

Modernizing Connecticut's Liquor Laws

Make Connecticut's Days and Hours of Sale Competitive with Surrounding States

- Allow the off-premise sale of alcohol on Sundays, with hourly restrictions equal to that of other days.
 - Connecticut is currently *one of only two states* that doesn't allow for any Sunday Sales.
 - Most industry estimates for Sunday Sales range from 4 to 8 percent growth in overall sales, which would equate to between \$6.4M and \$11.2M in new state revenue.
- Eliminate "Monday after Sunday holiday" closings, and allow stores to be open on Memorial Day, July 4 and Labor Day.
- Allow package and grocery stores to sell alcohol until 10:00 p.m. should they so choose.
- Allow on-premise permits (restaurants and bars) to stay open until 2 a.m. every night of the week, should they choose (subject to all local ordinances and restrictions).

Regional Competition:

	On-Premise (Bars/Restaurants)	Off-Premise (Package Store/Grocery)
New York	8 a.m.–4 a.m. every day; not before noon on Sundays	Beer: 24 hours/day; Wine & Spirits: 9 a.m.–midnight Mon–Sat and Noon–9 pm Sunday
Massachusetts	8:00 a.m.–2:00 a.m. every day; not before 11:00 a.m. on Sunday	8:00 a.m.–11:00 p.m. every day, but not before noon on Sunday
Rhode Island	9 a.m.–1 a.m. every day; 2 a.m. in Providence only on Friday and Saturday nights	9 a.m.–10 p.m. Mon–Sat; 12 p.m. - 6 p.m. Sunday

What's being lost?

While it's difficult to know exactly how much money Connecticut is losing across its borders, one industry estimate puts the figure at more than \$570 million in sales.

Remove Burdensome Restrictions on Distribution and Sale to Benefit Consumers

- Eliminate price posting, minimum bottle, and quantity discount laws.
 - Connecticut uses a price posting system that enforces "uniform pricing" regulation by requiring distributors to offer the same price to all retailers and to post those prices publically for all to see. Additionally, distributors cannot offer quantity discounts to retailers, and the law prohibits off-premises retailers from selling at a price below cost, calculated as: the wholesale price + a specific per bottle mark up (between 2 and 8 cents depending on bottle size) + any shipping/delivery charges paid by the retailer.
 - Removing these restrictions will not only give retailers more flexibility and lower shelf prices for consumers, it will allow the Dept. of Consumer Protection to refocus vital resources on enforcing our liquor laws and protecting consumer safety.
 - Fosters competition within the liquor retail industry to the benefit of Connecticut consumers.
- Allow beer wholesalers to use depletion allowances, and allow all distributors to offer wholesale discounts on those allowances.
 - Since 1998, the state has allowed liquor manufacturers (not beer) to give liquor wholesalers depletion allowances – "a rebate, discount, or other inducement given to a wholesaler for a sales promotion based on the amount of liquor, other than beer, sold." The rate or percentage used to calculate the discount may not be based on volume (quantity discount).

- Making these changes will also help in lowering shelf prices for consumers and freeing up DCP to focus more on enforcement of Connecticut liquor laws.

Give Package Stores the Option to Sell Additional “Complementary Goods”

- Allow package stores to sell additional goods, defined as “complementary” to alcohol sales, i.e. snack food and hors d’oeuvres such as cheese, crackers, chips and nuts.
 - Currently Connecticut package stores are limited to selling cigarettes, publications, bar utensils, lottery tickets, mixers, and some other smaller items. In neighboring states such as Massachusetts, stores can offer an assortment of accessory goods not available to Connecticut merchants.

Give Some Additional Small Businesses Greater Choice in Selling Beer

- Revise “beer-only” permits to include some qualifying convenience stores that are primarily engaged in sale of groceries.
 - Currently, Connecticut general statutes define grocery stores as being "primarily engaged in the retail sale" of groceries. Excluding cigarette sales when making the "primarily engaged" calculation would give some additional convenience stores the option of selling beer.

Permitting

- Institute a statewide medallion system for use with package store licenses.
 - Under this system, all current store owners are given a medallion to be held in conjunction with each permit. Should they choose, the medallion can be sold on an open, statewide market (upon sale, the seller gives up their current permit), giving the buyer the opportunity to apply for a package store license. No applications would be accepted without a medallion.
 - The maximum number of permits is then defined at state-level, with towns maintaining their ability to further limit regulations within their borders, and with all local zoning rules remaining intact.
 - When a medallion is sold, DCP oversees and approves the process. DCP assures that both the new owner and the new location are suitable just as it does currently when issuing package store permits. DCP assures that if a medallion is not used to actually operate a package store within a set period of time, it is forfeited and sold at auction.
 - In addition to constant review from the Consumer Protection Commissioner, an automatic 5-year legislative review is included to ensure the market is operating as intended.
- Give grocery stores greater flexibility in operating separate package stores.
 - Currently, Connecticut law does not allow operators of beer-only permits to also operate a separate package store (with a separate store space, entranceway, registers, etc.).
 - In conjunction with the medallion system laid out above, this system has the potential to foster a market of medallion purchasers for current package store owners that wish to sell their medallions.
- Increasing the “2-store limit” to 9.
 - Connecticut law currently restricts one person or LLC to operate no more than two package stores.
 - Recently, Massachusetts passed sweeping changes to their permitting and licensing system for off-premise retailers (MA SB 2033, 2011), moving their limit on permits from 3 to 9 (without increasing the total number of permits).
 - An increase in the 2-store limit will promote increased competition and flexibility among store owners. Again, working with the medallion system laid out above, this system has the potential to foster a market of medallion purchasers for current package store owners that wish to sell their medallions.

###