AN ACT CONCERNING THE LIQUOR CONTROL ACT.

SUMMARY

This bill makes various changes to the Liquor Control Act. Among other things, it:

1. increases the population threshold ratio for new package store permittees, increases the number of package store permits an owner can have, and allows these permittees to ship out-of-state;

2. allows manufacturer permittees for beer, cider, farm winery, brew pub, and beer and brew pub to conduct special event catering;

3. (a) increases the amount of beer that manufacturers may sell for off-premises consumption, (b) increases the amount of alcoholic liquor a manufacturer permittee can produce and still sell for off-premises consumption, (c) allows farm wineries to sell Connecticut beer for on-premises consumption, (d) allows farm breweries to sell Connecticut wine for on-premises consumption, and (e) allows cider manufacturer permittees to sell cider for on-premises consumption;

4. allows wholesalers to sell to retailers, non-uniform cases of alcoholic liquor (e.g., spirits, wine, and beer), with prior approval from the manufacturer or out-of-state shipper;

5. increases, from four to eight, the 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; and

6. creates an out-of-state retailers permit to allow direct shipments
of wine to in-state consumers, subject to existing regulations on direct shipments.

EFFECTIVE DATE: July 1, 2019, except the provision (1) increasing the population ratio for package store permits is effective on and applicable to new package store permits issued on and after the same date and (2) concerning special event catering is effective upon passage.

§§ 1, 3 & 9 — PACKAGE STORE PERMIT

The bill increases the allowable population threshold ratio from one package store for every 2,500 town residents to one for every 5,000. As under existing law, the population is determined by the most recently completed decennial census. This change is applicable to all new permits issued on and after July 1, 2019.

The bill also increases, from five to six, the number of package store or druggist liquor permits in which a person may have an interest.

Under the bill, a package store permittee may ship alcoholic liquor to an out-of-state consumer without being subject to the state’s retail minimum pricing laws, subject to all applicable laws in the jurisdiction where the consumer is located. “Out-of-state” includes a state other than Connecticut, a U.S. territory or possession, Washington D.C., and Puerto Rico, but not a foreign country.

§§ 2 & 7 — MANUFACTURER PERMITS

Special Event Catering

The bill allows manufacturer permittees for beer, cider, farm winery, brew pub, and beer and brew pub, to conduct special event catering on their permit premises. DCP must adopt regulations to implement such catering, including defining “special event” and imposing a $500 annual fee for each permittee allowed to conduct the catering.

However, the bill allows a municipality, by ordinance or zoning regulation, to prohibit any such special event catering at premises within the municipality for which a beer or farm winery manufacturer
permit has been issued.

**Manufacturer Permit**

The bill increases the amount of alcoholic liquor a manufacturer permittee can produce and still sell at retail from 25,000 to 100,000 gallons for off-premises consumption. By law, the alcoholic liquor must be in sealed bottles or other sealed containers and a permittee may sell, to any one consumer, up to 1.5 liters of alcoholic liquor per day or five gallons in a two-month period.

By law, these sales are only allowed between 8:00 a.m. and 10:00 p.m., Monday through Saturday, and 10:00 a.m. and 6:00 p.m. on Sunday (CGS § 30-91(d)).

**Manufacturer Permit for Beer, Brew Pub, Beer and Brew Pub, and Farm Brewery**

The bill increases, from nine liters to six gallons, the amount of beer the various beer manufacturer permittees may sell per customer per day for off-premises consumption. This includes permittees for beer, brew pub, beer and brew pub, and farm brewery.

Under the bill, a farm brewery permittee may sell, for on-premises consumption, wine made by a Connecticut farm winery. The bill also specifically allows manufacturer permittees for brew pub or beer and brew pub to sell this wine. Existing law already allows these permittees to sell alcoholic liquor.

By law, such sales are allowed at the same times as the retail sales for the manufacturer permit (see above).

**Manufacturer Permit for Cider**

The bill allows cider manufacturer permittees to sell cider and apple wine by the glass and bottle to visitors for on-premises consumption. The bill does not specify when such sales may occur, but existing law allows tastings 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)).

**Manufacturer Permit for Farm Winery**
The bill allows farm wineries to sell beer from beer manufacturers (i.e., beer, brew pub, beer and brew pub, and farm brewery). The bill does not specify when a farm winery can sell the beer, but the law only allows farm wineries to sell wine at retail between 8:00 a.m. and 10:00 p.m., Monday through Saturday, and 10:00 a.m. and 10:00 p.m. on Sunday (CGS § 30-91(f)).

§§ 4, 5 & 6 — NON-UNIFORM CASE

The bill allows a wholesaler permittee to package and sell to a retail permittee a non-uniform case with only one class of alcoholic liquor, if the wholesaler holds the exclusive rights to all bottles in the case. But to do so, the wholesaler must have prior approval from the manufacturer or out-of-state shipper.

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 (i.e., alcoholic liquor type) if the bottles are available to all nonexclusive wholesalers who also have rights to the given brand trademarks.

The bill requires any monthly price posting for a non-uniform case of alcoholic liquor to contain the bottle price for each item in the case, unit price, and case price. The posted bottle price must equal the bottle price posted for the same month for a case with one class and brand of alcoholic liquor.

The bill allows non-uniform cases of a class by changing the definition of “case price” to include “class,” and not “age and proof,” thus requiring cases to be of the same class, but not the same age and proof. It uses the federal standards to separate the different classes, which include for:

1. spirits, such as whisky, gin, brandy, and tequila (27 C.F.R. § 5.22);

2. wine, such as grape, citrus, fruit, and other agricultural products (27 C.F.R. § 4.21); and
3. beer, such as 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).

§ 4 — 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 number of times DCP may allow a person or entity to have a lower case bottle number or quantity in a calendar year.

§ 8 — OUT-OF-STATE RETAILER SHIPPER’S PERMIT

The bill establishes an out-of-state retailer shipper’s permit for wine. Subject to 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 sold by the retailer directly to a Connecticut retailer or consumer. The annual permit fee is $315.

Under the bill, the permittee, when selling and shipping wine directly to a Connecticut 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 the Department of Revenue Services (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 an in-state transporter's permit; and

9. execute a written consent to Connecticut’s jurisdiction, its agencies’, instrumentalities’, and courts’ on enforcement and any related laws, rules, or regulations, including tax laws, rules, or regulations.

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

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.

BACKGROUND

Related Bill

SB 647, favorably reported by the General Law Committee, among other things, allows non-uniform cases.

COMMITTEE ACTION

General Law Committee
Joint Favorable Substitute

Yea 12  Nay 6 (03/25/2019)