

General Law Committee JOINT FAVORABLE REPORT

Bill No.: SB-905

Title: AN ACT CONCERNING ALCOHOLIC LIQUOR AND TOBACCO BARS.

Vote Date: 3/7/2023

Vote Action: Joint Favorable Substitute

PH Date: 1/31/2023

File No.: 207

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SPONSORS OF BILL:

General Law Committee

Co-Sponsor:

[Rep. David Michel, 146th Dist.](#)

[Rep. Travis Simms, 140th Dist.](#)

[Rep. Geraldo C. Reyes, 75th Dist.](#)

[Rep. Jason Perillo, 113th Dist.](#)

REASONS FOR BILL:

This bill will revise and modernize laws for alcoholic liquor and tobacco bars through the DCP. Often legislation needs to be changed to reflect the current times, this bill will make these changes.

Proposed Substitute Language

Changes to Section 2 were made, as it included package store permittees. Connecticut has minimum bottle requirements. There could be implications regarding the minimum bottle requirements if package stores are allowed to auction.

Changes to Section 4 were made to clearly define the size of a cocktail keg. When a wholesaler sells a beer keg tagging is not necessary if sold to bars or restaurants. Grocery stores and package stores are required to tag such kegs when sold for individual purposes. The tagging requirement for cocktail kegs is not necessary for wholesalers.

Section 5 also was amended. As of October 1, 2023, the DCP will amend regulations to require that beer or wine pipelines be kept clean every two weeks and will be done in a specific manner. In addition, there are provisions regarding self-pour automated systems, as well as changes to what needs prior approval for interior or exterior permit premises, live entertainment, etc.

Section 15 was amended to remove an unnecessary tagging of cocktail kegs. Beer kegs will continue to be tagged by package stores and grocery stores.

Section 16 was amended. The amendment makes it a Class C misdemeanor if anyone knowingly purchases a beer keg without the required tagging.

Section 18 was amended by giving definitions of beer, wine and spirits and the amount of each and clarification of who is a distributor, licensed distributor and tax periods.

RESPONSE FROM ADMINISTRATION/AGENCY:

Michelle Seagull, Commissioner, Department of Consumer Protection

Commissioner Seagull states DCP will not take a position on this bill, however DCP has recommendations. Commissioner Seagull discusses in detail Section 2, Section 4, Section 5, as well as Section 15, 16 and Section 18 in these sections of their testimony, DCP makes their recommendations. In these sections, DCP clarifies language and makes suggestions regarding permits that are being proposed.

Manisha Juthani, MD, Commissioner, Connecticut Department of Public Health

Commissioner Juthani is in opposition of this bill. Given the negative impact of secondhand smoke and the dangers of direct inhaling of tobacco products smoke free environments continue to be important for our citizens. Smoke free environments keep our young adults and those who are trying to quit smoking from being exposed.

NATURE AND SOURCES OF SUPPORT:

Andria Alex, and Ronald Bolduc, Jr. Bongo Ron's Cigar & Lounge

Ms. Alex and Mr. Bolduc support this bill. As owners of a cigar shop, they would like to see Connecticut laws regarding cigar lounge industry mirror our neighboring states.

Paul Athey, Horsepower Cigar Lounge,

Mr. Athey supports this bill. Mr. Athey states that he opened his cigar lounge with his wife approximately two years ago. Being able to add liquor would boost Mr. Athey and his wife's ability to boost their bottom line and increase their hiring power to 4 to 6 full time employees, currently they have one full time employee who works beside Mr. Athey and his wife works part time after her regular job. This is a pro-business bill that will allow them to grow and succeed.

Ryan Brechlin, Auctioneer, Nest Egg Auctions

Mr. Brechlin supports this bill especially Section 2 regarding the temporary auction permit to sell beer, wine and spirits at live and online auction. Nest Egg Auctions has 26 years' experience in live and online auctions. There is interest in consumer and investors to purchase rare and collectible wine, beer and spirits. The ability to tap into this market does not exist in Connecticut. Currently, Illinois, Kentucky and North Carolina have permits allowing auction of spirits at online and live auctions and it is very successful. By allowing the consignment, purchase and brokerage of wine, beer and spirits at live and online auctions would increase revenue, hire more employees and generate taxes. There are estates and executors that would like to have an option for liquidation of a large collection in-state.

Thomas Selmont

Mr. Selmont is in support of this bill. Mr. Selmont is an active partner in businesses that are engaged in the sale at auction. There should be a legal method for selling, trading, transferring or disposing of alcohol products in a secondary market in Connecticut.

The following citizens also wrote in support of this bill as it is written in favor of tobacco bars. They believe by allowing the changes in tobacco bars the growth opportunity would allow for increase in revenue and allow them to hire more employees. The increase in revenue would also increase revenue to Connecticut in the form of Sales Tax and Cigar Tax. Tobacco bars are small businesses that would benefit from the changes in the current statutes.

Noelany and Hector Majic Moran, The Penthouse Cigar Shop and Lounge
Victoria Michalek, Connecticut Valley Tobacconist, LLC
Vijay S. Reddy and David Brown, Casa Havana Cigar Group, LLC
Anthony Time, Up in Smoke

NATURE AND SOURCES OF OPPOSITION:

Ruth Canovi, Director of Advocacy, American Lung Association

Ms. Canovi opposes this bill. This bill is a disappointment as it relates to alcohol, it is bringing indoor protections back in time. Clean indoor air laws need to be made stronger not weaker. This is not the time for Connecticut to offer more opportunities to expose people to secondhand smoke. Please protect Connecticut's public health and oppose this bill.

Connecticut Hospital Association

CHA opposes this bill. CHA supports strong tobacco control. Caregivers in the state see the impact that tobacco has on the people's health. Attempting to weaken Connecticut tobacco laws is contrary to the work hospitals and other in the medical field in keeping the citizens in our state healthy. CHA would also like to work with the committee regarding the language used in Section 2 regarding silent auctions that include beer, spirits and wine.

Brian Crawford, Beer Institute, Bob Pease, Brewers Association, Craig Purser, National Beer Wholesalers Association, President's and CEO's

Mr. Crawford, Mr. Pease and Mr. Purser write in opposition to this bill. This bill would make significant changes to reduce the tax rate on liquor. This would put all liquor products in the same category as beer, it is not the same and these should be treated as different categories. Beer is often thought of as a beverage of moderation and is considered one of responsible drinking. There are significant differences between beer production and production of hard liquor. The proposal to lower tax rates on liquor products were rejected by more than a dozen states in the 2021/2022 legislative sessions held throughout the country. We oppose this bill as there should be a clear distinction between these three categories.

The Connecticut Beer Wholesalers Association

CBWA opposes the bill as written. They feel that there should be a clarification on some of the permits. Also, they oppose the modifications of the state's excise tax in Section 7. The reason the excise tax has been different on beer as it is different from spirits. This Section blurs the lines between beer and other spirits.

Roger Nelson, Bloomfield Fire Marshall and Walter Summers, South Windsor Fire Marshal, Connecticut Fire Marshals Association

The Connecticut Fire Marshals Association opposes Line 1167 to Line 1171. Liquor permit holder inspections are a priority as it is important to maintain a fire safe building and emergency exit for public dining. The Association would be happy to work with the committee on language to meet what is intended for this proposed bill.

Jim Williams, Government Relations Director, American Heart Association

Mr. Williams writes that the American Heart Association opposes this bill. Connecticut has in the past shown great leadership in protecting its residents from tobacco addiction and related diseases. This bill would be the opposite of progress in the health of our citizens.

American Cancer Society, Cancer Action Network

Cancer Action Network opposes this bill. Secondhand smoke is a serious health hazard. The ventilation technologies do not do a satisfactory job in protecting people from the hazards of secondhand smoke.

Andrew Ginsburg, General Manager, Hartford Distributors, Inc.

Mr. Ginsburg is opposed to Section 7 of SB905. Changing the tax structure on liquor is going in the wrong direction. Producing beer is more expensive than that of Liquor. Lowering the tax could have an adverse effect on suppliers and craft brewers.

Reported by: Bonnie Gray, Assistant Clerk

Date: 3/20/2023