

General Law Committee JOINT FAVORABLE REPORT

Bill No.: HB-6548
Title: AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S
RECOMMENDATIONS REGARDING ALCOHOLIC LIQUOR REGULATION.
Vote Date: 3/2/2023
Vote Action: Joint Favorable Substitute
PH Date: 1/31/2023
File No.: 118

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:
General Law Committee

REASONS FOR BILL:
This bill was proposed by the Department of Consumer Protection to make various minor, technical, and conforming changes to the Liquor Control Act. These changes will update the current Liquor Control Act.

PROPOSED SUBSTITUTE LANGUAGE

There were many technical changes to the Liquor Control Act that DCP requested in its proposal to the committee. The changes in the proposed substitute language were necessary for accuracy and/or clarity. These sections are as follows:

Section 1 and 2 of this bill makes technical changes to definitions Lines 3 to 213
Section 3 continues to make technical changes to definitions Lines 217 to 311.
Section 7-16 the entire section makes technical changes and discusses permits.
Section 17 and 18 was removed from the raised bill.

RESPONSE FROM ADMINISTRATION/AGENCY:

Michelle Seagull, Commissioner, Department of Consumer Protection

Commissioner Seagull supports this bill. This bill was a proposal made by the DCP. It makes minor technical and conforming changes to the Liquor Control Act. It also codifies allowed practices of alternating proprietorship and contract manufacturing activities and clarifies that the activities are available to all producers, not just breweries. Other changes were made regarding permits, definition of keg to meet standards and streamline enforcement procedures.

NATURE AND SOURCES OF SUPPORT:

Rep. Donna M. Veach, House of Representatives, State of Connecticut

Rep. Veach is in strong support of this bill. Rep. Veach states that this proposal contains parts which she submitted to the committee under HB6084. This proposal will allow an auction company to purchase or consign liquor, wine or beer from estates, individuals and companies to be offered online or at a live sale at prices set by the auction process or direct brokered sale (non-retail). The items for sale would have already been subject to minimum bottle rules. This is often vintage alcohol that is part of an estate or excess inventory from another entity that needs to be sold. This permit will not allow retail sales or allow consumption on the premises. It would be allowed to have promotional tastings and educational events such as classes and presentations. The primary auction will be online for out of state shipping or pick up at a permittee's location.

Ryan Brechlin, Nest Egg Auctions

Mr. Brechlin writes in support of this bill specifically Section 6 regarding DCP creating a temporary auction permit. There is a substantial consumer and investor interest in rare and collectible wine, beer and spirits. This permit would allow the sale of liquor on a secondary market when someone is interested in liquidating all or part of a collection. Connecticut would collect revenue by allowing this permit through sales tax revenue from the secondary market transactions.

Chris Buchanan, Director of Public Affairs and State and Local Government Relations, Northeast Region, Walmart

Mr. Buchanan writes in support this bill. Walmart has twelve Supercenters in Connecticut which do meet the standard for being a grocery store. The sales in these stores for non-grocery items are greater than the grocery products, making Walmart ineligible to sell beer. This is unfair and outdated and should be modernized. Many people who shop for groceries at Walmart would also enjoy being able to purchase beer from the store.

Scott Dolch, President, Connecticut Restaurant Association

Mr. Dolch writes in support of this bill. During the pandemic restaurants and caterers were allowed to sell alcohol with their take-out. Customers were given a convenient way to add alcohol with take-out and giving restaurants a way to increase their revenue. DCP would like to remove the sunset of June 2024 and make this a permanent option. Connecticut Restaurant Association supports this option for take-out.

Connecticut Beer Wholesalers Association

Connecticut Beer Wholesalers Association supports the section of HB6548 that supports collaboration and innovation among emerging businesses. CBWA is concerned however about the partnerships between in-state brewers and those out of state brewers that already supply beer into Connecticut. Allowing this may undermine our statutory franchise protections.

Thomas Selmont

Mr. Selmont is in support of this bill. He is an active partner in 2 businesses that take part in sale at auction. Auctions are a way to transfer property between two entities that is fair and transparent. Under current law it is not legal to sell, trade or transfer alcohol products on the secondary market. Allowing an auction house to operate and sell together with retailers would create income for small shops to sell products at a higher local market rate.

Emily Smith, Vice President State Public Policy, Distilled Spirits Council of the United States

Ms. Smith writes in support of this bill. This proposal would modernize several markets that would benefit the consumer in Connecticut, as well as businesses including manufacturing, distributing and retailing distilled spirits in the state. Cocktails to-go were done on a temporary basis during the pandemic, but it is now a regular part of takeout dining. Allowing this to continue permanently with a food purchase would help the businesses who continue to face challenges. It is clear from the legislation and regulatory guidance cocktails to-go are intended for home consumption. This practice will help those in the hospitality business to continue to recover.

NATURE AND SOURCES OF OPPOSITION:

Joan Nichols, Executive Director, Connecticut Farm Bureau (CFBA)

Joan Nichols from CFBA writes in opposition to the portion of the bill that allows for free tastings at farmers' markets. Farm wineries were given the opportunity to provide exposure to consumers who look for fresh, locally grown produce at farmers' markets. Allowing manufacturers of beer and spirits to provide tastings at a farmers' market undermines the value of farm production which consumers came to expect from a farmers' market.

Reported by: Bonnie Gray, Assistant Clerk

Date: 3/21/2023