
OLR Bill Analysis

sHB 6548 (as amended by House "A")*

AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S RECOMMENDATIONS REGARDING ALCOHOLIC LIQUOR REGULATION.

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SUMMARY

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

1. establishes (a) two temporary liquor permits, one for auctions and another for noncommercial entities (e.g., charities), and (b) an outdoor open-air permit;
2. conforms law with practice by allowing alternating proprietorships (i.e., sharing permit premises to produce alcoholic beverages) and contract manufacturing agreements (i.e., contracting to produce alcoholic beverages on behalf of

another);

3. expands the farmers' market sales and festival permits to allow additional types of sales;
4. eliminates the sunset date for certain permittees for on-premises consumption to sell sealed containers of the alcoholic liquor for off-premises consumption;
5. prohibits anyone assisting an applicant, backer, or permittee with a liquor permit application from submitting a false statement;
6. lowers, from six to four gallons, the minimum liquid capacity needed to be considered a keg and allows manufacturers to sell kegs;
7. allows the sale of cocktail kegs for on-premises consumption;
8. lowers certain permit requirements, such as decreasing the frequency of certain cleanings and the prerequisites for renewal;
9. requires a study on the potential impact of requiring permittees to have liquor liability insurance; and
10. makes various minor, technical, and conforming changes.

*House Amendment "A" (1) adds provisions on outdoor open-air permits, cocktail kegs, beer or pipeline cleanings, fire inspections, and the liability insurance study; (2) delays the effective dates for alternating proprietorships and contract manufacturing agreements from upon passage to October 1, 2023; (3) specifies that noncommercial entities with temporary liquor permits may sell during the same hours as restaurants; and (4) makes various minor, technical, and conforming changes.

EFFECTIVE DATE: Upon passage, unless otherwise specified below.

§§ 1, 8, 11, 14, 17, 21-22 & 28 — TEMPORARY LIQUOR PERMIT FOR NONCOMMERCIAL ENTITIES

Replaces several of current law's permits that are temporary or related to nonprofits and charities with a new temporary liquor permit for noncommercial entities

The bill replaces several of current law's permits that are temporary or related to nonprofits and charities with a new temporary liquor permit for a noncommercial entity. Specifically, the bill's new permit replaces and repeals: the temporary permit for outings, picnics, or social gatherings; special club permit for picnics; charitable organization permit; nonprofit public television corporation permit; and the nonprofit corporation permit (CGS §§ 30-25, -35, -37b, -37d, and -37h).

Under the bill, a noncommercial entity is an academic institution, charitable organization, government organization, nonprofit organization or similar entity that is not primarily dedicated to obtaining a commercial advantage or monetary compensation.

Nature and Duration of Permit

As under current law for the replaced permits, the temporary liquor permit for a noncommercial entity is, among other things, revocable at the discretion of the Department of Consumer Protection (DCP) and expires annually. The permit is to be a purely personal privilege and does not constitute property. The application fee is \$10 for each application.

Notice and Placarding

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. As under current law for the replaced and repealed permits, the bill exempts temporary liquor permittees for a noncommercial entity from the notice and placard requirements.

Sales

The new permit allows the sale of beer, spirits, or wine at any fundraising event, outing, picnic, or social gathering ("event") conducted by a bona fide noncommercial entity, club, or golf country club. The bill requires one of these entities to be the permit's backer (i.e., proprietor) and prohibits a for-profit entity from being the backer. The

permit also allows for the retail sale of beer, spirits, or wine at an in-person or online auction if the auction is part of a fundraising event to benefit the tax-exempt activities of the noncommercial entity, club, or golf country club.

Profits

Under the bill, all profits from the auction or sale of the beer, spirits, or wine must be retained by the backer or permittee conducting the event. No portion of the profits may be paid, directly or indirectly, to any individual or other corporation.

Dates

The permit must be issued subject to DCP approval and is effective only for specified dates and times limited by the department. The combined total of events for which a permit is issued must not exceed 12 in any calendar year and the approved dates and times for each event must be displayed on the permit. The combined total of days for which the permit is issued must not exceed 20 days in any calendar year.

Hours of Sale

Under the bill, each permit is subject to the hours of sale established under the allowable alcohol times and hours law for restaurants, among others. By law, with minor exceptions, these allowable hours are 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 10:00 a.m. and 1:00 a.m. the next morning on Sunday.

Permit

The permittee must display the permit and the days for which the permit has been issued in a prominent location next to the event entrance. The permit fee is \$50 per day.

Donations

The bill allows a manufacturer permittee, a wholesaler permittee, or package store permittee to donate to a temporary liquor permittee for a noncommercial entity, any beer, spirits, or wine they manufacture, distribute, or sell, respectively.

Off-Site Farm Winery Sales and Wine, Cider, and Mead Tasting Permit

Current law allows an off-site farm winery sales and wine, cider, and mead tasting permittee to sell and offer free samples of their products at up to seven events or functions per year held under a temporary liquor permit, a charitable organization permit, or a nonprofit corporation permit. The bill appears to remove the requirement that these events are held at charitable or nonprofit functions, and instead allows these permittees to hold up to seven off-site events at any location under certain circumstances.

Prohibited Sales

Current law prohibits wholesaler permittees from selling alcoholic liquor to a temporary permittee for outings, picnics, or special gatherings or a charitable organization permittee, but excludes a nonprofit golf tournament permittee (e.g., Travelers Championship). The bill extends this wholesaler-related prohibition to the temporary liquor permit for noncommercial entities, which replaces the temporary permits mentioned above. As under existing law, these permittees must purchase alcoholic liquor only from package store permittees.

Additionally, the bill specifies that wholesaler permittees may donate any beer, spirits, or wine to these permittees for which they hold distribution rights.

EFFECTIVE DATE: July 1, 2023

§§ 2 & 3 — ALTERNATING PROPRIETORSHIP AGREEMENTS

Allows host manufacturers to have a tenant manufacturer share or rent their permit premises

The bill conforms law with practice by allowing a host manufacturer and tenant manufacturer to enter into an alternating proprietorship agreement, but under certain conditions.

Under the bill, an “alternating proprietorship agreement” or “agreement” is a written agreement between a host manufacturer and at least one tenant manufacturer under which the host agrees to share permit premises with, or rent permit premises to, a tenant manufacturer for

producing alcoholic beverages.

Agreement Requirements

The bill requires the agreement to provide that:

1. if the host manufacturer is sharing the permit premises with the tenant manufacturer under the agreement, the host or tenant is deemed to be in exclusive control and possession of those portions of the permit premises which the respective manufacturer is actively using to produce and store alcoholic beverages under the agreement and
2. each manufacturer must separately hold title to all (a) ingredients, packaging supplies, and raw materials that he or she uses to produce alcoholic beverages under the agreement, all of which must be conspicuously labeled to identify which manufacturer possesses it, and (b) alcoholic beverages the manufacturer produces on the permit premises under the agreement, until the alcohol is removed.

Under the bill, neither of these provisions should be construed to prohibit a tenant manufacturer from purchasing ingredients, packaging supplies, or raw materials from the host manufacturer before the tenant manufacturer begins producing alcoholic beverages under the agreement.

Separation Requirements

The bill requires, during all stages of production, that each alcoholic beverage a manufacturer produces under an agreement be maintained separately from those produced by other manufacturers and so that the beverages' manufacturer is readily identifiable as the manufacturer's beverage.

Assumption of Risk of Loss

Under the bill, each manufacturer who is party to an agreement assumes any risk of loss of an alcoholic beverage that he or she produces under it. The tenant manufacturer cannot return to the host any alcoholic beverage that he or she produces under the agreement.

Independence

The bill requires each manufacturer in an agreement to:

1. ensure the independence of his or her brands, marketing, product registrations, sales, and trademarks and
2. separately maintain control and responsibility over the alcoholic beverages he or she produces under the agreement, as well as the production quantity of, and formula development and quality control standards for, the alcoholic beverage.

The bill specifies that this separation requirement does not preclude a tenant manufacturer from paying a host manufacturer for services rendered by a host manufacturer's employee for assisting the tenant manufacturer with any aspect of his or her operation.

Under the bill, each manufacturer under an agreement must:

1. maintain separate records on his or her production, sales, and any other matter the law requires;
2. file separate licensing, production, and sales reports with federal and state authorities as the law requires;
3. separately pay any alcoholic beverages tax due under the agreement;
4. be approved, licensed, or qualified by the federal Alcohol and Tobacco Tax and Trade Bureau as required by federal law;
5. be responsible for obtaining the manufacturer's (a) certificates of label approval (i.e., federal certificate that authorizes the bottling of wine, distilled spirits, or malt beverages, for commerce purposes, 27 C.F.R. § 4.10); and (b) brand registrations from DCP; and
6. label each alcoholic beverage that he or she produces under the agreement with the manufacturer's business name and the address of the permit premises.

Prohibitions

The bill prohibits any manufacturer who is a party in an agreement from being owned by anyone who owns another manufacturer who is also a party to the agreement, except if the manufacturers are producing different classes of alcoholic beverages.

The bill specifies that the alternating proprietorship provision should not be construed to prohibit (1) multiple manufacturers from equally sharing the ownership or use of any permit premises or (2) an out-of-state manufacturer from entering into an alternating proprietorship agreement with a host manufacturer as a tenant manufacturer, as long as the out-of-state manufacturer applies for a Connecticut manufacturer permit.

Regulations

The bill allows DCP to adopt regulations to implement the alternating proprietorship provision.

EFFECTIVE DATE: October 1, 2023

§§ 2 & 4 — CONTRACT MANUFACTURING AGREEMENTS

Allows manufacturers to produce an alcoholic beverage on behalf of a contracting party (i.e., manufacturer, wholesaler, or certain out-of-state shipper's permittees)

Broadly, the bill allows a manufacturer to produce alcohol on someone's behalf. Specifically, the bill conforms law with practice by allowing a contracting party to enter into a contracting manufacturing agreement with a primary manufacturer under certain conditions. Under the bill, a "contracting party" is a manufacturer permittee, a wholesaler permittee, or an out-of-state shipper's permittee for alcoholic liquor that owns the recipe for an alcoholic beverage. A "contract manufacturing agreement" or "agreement" is a written agreement, including a custom crush agreement, in which a primary manufacturer agrees to produce an alcoholic beverage on behalf of a contracting party. A "custom crush agreement" is a contract manufacturing agreement where a primary manufacturer produces wine on a contracting party's behalf using the contracting party's grapes or other fruit.

Primary Manufacturer Responsibilities

The bill requires the primary manufacturer to do the following under the agreement on the contracting party's behalf:

1. maintain, at all times during the agreement, exclusive control and possession of all premises where he or she produces alcoholic beverages;
2. have sole responsibility for producing all alcoholic beverages;
3. label all alcoholic beverages produced with his or her business name and address;
4. maintain title to all ingredients that he or she uses during the production process unless the agreement is a custom crush agreement;
5. maintain title to all machinery and supplies that he or she uses during the alcoholic beverage production process;
6. maintain title to each alcoholic beverage he or she produces until the alcoholic beverage is removed from his or her permit premises;
7. maintain appropriate production records on all alcoholic beverages he or she produces;
8. obtain from the federal Alcohol and Tobacco Tax and Trade Bureau any certificate of label approval required for an alcoholic beverage that he or she produces; and
9. file any state registration requirements for an alcoholic beverage that he or she produces.

The bill also requires the primary manufacturer to pay any tax due on the alcoholic beverages he or she has produced for the contracting party. The bill allows the agreement to require that the contracting party reimburse them for the tax.

Inspections

Under the bill, the primary manufacturer must also give DCP, upon inspection or request, an up-to-date list and copies of all contract manufacturing agreements to which he or she is a party and production records on the agreements. This information must be provided to DCP in an electronic format unless it is commercially impractical.

Prohibitions

The bill also prohibits (1) primary manufacturers from selling at retail for off-premises consumption or at wholesale any alcoholic beverage he or she produces on behalf of the contracting party if a wholesaler permittee has the distribution rights for the alcoholic beverage, and (2) the contracting party from producing any alcoholic beverage on the primary manufacturer's permit premises.

Regulations

The bill allows DCP to adopt regulations to implement these provisions.

EFFECTIVE DATE: October 1, 2023

§§ 2, 5, 9, 18 & 23 — TEMPORARY AUCTION PERMITS

Establishes a temporary auction permit to allow the permittee to sell alcohol through an auction; allows the alcohol to be obtained from individual collectors, package stores, and cancelled restaurant and cafe permittees

The bill establishes a temporary auction permit that allows the permittee to sell beer, spirits, and wine obtained from one or more individual collectors, package store permittees, or cancelled restaurant or cafe permittees through an auction conducted by an auctioneer.

An "auctioneer" is anyone who (1) regularly provides professional services by auctioning items for sale and (2) does not hold an alcoholic liquor permit. An "individual collector" is anyone who is not a backer (i.e., proprietor); permittee; or a backer's director, officer, or employee.

The auction may be held in person or online during the hours a package store may sell alcohol under existing law (e.g., 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, but not on Thanksgiving Day, Christmas,

and New Year's Day).

Application

To get a permit, an auctioneer must apply to DCP, as the department prescribes, at least 60 days before the first day of the auction. The applicant must serve as the permit's backer. Each permit is valid for one auction and is effective for a period of up to three consecutive days. DCP may not issue more than four permits to an auctioneer in any calendar year. The permit fee is \$175 per day.

Notice, 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 object to an applicant's suitability or proposed location by filing a remonstrance (i.e., protest) with DCP who must then hold a hearing. The bill exempts temporary auction permit applicants from the notice, placard, and remonstrance-related requirements.

Nature and Duration of Permit

Under the bill, the temporary auction permit is, among other things, revocable at DCP's discretion and expires annually. The permit is purely a personal privilege and is not property.

Obtaining Alcohol

Under the bill, the auctioneer must only accept alcohol that was lawfully acquired by (1) an individual collector or (2) the permittees or cancelled permittees who purchased it from a wholesaler permittee. The alcohol must bear an intact seal from the alcohol manufacturer.

The bill allows an individual collector, package store permittee, and cancelled restaurant or cafe permittee to sell or consign the alcohol to the auctioneer.

Unsold Consigned Alcohol. Under the bill, all unsold consigned alcohol must be returned within 10 days after the auction's final day.

The bill generally prohibits unsold consigned alcohol from being resold, offered for sale, or used on the permit premises, except for those returned to a package store.

Minimum Pricing

The bill exempts the alcohol sold at an auction under this permit from the state's brand registration, price posting, and prohibition on selling below minimum retail cost. This exemption does not apply to the bill's requirement to start a bid above what is required under the minimum retail price law for package store alcohol.

Samples and Tastings

Under the bill, the permittee may offer free samples of any alcohol that is to be sold at auction for tasting. But the permittee must notify DCP that it intends to do so at least 30 days before the auction's first day. The department must prescribe the form and manner for the notification. Tastings may only occur during the period in which a package store is allowed to sell alcohol. The bill prohibits offering tastings (1) to any minor or intoxicated person or (2) from more than 10 uncorked or open cans or bottles at any one time. (Presumably, this prohibition applies to the permittee.)

Municipal Option

Under the bill, any town or municipality may, by ordinance or zoning regulation, prohibit permittees from offering free samples at events or functions held in the town or municipality.

Shipping

The bill allows permittees to deliver and ship directly to the consumer any alcohol purchased at the auction held under the permit. Any shipment to a consumer outside of the state is subject to all applicable laws of the jurisdiction where the consumer is located. When shipping the alcohol directly to a Connecticut consumer, the permittee must:

1. ensure that the shipping label on each container of such beer, spirits or wine states the following: "CONTAINS ALCOHOL—

SIGNATURE OF A PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY”;

2. obtain the signature of a person who is at least age 21 at the delivery address prior to delivery, after requiring the person to prove his or her age with a valid motor vehicle operator’s license or valid identity card (presumably, the permittee would obtain this information through the delivery service provider);
3. not ship this alcohol to any address in Connecticut where the sale of alcoholic liquor is prohibited by local option; and
4. make any such shipment through an in-state transporter permittee.

Regulations

The bill allows DCP to adopt implementing regulations for the bill’s temporary auctioneer provisions.

EFFECTIVE DATE: October 1, 2023

§§ 2, 6, 13, 18 & 20 — OUTDOOR OPEN-AIR PERMITS

Establishes an outdoor open-air permit that is substantially similar to existing law’s seasonal outdoor open-air permit, except it is valid year-round

Outdoor Open-Air Permit

The bill establishes an outdoor open-air permit that is substantially similar to existing law’s seasonal outdoor open-air permit, except it is valid year-round. The permit allows the retail sale of alcoholic liquor for on-premises consumption with a \$4,000 permit fee. This consumption is allowed on a lot, yard, green, or other outdoor open space under certain conditions, including where the:

1. retail sale and consumption of alcoholic liquor is allowed in the space by applicable local zoning, health, and fire marshal officials;
2. permitted premises is less than one square acre;
3. permitted area is enclosed by a temporary fence or wall at least 30 inches high; and

4. restrooms or enclosed portable toilets are available within the permitted area or nearby.

The permittee must also make food available for sale to consumers on the premises when the permittee is selling the alcohol. The food may be prepared on the premises, provided by a food truck or caterer, or be prepackaged. The availability of area menus for delivery is deemed in compliance with the food requirement. The bill specifies that food does not have to be purchased with an alcoholic beverage.

Under the bill, tents, mobile units, and other temporary fixtures are allowed within the permitted premises. A permittee must maintain the permitted premises consistent with all applicable local zoning, health, and fire requirements.

Under the bill, the permit is issued by DCP and limited to a restaurant permittee's hours of operation allowed for serving alcohol. By law, restaurant permittees may generally serve alcohol from 9:00 a.m. to 1:00 a.m. the next morning on Monday through Thursday, from 9:00 a.m. to 2:00 a.m. the next morning for Friday and Saturday, and 10:00 a.m. to 1:00 a.m. the next morning on Sunday (CGS § 30-91(a)).

Under the bill, the outdoor open-air permit is not renewable, and backers are limited to one permit application per calendar year. The bill exempts outdoor open-air permittees from existing law's placarding and remonstrance-related requirements, like it does for temporary auction permits (see above).

The bill also allows the outdoor open-air permittee to sell draught beer for off-premises consumption (e.g., by the growler). Permittees may only sell up to four liters per person per day during the hours package stores can sell alcohol.

The bill also makes a conforming change allowing a restaurant, cafe, or in-state transporter permittee to hold an outdoor open-air permit.

EFFECTIVE DATE: October 1, 2023

§ 7 — BEER OR WINE PIPELINE CLEANINGS

Decreases, from weekly to biweekly, the frequency at which certain permittees must clean beer or wine pipes and barrel tubes

Current regulations require permittees to clean beer or wine pipes and barrel tubes used to dispense alcoholic beverages at least once a week (Conn. Agencies Regs., § 30-6-A23). The bill requires DCP, by October 1, 2023, to amend these regulations to require these cleanings once every two weeks instead. As under current regulations, these cleanings must be done with a hydraulic pressure mechanism, hand pump suction, a force cleaner, or any other DCP-approved system for this purpose. After cleaning the lines or tubes, they must be rinsed with clear water until all chemicals, if used to clean, are removed.

EFFECTIVE DATE: October 1, 2023

§§ 10, 15 & 19 — FARMERS’ MARKET ALCOHOL SALES PERMIT

Expands the farmers’ market sales permit to allow manufacturer permittees for spirits to sell their product at a farmers’ market; allows manufacturer permittees for spirits and beer to offer free tastings of their product at farmers’ markets

Spirits

By law, manufacturer permittees for beer; farm winery; and wine, cider, and mead may obtain a farmers’ market sales permit allowing them to sell their product at farmers’ markets. The bill expands the permit to also allow manufacturer of spirits to sell spirits at a farmers’ market. It also makes a conforming change allowing these manufacturers to also hold the farmers’ market sales permit by adding these permits to existing law’s exemption for holding two permits.

Existing law allows these sales at the farmers’ market if the permittee (1) has an invitation from the farmers’ market; (2) only sells these products by the bottle or in sealed containers; and (3) is present, or has an authorized representative present, at the time of any sale. The permit authorizes the sale of these products during an unlimited number of appearances at a farmers’ market and at up to 10 locations per year. Any town or municipality, by ordinance or zoning regulation, may prohibit the sale of these products at a farmers’ market held in the town or municipality. The annual fee for the permit is \$250 with a \$100 nonrefundable filing fee.

Tastings

Additionally, existing law allows permittees for farm winery and wine, cider, and mead to sell and offer free tastings of their products at a farmers' market organized by a nonprofit. The bill also extends this to manufacturer permittees for spirits and beer.

§ 12 — ELIMINATION OF SUNSET DATE FOR CERTAIN PERMITTEES FOR ON-PREMISES CONSUMPTION TO SELL FOR OFF-PREMISES CONSUMPTION

Eliminates the sunset date for certain permittees for on-premises consumption to sell for off-premises consumption

The bill eliminates the June 5, 2024, sunset date for the law that allows manufacturer, hotel, restaurant, club, nonprofit, and certain cafe permittees to sell and deliver sealed alcoholic liquor (e.g., beer, wine, or spirits) for off-premises consumption. Among other things, the law includes requirements that the:

1. alcoholic liquor sold for off-premises consumption be accompanied by food prepared on the permit premises;
2. sales be consistent with all local ordinances where the premises is located;
3. container, other than the manufacturer's original sealed container, be securely sealed in a way that prevents consumption without removing the tamper-evident lid, cap, or seal;
4. sales and deliveries be made (a) only during the hours package stores may operate under state law and (b) by the permittee's direct employee (or a third-party vendor or entity that holds an in-state transporter permit); and
5. sales comply with specified per-customer, per-order limits (i.e., 196 ounces for beer, one liter for spirits, and 1.5 liters for wine).

EFFECTIVE DATE: July 1, 2023

§ 16 — FESTIVAL PERMITS

Allows (1) for-profit entities to sponsor festivals and (2) manufacturer permittees that hold an out-of-state shipper's permit for beer to make certain types of sales at a festival and ship directly to visitors

By law, a festival sponsor may organize and sponsor a festival in Connecticut by inviting eligible manufacturers to participate. The bill expands the definition of the “festival sponsor,” by allowing a Connecticut for-profit entity to be a sponsor if it is registered with the Secretary of the State to do business in the state and does not hold another alcoholic liquor permit. The bill sets the permit fee for these sponsors at \$275.

Existing law, unchanged by the bill, only allows nonprofit entities to sponsor festivals and their permit fee is \$75.

The bill also removes a specific restriction on manufacturer permittees that hold an out-of-state shipper's permit for beer to make certain types of sales at a festival. Under the bill, these permittees may now:

1. sell, and directly ship, alcoholic liquor to festival visitors who purchase the alcohol at the festival, if allowed under its permit;
2. sell, at retail, bottles and other sealed containers of alcoholic liquor for consumption off the festival premises, subject to its permit 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.

By law, a festival permittee may sell or provide samples or tastings 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.

§ 17 — FALSE STATEMENTS

Prohibits anyone assisting an applicant, backer, or permittee with a liquor application from submitting a false statement; subjects violators to a civil fine of up to \$1,000 and a CUTPA violation

The bill prohibits anyone who assists an applicant, backer, or permittee in submitting a liquor permit application from submitting, or causing to submit, any false statement connected to the application. He or she also must not engage in any conduct that delays or impedes DCP in processing the application. A violation is deemed a violation of the Connecticut Unfair Trade Practices Act (CUTPA).

The commissioner, after providing an opportunity for a hearing, may impose a civil penalty of up to \$1,000 per violation on anyone who violates this provision. She may also order the person to pay restitution to the applicant, backer, or permittee. Under the bill, all civil penalties paid, collected, or recovered must be deposited in the consumer protection enforcement account (DCP uses this account to enforce the licensing and registration laws it administers).

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the DCP commissioner to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than \$10,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's fees; and impose civil penalties of up to \$5,000 for willful violations and up to \$25,000 for a restraining order violation.

EFFECTIVE DATE: July 1, 2023

§§ 18 & 26 — FIRE INSPECTIONS

Limits the requirement that liquor permit applicants submit fire safety-related documents to the initial application only; specifies that completion of the annual required fire inspection for permittees for on-premises alcohol consumption is not a precondition for permit renewal

Current law generally requires individuals applying for an alcoholic liquor permit or seeking a renewal of one to, among other things, submit documents establishing that certain building, fire, and zoning codes and ordinances related to hours or sale will be met. The bill limits this requirement to the initial application only.

The bill also specifies that completing the annual required fire inspection for permittees for on-premises alcohol consumption is not a precondition for permit renewal.

Regardless of the requirements of the local fire marshal's inspection law, the bill requires a local fire marshal, deputy fire marshal, fire inspector, or other fire code inspector or fire investigator in a municipality, at least once per calendar year, to inspect all premises in the municipality that operate under a permit that allows for on-premises alcohol consumption.

EFFECTIVE DATE: October 1, 2023

§ 19 — PERMITTEE REQUIREMENTS

Requires permittees to be a backer's director, employee, member, officer, partner, or shareholder

The bill requires a permittee to be a backer's director, employee, member, officer, partner, or shareholder. For this purpose, an "employee" is an individual whose (1) manner and means of work performance are subject to the backer's control or right of control, and (2) compensation is reported, or required to be reported, on a federal Form W-2 issued by, or caused to be issued by, the backer.

§§ 24 & 25 — BEER KEGS

Lowers, from six to four gallons, the minimum liquid capacity needed to be considered a keg to meet industry standards; allows manufacturer permittees for beer to sell kegs

Liquid Capacity Increase

The bill lowers the minimum liquid capacity needed, from six to four gallons, to be considered a keg, to meet industry standards. As a result, more containers must adhere to keg identification requirements (see below). As under existing law, a keg must be a brewery-sealed individual container of beer.

Manufacturer Permittees for Beer

The bill allows a manufacturer permittee for beer to sell kegs for off-premises consumption and extends existing law's requirements to these sales. As under existing law for package and grocery stores, the permittee must, at the time of sale, (1) place an identification tag on the

keg; (2) require purchasers to sign a receipt; and (3) inform them that the deposit, if any, must be forfeited if the keg is returned without an intact and readable tag. The seller may inform buyers of this fact either verbally or by posting a conspicuous sign at the point of sale.

By law, the tag must be a numbered label DCP furnishes that clearly identifies the seller. It must be made and attached so that the beer manufacturer can easily remove it for keg cleaning and reuse. DCP may charge a reasonable fee, up to the actual cost, for supplying the tags and customer receipts.

The customer signature receipt must be a form provided by DCP stating the purchaser's name, address, driver's license number, or other identification set by regulation. The seller must keep a copy of all receipts on the premises and available for inspection and copying by department and criminal justice agencies for six months.

As under existing law, the bill prohibits manufacturers from refunding a keg deposit if the keg (1) does not have the required identification tag or (2) has one that is defaced and unreadable.

Under the bill, a manufacturer permittee who violates these provisions may have his or her permit revoked or suspended.

§ 27 — LIQUOR LIABILITY INSURANCE STUDY

Requires the Liquor Control Commission to (1) study the potential impact of requiring permittees to have liquor liability insurance and (2) report its findings to the General Law Committee

The bill requires the Liquor Control Commission to study the potential impact of requiring each person seeking a liquor permit or its renewal to attest that he or she has obtained liquor liability insurance. By January 1, 2024, the commission must report to the General Law Committee on the study.

BACKGROUND

Related Bill

sSB 905 (File 207), favorably reported by the General Law Committee, contains substantially similar provisions on auction permits, open-air

permits, cocktail kegs, beer or pipeline cleanings, farmers' market sales permits, festival permits, fire inspections, and liability insurance study.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/02/2023)