
OLR Bill Analysis

sHB 5331

AN ACT CONCERNING THE LIQUOR CONTROL ACT AND RELATED STATUTES.

SUMMARY

This bill makes various changes to the Liquor Control Act. Specifically, it does the following:

1. eliminates the current wine festival permit and establishes a new festival permit for all manufacturers of alcoholic liquor (e.g., spirits, wine, and beer) (§§ 1-5 & 10);
2. allows beer manufacturers and certain Connecticut craft cafes to sell beer brewed in collaboration with another beer manufacturer (e.g., sharing a recipe or providing at least 49% of the ingredients or labor) (§§ 6 & 7);
3. allows certain temporary or charitable organization permittees to purchase alcohol from manufacturer permittees, rather than from only package store permittees (§ 8); and
4. requires water pollution control authorities (WPCAs) to disregard the volume of water that manufacturer permittees for beer consumed when establishing or revising sewer charges (§ 9).

The bill also makes various technical and conforming changes.

EFFECTIVE DATE: Upon passage, except the water pollution control provision is effective October 1, 2022, and applicable to the assessment year beginning on or after that date.

§§ 1-5 & 10 — FESTIVAL PERMIT

The bill replaces the existing wine festival permit with a new festival permit for all alcoholic liquor manufacturers. Under the bill, the festival

permit allows an eligible festival sponsor to organize and sponsor a festival in Connecticut by inviting domestic and foreign manufacturers to participate for up to four consecutive days. But the bill allows any municipality to prohibit, by ordinance or zoning regulation, festivals in the municipality. The fee for a festival permit is \$75, which is the same fee under current law for wine festival permits.

Under the bill, a “festival” is an organized and sponsored indoor or outdoor event that is attended by at least three domestic manufacturers. “Domestic manufacturers” are the holders of manufacturer permits for spirits; beer; a farm winery; or wine, cider, and mead. “Foreign manufacturers” are out-of-state people who, or out-of-state entities that do the following:

1. hold a valid permit or license issued by another state that allows them to manufacture alcoholic liquor in that state and
2. either (a) hold an out-of-state shipper’s permit for alcoholic liquor other than beer (CGS § 30-18), out-of-state winery shipper’s permit for wine (CGS § 30-18a), or out-of-state shipper’s permit for beer (CGS § 30-19) or (b) maintain an active alcoholic liquor brand registration with the Department of Consumer Protection (DCP).

Fire and Zoning

The bill prohibits the DCP commissioner from issuing a permit unless the eligible festival sponsor has the approvals required under local fire and zoning regulations. A “festival sponsor” means an eligible festival sponsor that receives and holds a festival permit and the “eligible festival sponsor” is an entity operating on a nonprofit basis in this state, including (1) an association, or its subsidiary, that promotes manufacturing and selling alcoholic liquor in Connecticut; (2) a civic organization operating in this state; and (3) a Connecticut municipality.

Disclosures

The bill requires the festival sponsor to disclose to each person who purchases admission, at the time of purchase, all restrictions and

limitations for admission, including the maximum number of alcoholic drinks to which the person is entitled.

Sales and Shipping

The bill allows any domestic or foreign manufacturer to participate in a festival organized and sponsored by a festival sponsor that invites them to participate. During the festival the bill allows manufacturers to do the following for the alcohol they manufactured:

1. sell and directly ship to festival visitors at addresses inside or outside the state, if allowed by Connecticut law and the receiving state's laws;
2. offer free or paid samples or tastings of alcoholic liquor for consumption on the festival premises;
3. sell, at retail, bottles and other sealed containers of alcoholic liquor for consumption off the festival premises, subject to certain limitations (e.g., three liters of spirits per day and nine gallons of beer per day); and
4. sell, at retail, alcoholic liquor by the glass or receptacle for consumption on the festival premises, so long as each glass or receptacle is embossed or permanently labeled with the festival's name and date.

The bill prohibits participating manufacturers from giving, offering, or selling to any person or entity alcoholic liquor that the participating manufacturer did not manufacture. It also states that foreign manufacturers may not engage in an activity that is not allowed under the laws of the state where they are permitted or licensed.

Municipal Options

In addition to being able to prohibit these festivals, the bill allows municipalities to require, festival sponsors to ensure the following by ordinance or zoning regulation:

1. restrooms, or enclosed portable toilets, are available either on or

near the festival premises and

2. food is available to festival visitors for consumption on the festival premises during all operating hours; but no ordinance or zoning regulation may require a food purchase with an alcoholic beverage.

The bill also allows municipalities, by vote of a town meeting or by ordinance, to reduce the number of hours when retail sales, tastings, or samples may occur (see *Hours*, below).

Placarding and Remonstrance

By law, alcoholic liquor permit applicants must generally give notice of a new permit in the newspaper and place placards visible from the road that include certain information, such as the business' name and location. Additionally, individuals may file a remonstrance with DCP about an applicant's suitability or proposed location, and DCP must then hold a hearing. The bill exempts festival sponsors and festival permits from the requirements to affix and maintain a placard and from remonstrances.

Holding Two Permits

The bill also allows a festival permittee to be a holder or backer of one or more other classes of permits. By law, unless an exception is made, permittees of one class are not allowed to be a permittee of another class (CGS § 30-48(a)).

Hours

The bill sets the hours that a festival permittee may sell or provide samples or tastings as follows: between 8:00 a.m. and 10:00 p.m. on Monday through Saturday and between 10:00 a.m. and 6:00 p.m. on Sunday. (These hours generally mirror the hours when a package store may sell.)

§§ 6 & 7 — COLLABORATIVE BEER

The bill allows a manufacturer permittee for beer, or a Connecticut craft cafe permittee who is also a manufacturer for beer, to sell at retail

beer brewed in collaboration with another beer manufacturer for on- or off-premises consumption. Craft cafe permittees may do so only if they sell one brand of the brewed beer from their premises at a time.

Under the bill, “collaboration” is an arrangement, other than contract brewing or an alternating proprietorship, where a beer manufacturer works with at least one beer other manufacturer by, among other things, sharing the beer recipe or at least 49% of the ingredients or labor needed to manufacture the beer.

Current law generally prohibits Connecticut craft cafe permittees from purchasing the same type of alcoholic liquor they manufacture. The bill allows these permittees that also hold a manufacturer beer permit to purchase the beer they manufacture in collaboration with another beer manufacturer permittee from that permittee. But, as under existing law, the beer cannot be more than 20% of the craft cafe permittee’s gross annual sales for on-premises consumption.

§ 8 — TEMPORARY AND CHARITABLE PERMITS

The bill allows temporary permittees for outings, picnics, or special gatherings and permittees for a charitable organization, including a nonprofit public television corporation, to purchase alcoholic liquor, other than beer in kegs, from manufacturer permittees. Under current law, they must purchase only from package stores.

§ 9 — WPCA CHARGES

By law, a WPCA may establish and revise fair and reasonable charges for connecting with and using a sewerage system. When setting these charges for assessment years beginning on or after October 1, 2022, the bill prohibits WPCAs from considering the volume of water consumed by holders of manufacturer permits for beer.

By law and unchanged by the bill, WPCAs, when setting these charges, may consider other factors related to the kind, quality, and extent of use of properties (e.g., building size, number of plumbing fixtures and people using the property, and quality and character of discharge material). A WPCA may also have minimum charges to

connect with and use a sewerage system.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 14 Nay 3 (03/15/2022)