

Alcoholic Liquor Licensing Changes Effective in 2020

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Issue

Provide a brief summary of the alcoholic liquor licensing changes from [PA 19-24](#) that take effect in 2020.

Summary

[PA 19-24](#) makes various unrelated changes to the Liquor Control Act, with many provisions effective in 2020.

The act decreases, beginning January 1, 2020, the excise tax exemption for beer manufacturer permittees for beer sold for on-premises consumption by requiring them to pay excise tax on amounts over 15 barrels annually.

Beginning July 1, 2020, the act:

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 permit; and (d) establishes certain agricultural designations for alcoholic liquor;
2. establishes a Connecticut craft cafe permit that allows manufacturer permittees to, among other things, sell other Connecticut-manufactured alcohol for on-premises consumption;
3. consolidates various on-premises consumption permits and allows a permittee with a permit that is being consolidated to continue to hold that permit until it is due for renewal or until a replacement permit is available;

4. consolidates the farmers' market wine sales and beer sales permits into one farmers' market sales permit;
5. allows gift basket retailer permittees to sell gift baskets with beer;
6. requires in-state transporter permittees to keep certain records of deliveries made into Connecticut; and
7. prohibits the Department of Consumer Protection (DCP) from adopting regulations requiring effective separation for restaurants and cafes (i.e., a partition between a bar and an eating area).

For a more detailed summary, please see OLR's public act [summary](#).

Alcoholic Beverages Tax (§ 1)

Beginning January 1, 2020, manufacturer permittees for beer must pay excise tax on amounts of beer over 15 barrels that they annually produce and sell for on-premises consumption. 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\(a\)](#))

Manufacturer Permit Consolidation and Additional Permits for On-Premises Consumption (§§ 3, 5, 16-18, 23 & 24)

Beginning July 1, 2020, the act (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 permit; (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

The act limits manufacturer permittees to producing just spirits, instead of all alcoholic liquor. It also:

1. eliminates the manufacturer permit for a farm distillery;
2. increases the (a) gallonage threshold for spirit production, from up to 25,000 to up to 50,000 gallons, for which a permittee may sell spirits for off-premises consumption and (b) amount a permittee may sell for off-premises consumption from 1.5 liters to three liters per person, per day; and

3. allows a permittee to offer free samples of spirits distilled on the premises in combination with a nonalcoholic beverage.

The annual fee for the spirits manufacturer permit is \$1,800.

Consolidation of Beer Permits

The act consolidates the manufacturer permits for beer, brew pub, beer and brew pub, and farm brewery into one permit.

The consolidated permit for beer allows the permittee to store, bottle, and wholesale distribute beer manufactured or bottled on the premises. If the permittee self-distributes, 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 DCP determines.

The act also allows the permittee to sell beer at retail for (1) on-premises consumption with or without selling food and (2) off-premises consumption of up to nine gallons per person, per day.

The annual fee for the consolidated permit is \$1,400.

Wine, Cider, and Mead Permit

The act creates a new wine, cider, and mead permit with requirements and abilities substantially like a farm winery permit. It also eliminates the cider and apple brandy manufacturing permits.

The act allows a 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 (i.e. fermented honey).

The new permit allows for storing, bottling, and wholesale distributing the permitted products that the permittee manufactures or bottles to other permittees.

It authorizes permittees to do certain things that existing farm wineries can, including:

1. selling at retail from the premises (a) sealed bottles or other containers for off-premises consumption and (b) products by the glass or bottle for on-premises consumption;
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; and
4. offering free sample tastings, dispensed from bottles or containers of less than two gallons.

The annual fee for a wine, cider, and mead permit is \$200.

Connecticut Craft Cafe Permit

The act establishes the Connecticut craft cafe permit, which allows a manufacturer permittee to sell Connecticut alcoholic liquor for on-premises consumption, upon receiving the permit. It also allows permittees to sell growlers of beer for off-premises consumption. It requires the permittee to keep food available for sale and consumption by customers during a majority of the hours the cafe is open (having food from outside vendors comply with this requirement).

The act prohibits permittees from purchasing the same type of alcoholic liquor they manufacture (e.g., beer manufacturers may not purchase other beer). Additionally, the sale of purchased alcoholic liquor must not be more than 20% of the permit holder's gross annual sales of alcoholic liquor sold for on-premises consumption.

The annual fee for a Connecticut craft cafe permit is \$300.

Department of Agriculture (DoAg) Designations

The act allows manufacturer permittees on a farm that use farm products grown in Connecticut to apply to the DoAg commissioner for permission to use the words "Connecticut Farm" or substantially similar words when advertising or promoting this alcoholic liquor. Similarly, it 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 the alcoholic liquor.

The permittee must apply to the commissioner with a \$25 registration fee for each designation before using these words in its advertising or promotions, and then annually.

Gift Basket Retailer (§§ 6 & 7)

Beginning July 1, 2020, gift basket retailer permittees may sell beer in their gift baskets, but a gift basket can either have wine or beer, not both.

The act allows a gift basket retailer permittee to only sell, deliver, or ship gift baskets with beer directly to a Connecticut consumer (i.e., not out-of-state). As under existing law for wine deliveries, the permittee must adhere to specific procedures (e.g., ensure someone at least age 21 signs for the delivery).

In-state Transporter Recordkeeping (§ 11)

Beginning July 1, 2020, in-state transporter permittees must keep records of shipments of packages labeled as containing alcoholic liquor from outside the state for delivery to either a Connecticut consumer or retailer. The records must have certain identifying information, shipment information, and unique tracking numbers. A permittee must keep a record at his or her business for at least 18 months after delivery.

Potable Water or Non-alcoholic Drinks (§ 14)

As under existing law for certain manufacturer permittees, beginning July 1, 2020, manufacturer permittees for spirits must provide free potable water to anyone requesting it or offer non-alcoholic beverages for sale when the distillery is open.

Consolidated Farmers' Market Sales Permit (§§ 15 & 27)

Beginning July 1, 2020, the act (1) consolidates the farmers' market wine sales and beer sales permits into one farmers' market sales permit and (2) allows manufacturer permittees for wine, cider, and mead to obtain this 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.

Consolidation of Permits for On-premises Consumption (§§ 19, 21-22 & 27)

The act also consolidates various permits for on-premises consumption, beginning July 1, 2020.

Restaurant Permit

The act (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 (e.g., notify DCP of the event's date and location). A caterer liquor permit allows a permittee to sell and serve alcoholic liquor for on-premises consumption at an outside event.

Hotel Permit

The act consolidates the various hotel permits by eliminating the hotel permit for beer and the differing permit fees for hotels based on population. The annual fee for the consolidated hotel permit is \$2,055.

Cafe Permit

The act combines various permits for on-premises consumption into the existing cafe permit. The annual fee for a cafe permit is \$2,000, which the act generally applies to the consolidated permittees. It phases in the new fee for prior tavern permit holders, 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 \$2,000 amount.

Certain prior permits only allowed the sale of wine or beer (e.g., university permit for beer). In consolidating the permits, the act eliminates these permits but allows these permittees to get the cafe permit, which allows the sale of all alcoholic liquor (e.g., spirits, wine, and beer). It repeals and deems the following permits to comply with the cafe permit, thus allowing current permittees to receive the cafe permit once their permits expire:

1. airport restaurant, airport bar, and airport airline club ([CGS § 30-37e](#));
2. special sporting facility ([CGS § 30-33b](#));
3. bowling establishment and racquetball facility ([CGS § 30-37c](#));
4. golf country club ([CGS § 30-24a](#));
5. club and nonprofit club ([CGS § 30-23](#));
6. boat ([CGS § 30-29](#));
7. railroad ([CGS § 30-28](#));
8. special outing facility ([CGS § 30-33c](#)); and
9. university liquor ([CGS § 30-20a\(b\)](#)).

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