the number of times, from four to 16, that the Department of Consumer Protection can waive the requirement that restaurant permittees for a catering establishment must only (1) serve

alcohol for on-premises consumption to guests invited to and attending a function, occasion, or event at the catering establishment and (2) sell alcohol during the specific hours the function, occasion, or event is scheduled. By law, the establishment must apply for a waiver at least 10 days before the scheduled function, occasion, or event.

Under the bill, a manufacturer permittee for a farm winery may offer free tastings at a farmers' market if the wine was manufactured at the winery. By law, a permittee can already sell such wine at retail at the farmers' market. He or she must be invited by the farmers' market and hold a farmers' market wine sales permit.

EFFECTIVE DATE: Upon passage, except July 1, 2016 for the in-state transporter and restaurant catering permit provisions.

### **SUNDAY SALES**

The bill generally allows permittees that sell or dispense alcohol for on-premises consumption to open an hour earlier on Sunday, starting at 10:00 a.m. instead of 11:00 a.m. By law, these activities are allowed from 9:00 a.m. to 1:00 a.m. the next morning from Monday through Thursday, and from 9:00 a.m. to 2:00 a.m. the next morning on Friday and Saturday.

It also allows farm winery permittees to sell bottles of wine at retail and dispense free samples at their wineries an hour earlier on Sunday, starting at 10:00 a.m. instead of 11:00 a.m.

### **DRS REPORT**

Under the bill, in-state transporter's permittees must submit the required report in a DRS-prescribed electronic format by the 15<sup>th</sup> day of the month following the month they made the transport. The report must include:

1. the name of the person, corporation, trust, partnership, incorporated or unincorporated association, or other legal entity filing the report;

2. the time period covered by the report;
3. the name and business address of each person or entity that delivered the alcohol (i.e., consignor);
4. the name and address of each person or entity that received the alcohol (i.e., consignee); and
5. the alcohol's shipment or delivery date.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/04/2016)