

General Law Committee JOINT FAVORABLE REPORT

Bill No.: HB-5234

AN ACT CONCERNING THE DEPARTMENT OF CONSUMER PROTECTION'S

Title: RECOMMENDATIONS REGARDING ALCOHOLIC LIQUOR REGULATION.

Vote Date: 3/7/2024

Vote Action: Joint Favorable Substitute

PH Date: 2/27/2024

File No.:

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SPONSORS OF BILL:

General Law Committee

REASONS FOR BILL:

The purpose of HB-5234 is to make several amendments and additions to the Liquor Control Act to enhance clarity, regulation, and oversight within the business entities involved in the liquor industry. First, HB-5234 aims to define "business entity" for better understanding and application of regulations. Second, HB-5234 delineates specific circumstances under which franchisors or landlords may receive profits, while also prohibiting "placeholder" practices. Additionally, HB-5234 modifies certain notice requirements and mandates that certain permittees disclose additional information when appointing additional wholesalers. Furthermore, HB-5234 allows for additional permit holders to offer tastings and make donations, empowers the department to conduct more investigations and impose increased fines, and permits holders of certain permits to hold other permits. Overall, HB-5234 aims to streamline processes, enhance oversight, and ensure compliance within the liquor industry.

SUBSTITUTE LANGUAGE:

The proposed substitute language recommends amendments to existing statutes governing the regulation of alcoholic liquor. It begins by providing clear definitions for terms such as "airline," "alcohol," "alcoholic beverage," and others relevant to the liquor industry. These definitions aim to ensure consistency and clarity in the interpretation of the law. The proposed substitute language also prohibits commissioners of the Liquor Control Commission and employees of the Department of Consumer Protection from having any financial interest in dealing with or manufacturing alcoholic liquor. This provision aims to prevent conflicts of interest and maintain the integrity of regulatory oversight. Additionally, the proposed amendments address the renewal of package store permits and provide measures to prevent placeholder, ensuring that permits are utilized for their intended purpose. Overall, these

amendments seek to clarify definitions and uphold standards of accountability within the alcoholic liquor industry, with the goal of ensuring public safety and consumer protection.

RESPONSE FROM ADMINISTRATION/AGENCY:

Bryan Cafferelli, Commissioner, Department of Consumer Protection (DCP):

The Department of Consumer Protection (DCP) supports HB-5234 aimed at amending the Liquor Control Act. The DCP supports the proposed changes designed to streamline technical procedures while upholding consumer protections. The DCP supports the key provisions of HB-5234 including: prohibiting holding a package store permit without intent to operate, aligning civil penalty authority with the Commissioner's enforcement powers, ensuring consistency in hearing notice requirements, permitting the establishment of emerging food business models, authorizing DCP Liquor Control Agents to embargo illegal equipment discovered during investigations, granting government immunity to minors involved in liquor investigations, allowing the use of electronic age statement forms by permittees, and prohibiting intoxicated individuals from remaining in bar areas.

NATURE AND SOURCES OF SUPPORT:

None expressed

NATURE AND SOURCES OF OPPOSITION:

Representative Vincent J. Candelora, Republican Leader, Connecticut House of Representatives:

Representative Vincent J. Candelora opposes HB-5234 as it stands. Representative Candelora urges the General Law Committee to update the definition of "farm winery" and establish a definition for "farm brewery" that requires these establishments to grow a significant portion of their ingredients on-site. Currently, while farm wineries must have 25% of their fruit grown in the state, there's no requirement for it to be grown on-site. Similarly, there's no clear definition for "farm brewery," but breweries can use the term if 25% of their ingredients are grown in-state. However, this can mislead consumers into believing the ingredients are grown on-site. Representative Candelora proposes that both farm wineries and breweries should be required to use ingredients grown on their own property to eliminate confusion and ensure transparency for consumers.

Jude Malone, Representative, Connecticut Beer Wholesalers Association:

Jude Malone, representing the Connecticut Beer Wholesalers Association, respectfully requests the General Law Committee to consider amending section 5 of HB-5234. Malone expresses concern about the language in Section 5 regarding the notice of the appointment of an additional beer wholesaler, which Malone feels could be interpreted as assuming automatic approval. Malone emphasizes that the appointment of an additional beer wholesaler should depend on a finding of just and sufficient cause. Malone proposes specific language amendments to ensure that written notice includes the name of each additional wholesaler proposed to be appointed as a distributor and provides a detailed description of the just and sufficient cause claimed to necessitate such appointment.

Jamie Jones, Vineyard Owner and Famer, Jones Family Farms Winery LLC:

Jamie Jones, a sixth-generation vineyard owner and farmer from Shelton, CT opposes HB-5234 as written. Jones states that allowing HB-5234 to pass will be highly disappointing to the farm wineries in Connecticut.

Reported by: Joshua Gonzalez

Date: March 20, 2024