
OLR Bill Analysis

sSB 647 (File 592, as amended by Senate "A")*

AN ACT STREAMLINING THE LIQUOR CONTROL ACT.

SUMMARY

This bill makes various unrelated changes to the Liquor Control Act as described in the section-by-section analysis below. The bill does the following:

1. increases, from nine liters to nine gallons, the daily per person amount of beer certain beer manufacturer permittees may sell for off-premises consumption (§ 4);
2. allows cider manufacturer permittees to sell cider and apple wine for on-premises consumption (§ 4);
3. combines the coliseum and coliseum concession permits and among other things, allows soccer stadiums to receive such a permit (§ 20);
4. allows manufacturers to sell non-uniform cases of alcoholic liquor (e.g., spirits, wine, and beer) (§§ 2, 8 & 9); and
5. increases, from four to eight, the maximum number of times the Department of Consumer Protection (DCP) commissioner may allow an entity to sell cases with less than the statutory minimum number of bottles or quantity of units (§ 2).

It also, beginning (1) July 1, 2019, creates an out-of-state retailers shipper's permit for wine to allow direct shipments of wine to in-state consumers, subject to existing regulations on direct shipments (§ 26) and (2) January 1, 2020, decreases the excise tax exemption for beer manufacturer permittees for beer sold for on-premises consumption by requiring them to pay excise tax for amounts over 15 barrels annually

(§ 1).

Beginning July 1, 2020, the bill:

1. (a) consolidates four manufacturer beer permits into one; (b) limits manufacturer permits to producing spirits; (c) creates a new wine, cider, and mead permit with requirements and abilities substantially similar to a farm winery permittee; and (d) establishes certain agricultural designations for alcoholic liquor (§§ 3, 5 & 23);
2. establishes a Connecticut craft cafe permit which allows manufacturer permittees to, among other things, sell other Connecticut manufactured alcohol for on-premises consumption (§ 18);
3. allows alcoholic liquor permittees to hold both a manufacturer permit and a Connecticut craft cafe permit or a restaurant permit (§ 16);
4. consolidates various permits for on-premises consumption and allows a permittee with a permit that is being consolidated to continue to hold such permit until it becomes due for renewal or until a replacement permit becomes available for the permit holder to obtain (§§ 19, 21, 22, 24 & 27);
5. consolidates the farmers' market wine sales and beer sales permits into one farmers' market sales permit (§§ 15 & 27);
6. allows gift basket retailer permittees to sell gift baskets with beer (§§ 6 & 7);
7. requires in-state transporter permittees to keep certain records of deliveries from outside the state into Connecticut (§ 11); and
8. prohibits DCP from adopting regulations requiring effective separation for restaurants and cafes (§ 25).

The bill also makes minor, conforming, and technical changes in

consolidating the permits (§§ 10-17).

*Senate Amendment "A" changes the underlying bill's effective date from January 1, 2020, to various dates (see below) and adds provisions that (1) increase the amount of beer certain manufacturers may sell; (2) allow cider manufacturers to sell for on-premises consumption; (3) increase the times DCP may allow lower quantity cases; (4) restore the farm winery permit, which the underlying bill eliminated; (5) require manufacturers to assemble non-uniform cases, rather than wholesalers as under the underlying bill; (6) require in-state transporters to keep certain delivery records; (7) consolidate various permits, including the farmers' market permits and various other permits for on-premises consumption; (8) create a Connecticut craft cafe permit; (9) allow manufacturer permittees to also hold a Connecticut craft cafe or restaurant permit; (10) establish certain agricultural designations for Connecticut alcoholic liquor; (11) prohibit DCP from requiring effective separation in restaurants and cafes; (12) create an out-of-state retailer permit for wine; and (13) make various other minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2020; except the provisions allowing beer manufacturers to sell more beer for off-premises consumption, cider manufacturers to sell for on-premises consumption, lower quantity and non-uniform cases, and coliseum provisions are effective upon passage; the out-of-state retailers permit provision is effective July 1, 2019; and the excise tax provision is effective January 1, 2020.

§ 1 — ALCOHOLIC BEVERAGES TAX

The bill requires beer manufacturer permittees to pay the state alcoholic beverages tax (i.e., excise tax) on malt beverages (e.g., beer) they produce and sell for on-premises consumption for amounts over 15 barrels annually. Current law exempts all such beer produced and sold for on-premises consumption from the tax. By law, a "barrel" is at least 28 but not more than 31 gallons, and beer is taxed at \$7.20 per barrel (CGS §§ 12-433 & 435).

By law, the alcoholic beverages tax is generally levied on

distributors (i.e., wholesaler or manufacturer permittees) before they sell their product to retailers or consumers. The distributors must make monthly reports to the Department of Revenue Services (DRS) on the total number of gallons of each alcoholic beverage sold during the month, their opening and closing inventories, and the amount of tax due (CGS § 12-437).

§ 2 — LOWER QUANTITY CASES

By law, alcoholic liquor, other than beer, cordials, cocktails, wines, and prepared mixed drinks, must generally be sold and delivered in cases with statutorily mandated bottle numbers or quantity units. The bill increases, from four to eight, the maximum number of times DCP may allow a person or entity to have a lower case bottle number or quantity in a calendar year.

§ 4 — INCREASED BEER SALES AMOUNT

Until July 1, 2020, the bill increases, from nine liters to nine gallons (approximately 34 liters or three cases of 16 ounce beers (i.e., 72 cans)), the amount that permittees with a manufacturer permit for beer, brew pub, beer and brew pub, and farm brewery may sell, daily per person, for off-premises consumption. On July 1, 2020, the bill consolidates the four permits into one, but keeps the same beer sale threshold (see below).

§ 4 — MANUFACTURER PERMIT FOR CIDER

Until July 1, 2020, the bill allows cider manufacturer permittees to sell cider and apple wine by the glass and bottle to visitors for on-premises consumption. As is the case under existing law for tastings, a permittee may sell for on-premises consumption between 10:00 a.m. and 8:00 p.m., Monday through Saturday, and 11:00 a.m. and 8:00 p.m. on Sunday (CGS § 30-16(c)). On July 1, 2020, the bill creates a new wine, cider, and mead permit that also allows these sales for on-premises consumption (see below).

§§ 3, 5, 16, 17, 18 & 23 — MANUFACTURER PERMIT CONSOLIDATION AND ADDITIONAL PERMITS FOR ON-PREMISES CONSUMPTION

Beginning January 1, 2020, the bill (1) limits manufacturer permits to producing spirits; (2) consolidates four manufacturer beer permits into one; (3) creates a new wine, cider, and mead permit with requirements and abilities substantially similar to a farm winery permittee; (4) allows manufacturer permittees to hold either a restaurant permit or a Connecticut craft cafe permit to allow them to sell other types of alcoholic liquor for on-premises consumption; and (5) allows manufacturers to apply for certain agricultural designations (e.g., “Connecticut Grown”).

Manufacturer Permit for Spirits (§ 5)

The bill limits the current manufacturer permit to just manufacturing and selling spirits rather than alcoholic liquor (e.g., spirits, wine, or beer). It also eliminates the manufacturer permit for a farm distillery, which, among other things, currently allows Connecticut farms to manufacture, store, bottle, wholesale distribute, and sell spirits they produce on their property.

By law, “spirits” means any beverage that contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, including brandy, rum, whiskey, and gin.

The bill applies to a manufacturer permit for spirits, all requirements that currently apply to a manufacturer permit with two exceptions.

Off-premises Sales. The bill increases the (1) annual gallonage threshold, from up to 25,000 to up to 50,000 gallons, for which a permittee may still sell spirits for off-premises consumption and (2) amount, from 1.5 liters to three liters, per person per day. As under existing law, the permittee may only sell (1) up to five gallons in any two-month period and (2) between 10:00 a.m. and 6:00 p.m. on Sundays and 8:00 a.m. and 10:00 p.m. Monday to Saturday.

Free Samples. The bill allows a spirits manufacturer to offer free samples of spirits distilled on the premises in combination with a nonalcoholic beverage as part of the free samples. As under existing

law, a permittee may provide tastings of up to two ounces per patron per day between 11:00 a.m. and 8:00 p.m. on Sundays and 10:00 a.m. and 8:00 p.m. Monday to Saturday.

Consolidation of Beer Permits (§ 5)

The bill consolidates the manufacturer permits for beer, brew pub, beer and brew pub, and farm brewery into one permit. As under current law for all the manufacturer permits that produce beer, the consolidated beer permit allows for the manufacture, storage, and bottling of beer with DCP's approval.

Self-Distribution. The consolidated beer permit allows the permittee to wholesale distribute to other alcoholic liquor permittees, which except for the brew pub permittee, the other three beer permittees can do under current law. Under the bill, if the consolidated beer permittee does wholesale distribute, he or she must make the beer available to all package store and grocery store permittees in the geographical region where they distribute, subject to reasonable limitations, as DCP determines.

On-premises Sales. Under the bill, the consolidated beer permit allows retail beer sales for on-premises consumption, with or without selling food. Under current law, the manufacturer permit for beer cannot sell beer for on-premises consumption, while a farm brewery can, and the manufacturer permits for brew pub and beer and brew pub can sell all alcoholic liquor for on-premises consumption, with or without the sale of food.

Off-premises Sales. Under the bill, the consolidated beer permit allows retail beer sales for off-premises consumption of up to nine gallons per person per day. Current law limits all such manufacturer beer sales to nine liters per person per day.

Production Limits and Requirements. The bill also requires permittees to annually produce at least 5,000 gallons of beer before they can sell beer through a wholesaler. Current law only imposes this minimum gallonage requirement on brew pubs and beer and brew

pub permittees.

Under current law, a farm brewery permittee may only annually produce up to 75,000 gallons of beer and must, among other things, use a certain minimum percentage of materials grown or malted in the state for the beer to be advertised and sold as “Connecticut Craft Beer.” The consolidated beer permit does not have either requirement.

Hours. As under current law for permittees that manufacture beer, consolidated permittees may sell beer for off-premises consumption between 10:00 a.m. and 6:00 p.m. on Sunday and 8:00 a.m. and 10:00 p.m. Monday through Saturday. Under the bill, a permittee may sell beer for on-premises consumption between 9:00 a.m. and 1:00 a.m. the next morning on Monday through Thursday, 9:00 a.m. and 2:00 a.m. the next morning for Friday and Saturday, and 11:00 a.m. and 1:00 a.m. the next morning on Sunday.

Permit Fees. Under the bill, the annual fee for the consolidated manufacturer permit for beer is \$1,400. Under current law, the annual fee for the manufacturer permit for (1) beer is \$1,000; (2) brew pub is \$300; (3) beer and brew pub is \$1,500; and (4) farm brewery is \$300.

Wine, Cider, and Mead Permit (§§ 3 & 5)

The bill creates a new manufacturer permit for wine, cider, and mead and eliminates the current cider and apple brandy manufacturing permits. It allows the new permittee to manufacture those products in addition to wine and mead.

Allowed Products. The bill allows a wine, cider, and mead permittee to manufacture wine, cider not exceeding 6% alcohol by volume (ABV), apple wine not exceeding 15% ABV, apple brandy, eau-de-vie, and mead. Under the bill, “mead” means fermented honey, with or without adjunct ingredients or additions, regardless of alcohol content; whether it is processed; and be it sparkling, carbonated, or still.

Requirements and Abilities. The wine, cider, and mead permit has substantially similar requirements and abilities as the current farm

winery permit. As is the case for the current manufacturing permits, the new permit allows for the storage, bottling, and wholesale distribution of the permitted products that the permittee manufactured or bottled to other permittees. The bill prohibits DCP from granting a permit unless it has approved the place or plan of the place of manufacture.

Under the bill, wine, cider, and mead permittees are authorized to do certain things current farm wineries can, including:

1. selling in bulk from the premises;
2. directly selling and shipping to a retailer in the original sealed containers of up to 15 gallons each, if they annually produce 100,000 gallons or less;
3. selling and shipping to individuals outside the state and Connecticut consumers (see below); and
4. offering tastings of free samples, dispensed out of bottles or containers having capacities of less than two gallons.

Retail Sales. The bill allows permittees to sell at retail and from the premises, sealed bottles or other containers for off-premises consumption. As is the case for other permittees that sell for off-premises consumption (e.g., package stores), the bill allows such sales between 10:00 a.m. and 6:00 p.m. on Sunday and 8:00 a.m. and 10:00 p.m. Monday through Saturday.

The bill also allows permittees to sell at retail from the premises, by the glass and bottle for on-premises consumption. As is the case for farm wineries under existing law, a wine, cider, and mead permittee may sell wine and offer tastings of free samples of its product between 10:00 a.m. and 10:00 p.m. on Sunday and 8:00 a.m. and 10:00 p.m. Monday through Saturday.

Local Prohibition. The bill allows towns, by ordinance or zoning regulation, to prohibit any offering, tasting, or retail sales at the premises within the town where the permit is issued.

Direct Shipment. As current law requires for farm wineries shipping directly to a consumer, the bill requires a wine, cider, and mead permittee, when shipping products directly to a consumer, to follow certain procedures. The permittee must:

1. ensure the shipping labels on all containers conspicuously state: "CONTAINS ALCOHOL – SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY;"
2. obtain the signature of someone age 21 or older at the address before delivery, after requiring the signer to demonstrate his or her age by providing a driver's license or identity card;
3. not ship more than five gallons per person of product in any two-month period;
4. pay to DRS all required sales and alcoholic beverage excise taxes and file all tax returns for such sales;
5. report to DCP a separate and complete record of all sales and shipments to consumers in Connecticut on a ledger or similar document that chronologically accounts the dealings;
6. not ship to any address in the state where the sale of alcoholic liquor is prohibited by local option; and
7. hold an in-state transporter's permit or ship through someone who does.

Dual Permits. The bill allows the wine, cider, and mead permittee to simultaneously hold certain permits a farm winery is allowed to hold under current law. These permits, available from DCP for an additional fee, are for off-site tastings; in-state transporters; wine festivals; and farmers' market sales.

The additional permits allow the wine, cider, and mead permittees to, among other things:

1. sell and offer free samples at up to seven events or functions off

the permit premises (CGS § 30-16a) (§ 10),

2. commercially transport any alcoholic liquor as permitted by law (CGS § 30-19f) (§ 11), and
3. participate in a wine festival that is organized and sponsored by an association that promotes manufacturing or selling wine (CGS § 30-37l) (§ 13).

Prohibitions. The bill prohibits wine, cider, and mead permittees from selling product they did not manufacture, except they can sell product from other wine, cider, and mead permittees and brandy manufactured from fruit harvested in Connecticut and distilled off the premises, but in the state.

Advertising. Under the bill, permittees must clearly and conspicuously state their liquor permit number on their advertisements when advertising or offering their products for direct shipments to Connecticut consumers online.

Farmers' Markets. The bill allows wine, cider, and mead permittees to sell and offer free tastings of their products at a farmers' market that is operated as a nonprofit enterprise or association. This is contingent on the farmers' market inviting the permittee to sell such product and the permittee receiving a farmers' market sales permit (see § 15 below).

Permit Fee. The bill requires permittees to pay an annual \$200 permit fee. The permit fees under current law are: \$200 for cider and \$400 for apple brandy and eau-de-vie.

Holding Two Classes of Permits (§ 16)

The bill allows a manufacturer permit for spirits; beer; a farm winery; or wine, cider, and mead to also be a holder of a Connecticut craft cafe permit (see below), a restaurant permit, or a restaurant permit for wine and beer.

Under current law, unless an exception is made, permittees of one

class are not allowed to be a permittee of another class (CGS § 30-48(a)).

Connecticut Craft Cafe Permit (§§ 16, 17 & 18)

The bill establishes the Connecticut craft cafe permit, which allows a manufacturer permittee to sell Connecticut alcoholic liquor for on-premises consumption, upon receiving such permit. The on-premises consumption is allowed between 9:00 a.m. and 1:00 a.m. the next morning on Monday through Thursday, 9:00 a.m. and 2:00 a.m. the next morning for Friday and Saturday, and 11:00 a.m. and 1:00 a.m. the next morning on Sunday.

It requires the permittee to keep food available for sale and consumption by customers during a majority of the hours the permittee is open. The availability of food from outside vendors that are located on or near the premises is deemed to comply with this requirement. The annual fee is \$300.

Under the bill, "craft cafe" means space in a suitable and permanent building, kept, used, maintained, advertised, and held out to the public to be a place where alcoholic liquor and food is served for sale at retail for on-premises consumption, but not necessarily hot meals. The craft cafe must have an adequate number of employees. "Cafe" does not include public sleeping accommodations and does not need to have a kitchen or dining room.

Local Health Requirements. The bill also requires the permit premises to comply with all local health department regulations. The bill specifies that it must not be construed to require any food be sold or purchased with alcoholic liquor, and any rule, regulation, or standard may not be adopted or enforced requiring the sale of food to be substantial or that the business's receipts, other than from alcoholic liquor sales (see below), equal a set percentage of total sales receipts.

Outside Areas. Under the bill, a Connecticut craft cafe permit allows, with prior DCP approval, alcoholic liquor to be served at tables in outside areas if also permitted by fire, zoning, and health

regulations. If there are no such regulations, the bill prohibits DCP from requiring a fence or wall enclosing the outside area. The bill prohibits any fence or wall used to enclose the area from being less than 30 inches high.

Growlers. The permit allows the retail sale of sealed containers the permittee supplies of draught beer for off-premises consumption (i.e., growlers). Such sales may only be allowed during the hours allowed for off-premises sales. The bill allows up to nine gallons of such beer to be sold to anyone on any day sales are allowed.

Allowable Products. The bill allows a craft cafe permittee to purchase alcoholic liquor for resale from a manufacturer permittee for spirits; beer; farm winery; and wine, cider, and mead. But the permittee must not purchase the same type of alcoholic liquor he or she manufactures. Additionally, the sale of such alcoholic liquor must not be more than 20% of the permit holder's gross annual sales of alcoholic liquor sold for on-premises consumption.

Department of Agriculture (DoAg) Designations (§ 23)

The bill allows manufacturer permittees who are on a farm that use farm products grown in the state to apply to the DoAg commissioner for permission to use the words "Connecticut Farm Winery", "Connecticut Farm Brewery", "Connecticut Farm Cidery", or substantially similar words, as he approves, when advertising or promoting such alcoholic liquor. At least 25% of the permittee's total annual alcoholic liquor product ingredients must be grown in the state to use these terms.

Additionally, the bill allows a manufacturer permittee that uses Connecticut grown farm products to apply to DoAg for permission to use the words "Connecticut Grown," when advertising or promoting such alcoholic liquor. But at least 51% of the permittee's total annual alcoholic liquor product ingredients must be grown in the state to use this designation.

Before using such words in its advertising or promotions, and then

annually, the permittee must apply to the DoAg commissioner on a form he prescribes with a \$25 registration fee for each designation.

The bill allows the DoAg commissioner to adopt implementing regulations, which may include establishing minimum standards for advertising, promoting, growing, harvesting, processing, and manufacturing alcoholic liquor ingredients.

§§ 6 & 7 — GIFT BASKET RETAILER

Beginning July 1, 2020, the bill allows gift basket retailer permittees to sell beer in their gift baskets in addition to wine as under current law. Under the bill, a gift basket can either have wine or beer, but not both.

Under the bill, the gift basket retailer permittee must purchase the beer from a package store or from a manufacturer permittee for beer. It also allows the wine that may be sold to be purchased from a wine, cider, and mead permittee. As under existing law for wine, the beer must not be consumed on the premises. In addition to the items a permittee may already include in a gift basket (e.g., food items, nonalcoholic beverages, and certain articles of clothing), the bill allows the permittee to sell gift baskets with (1) a maximum of 72 ounces of beer per basket; (2) beer-making kits; and (3) beer-related drinking glasses, bottle openers, and literature.

Under the bill, a gift basket retailer permittee may only sell, deliver, or ship gift baskets containing beer directly to a Connecticut consumer. As under existing law for delivering wine, the permittee must:

1. ensure the shipping labels on gift baskets containing beer conspicuously state: "CONTAINS ALCOHOL—SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";
2. ensure that someone who is at least age 21, as shown on a driver's license or identity card, signs for the delivery;
3. obtain a seller's permit and pay DRS all required sales taxes;

4. report to DCP a separate and complete record of all sales and shipments on a ledger or similar document that chronologically shows the dealings;
5. allow DCP and DRS, separately or jointly, to audit his or her records upon request; and
6. not ship to any address in the state where selling alcoholic liquor is prohibited by local option.

The bill requires a permittee to clearly include his or her gift basket retailer permit number in all online advertising to ship beer. It also allows DCP, in consultation with DRS, to adopt regulations to ensure compliance with the beer shipment requirements.

§§ 2, 8 & 9 — NON-UNIFORM CASES

The bill allows the sale of non-uniform cases of one class (e.g., different brand products in one case). It does so by changing the definition of “case price” to include “class” but not “brand, age, and proof,” thus requiring cases to be of the same class but not the same brand, age, and proof. It uses federal standards to define the different classes, which include, among others:

1. spirits: whiskey, gin, brandy, and tequila (27 C.F.R. § 5.22);
2. wine: grape, sparkling grape, citrus, fruit, and other agricultural products (27 C.F.R. § 4.21); and
3. beer: malt beverages that have been concentrated by removing water, products containing less than 0.5% of alcohol by volume, and products with geographical names (27 C.F.R. § 7.24).

The bill requires the monthly price schedules on a family brand case to contain the bottle price for each item in the family brand case, the unit price, and the case price. The bottle price posted for a family brand case must equal the bottle price posted for the same month in a case containing the one class and specific brand of alcoholic liquor. “Family brand” means a group of different products belonging to a

single brand that are marketed under a parent brand. Family brand cases must be assembled and packaged by the supplier (presumably the manufacturer) or by a third party on the supplier's behalf. It prohibits a wholesaler from assembling such a case.

The bill allows a wholesaler permittee, with the manufacturer or out-of-state shipper's approval, to sell to a retail permittee a non-uniform case with only one class of alcoholic liquor.

Under the bill, a wholesaler without exclusive rights to a given brand trademark may only sell a non-uniform case containing bottles of one class if all the bottles are available to all nonexclusive wholesalers who also have rights to the given brand trademarks.

§ 11 — IN-STATE TRANSPORTER RECORDKEEPING

The bill requires an in-state transporter permittee to keep records of shipments of packages labeled as containing alcoholic liquor from outside the state for delivery either to a Connecticut consumer or retailer. The records must contain the:

1. name of the transporter permittee making the shipment,
2. shipment date,
3. out-of-state seller's name and business address,
4. name and address of each consumer or in-state retailer,
5. weight of the package or containers delivered, and
6. delivery date and a unique tracking number.

Under the bill, a record must be kept at the in-state transporter's place of business for at least 18 months after the delivery.

Upon the request of DCP or DRS, the in-state transporter must provide any such record to the requesting agency within five business days of the request. A requested record is considered a public record and subject to the Freedom of Information Act. In-state transporters

must also make the records available for inspection and copying by DCP and DRS agents during regular business hours.

An in-state transporter permittee who fails to keep records or refuses to respond or provide documents to the requesting agency as the bill requires is subject to a notification of violation, and permit suspension or revocation.

§ 14 — POTABLE WATER OR NON-ALCOHOLIC DRINKS

As under existing law for other manufacturer permittees, beginning July 1, 2020, the manufacturer permittee for spirits must provide free potable water to anyone requesting it or offer non-alcoholic beverages for sale when the distillery is open. The water must meet all federal and state requirements on drinking water purity and be provided in at least six ounce containers that allow for individual consumption.

§§ 15 & 27 — CONSOLIDATED FARMERS' MARKET SALES PERMIT

The bill consolidates the farmers' market wine sales and beer sales permits into one farmers' market sales permit and allows manufacturer permittees for wine, cider, and mead to obtain such a permit to sell their product at farmers' markets under the same conditions as beer and wine. The annual fee for the permit is \$250 with a \$100 nonrefundable filing fee.

As under current law for both farmers' market permits, the new consolidated permit allows manufacturers to sell their product if they are in compliance with the applicable manufacturing permit requirements. It allows such sales at the farmers' market if the permittee (1) has an invitation from the farmers' market; (2) only sells such products by the bottle or sealed containers; and (3) is present, or has an authorized representative present, at the time of any sale. Such permit authorizes the sale of such products during an unlimited number of appearances at a farmers' market and at up to 10 locations per year. Current law limits farmers' market beer sales permittees to selling at three locations per year (CGS § 30-37r).

As under current law, the bill allows any town or municipality, by

ordinance or zoning regulation, to prohibit the sale of such products at a farmers' market held in the town or municipality.

§§ 19, 21, 22 & 27 — CONSOLIDATION OF PERMITS FOR ON-PREMISES CONSUMPTION

Restaurant Permit (§ 19)

The bill (1) eliminates the restaurant permit for beer and (2) allows both a restaurant permit and a restaurant permit for beer and wine to have the abilities of a caterer liquor permit at no charge, but subject to the caterer liquor permit requirements.

By law, a caterer liquor permit, among other things, allows these permittees to sell and serve liquor, beer, spirits, and wine for on-premises consumption at any outside activity, event, or function for which they are hired for a permit fee of \$440. Among other things, these permittees must notify DCP at least one business day before an event of the event's date, hours, and location. The notice must be given on a DCP-prescribed form or, if the caterer is unable to do so due to exigent circumstances, by telephone (CGS § 30-37j).

Hotel Permit (§ 21)

The bill consolidates the various hotel permits by eliminating the hotel permit for beer and the differing permit fees for hotels based on population. Under current law, a hotel permit for beer is \$300 and a hotel permit in towns with a population of, according to the last census, (1) up to 10,000 is \$1,450; (2) 10,001 to 50,000 is \$1,850; and (3) more than 50,001 is \$2,650. Under the bill, the permit fee for all hotels is \$2,055.

The bill also expands the definition of hotel to include places with food available at least seven days a week when alcoholic liquor is available, rather than just where food or alcoholic liquor is served as under current law. As under existing law, these places must still have sleeping accommodations that are offered for pay to transient guests with at least five rooms for such guests.

Cafe Permit (§§ 22 & 27)

The bill combines various permits for on-premises consumption into the existing cafe permit. The annual fee for a cafe permit is \$2,000, which the bill applies to the consolidated permittees, except the bill phases in the new fee for prior holders of a tavern permit, with a first year permit fee of \$800, second year fee of \$1,200, third year fee of \$1,600, and subsequent years the full amount of \$2,000.

Certain current permits only allow the sale of wine or beer (e.g., University permit for beer). In consolidating the permits, the bill eliminates these permits but allows such permittees to get the cafe permit which allows the sale of all alcoholic liquor. The bill repeals and deems the following permits to be in compliance with the cafe permit (with the current permit fees):

1. Airport restaurant, airport bar, and airport airline club permits (\$1,450, \$375, and \$815, respectively) (CGS § 30-37e);
2. Special sporting facility permits (\$1,450) (CGS § 30-33b);
3. Bowling establishment and racquetball facility permits (\$1,000 or \$440, depending on permit type) (CGS § 30-37c);
4. Golf country club permits (\$1,000) (CGS § 30-24a);
5. Club permits (\$300) (CGS § 30-23);
6. Nonprofit club permits (\$815) (CGS § 30-23);
7. Boat permits (\$500) (CGS § 30-29);
8. Railroad permits (\$500) (CGS § 30-28);
9. Special outing facility permits (\$1,450 or \$300, depending on permit type) (CGS § 30-33c); and
10. University liquor permits (\$300) (CGS § 30-20a(b)).

By law, cafe permittees must have food available for its customers to consume on the premises. The bill allows the availability of food from outside vendors located on or near the premises to be deemed

compliance with the availability of food requirement.

§ 20 — COLISEUM PERMIT

The bill combines current law's coliseum and coliseum concession permits by eliminating the concession permit and allowing the coliseum permit to do similar activities. It also deems special outing facility permits (CGS § 30-33c) to be in compliance and allows such facilities (e.g., XL Center) to get a coliseum permit. The annual fee for a coliseum permit is \$2,250; the coliseum concession permit fee under current law is \$1,250.

The bill expands what types of buildings qualify for a coliseum permit by (1) eliminating the requirement that the structure have an enclosed roofed arena, enclosed passageways, and at least 10,000 square feet of enclosed buildings; (2) including soccer stadiums; and (3) reducing the number of people, from 5,000 to 4,000, that may be seated. Additionally, under the bill, an arena is the portion of a coliseum containing a floor area enclosed by permanent seating, rather than fixed as under current law.

The bill also makes various other changes to the coliseum permit, such as:

1. allowing alcoholic liquor to be sold (a) in the arena and (b) at sporting events within the arena and at concession stands, rather than just beer as under current law for a coliseum concession permit;
2. limiting the areas where alcohol may be sold to within the arena by eliminating concession stands outside the arena but directly connected to the arena or in areas adjacent to the hallways for public passage around the arena; and
3. expanding when alcohol may be sold by allowing sales until one hour before the facility closes, rather than until one hour before the event ends.

The bill also allows a coliseum permittee, backer, employee, or

permittee's agent to sell, offer, or deliver two alcoholic liquor drinks at any one time to any person for his or her own consumption. Current regulations prohibit permittees from selling, offering, or delivering more than one drink at a time (Conn. Agencies Regs., § 30-6-A24b(b)).

§ 26 — OUT-OF-STATE RETAILER SHIPPER'S PERMIT

The bill establishes an out-of-state retailer shipper's permit for wine. Subject to a \$600 annual permit fee and the same requirements as an out-of-state winery shipper's permit, the bill allows an out-of-state retailer to sell, deliver, and ship wine, apple wine, and cider sold by the retailer directly to a Connecticut consumer. The annual permit fee is \$600. Under existing law and the bill, "out-of-state" means any state other than Connecticut, any U.S. territory or possession, Washington D.C., or Puerto Rico.

Under the bill, the permittee, when selling and shipping wine directly to a consumer, must:

1. ensure the shipping labels on containers of wine shipped directly to a Connecticut consumer conspicuously state: "CONTAINS ALCOHOL—SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";
2. ensure that someone who is at least age 21, as shown on a driver's license or identity card, signs for the delivery;
3. not ship more than five gallons in any two-month period to any person;
4. register with DRS for sales and use and alcoholic beverage excise tax purposes and pay taxes on the wine sales with the amount calculated as if the sales were made at the place of delivery;
5. report to DCP a separate and complete chronological record of all sales and shipments to consumers in the state;
6. allow DCP and DRS, separately or jointly, to audit records upon request;

7. not ship to an address in the state where alcoholic liquor sales are prohibited by local option;
8. hold an in-state transporter's permit or make shipments through someone with such a permit; and
9. execute a written consent to Connecticut's jurisdiction, including that of its agencies, instrumentalities, and courts with respect to enforcement and any related laws, rules, or regulations, including tax laws, rules, or regulations.

In addition to these requirements, the bill also requires both an out-of-state retailer shipper's permittee for wine and an out-of-state winery shipper's permittee to adhere to the law's ban on selling wine below costs (CGS § 30-68m).

Under the bill, an out-of-state retailer shipper's permittee, when shipping wine directly to a consumer, is considered a retailer for sales and use tax purposes and must be issued a seller's permit. Additionally, for alcoholic beverage excise tax purposes, the permittee is considered a distributor and must receive such a license.

The bill requires the permittee, when advertising or offering wine for direct shipment to a Connecticut consumer, to clearly and conspicuously include his or her liquor permit number in all online advertising.

The bill allows DCP, in consultation with DRS, to adopt regulations to assure compliance with the wine shipments.

BACKGROUND

Related Bill

sSB 1000 (File 567, as amended by Senate "A"), favorably reported by the Environment Committee and passed by the Senate, allows cider manufacturer permittees to sell their product for on-premises consumption.

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 16 Nay 2 (03/25/2019)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 49 Nay 2 (05/28/2019)