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## OLR Bill Analysis

### sHB 5331 (as amended by House "A")\*

#### ***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); and
3. requires water pollution control authorities (WPCAs) to disregard the volume of water that beer manufacturer permittees consumed when establishing or revising sewer charges (§ 9).

The bill also makes various technical and conforming changes.

\*House Amendment "A" (1) eliminates the provisions in the underlying bill allowing (a) foreign manufacturers to participate under the festival permit and (b) certain temporary or charitable organizations to purchase alcohol from manufacturer permittees; (2) prohibits manufacturers who are also an out-of-state shipper's permittee for beer from, among other things, selling and directly shipping beer to festival visitors; and (3) makes various minor and technical changes.

EFFECTIVE DATE: Upon passage, except the water pollution control provision is effective October 1, 2022, and applicable to assessment years 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 a festival sponsor to organize and sponsor a festival in Connecticut by inviting eligible 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 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. “Eligible manufacturers” are the holders of manufacturer permits for spirits; beer; a farm winery; or wine, cider, and mead.

### ***Fire and Zoning***

The bill prohibits the Department of Consumer Protection (DCP) commissioner from issuing a permit unless the festival sponsor has the approvals required under local fire and zoning regulations.

### ***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 eligible 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.

They may offer free or paid samples or tastings of alcoholic liquor for consumption on the festival premises, subject to certain limitations (e.g.,

up to two ounces of spirits per patron per day). Also, unless the participating eligible manufacturer is an out-of-state shipper's permittee for beer, the manufacturer may:

1. sell and directly ship alcoholic liquor to festival visitors that the manufacturer sells to them at the festival if allowed by Connecticut law;
2. 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
3. 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 eligible manufacturers from giving, offering, or selling to any person or entity alcoholic liquor that the manufacturer did not manufacture.

### ***Municipal Options***

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

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's name and location. Additionally, any 10 individuals who are at least age 18 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 provide notice and 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 other beer 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.

### **§ 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)