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LIQUOR CONTROL COMMITTEE

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THURSDAY

MAY 3, 1951

Senator James E. Foley and
Representative Edward H. Kummer,
presiding.

Members present: Senators: Leipner, Herman,
Giampietro and Lombardo.

Representatives: Delay, Sr., Peterson,
Johnson, McManus, Smith, Flynn, Gifford,
O'Connor, Curtis, D'Aquila, Williams,
Bumsted, Raymond, Longo, Mopsik, DeLeon
and Gwiasdowski.

Chm. Foley: The meeting of the Liquor Control Committee will now come to order. The first bill on the agenda this afternoon is H.B. 1442 (Rep. Kummer) AN ACT CONCERNING CLASSES OF PERMITS. We will listen to the proponents on this bill. First, however, if there are any Senators or Representatives present who wish to speak on any of the bills on the agenda, they may do so.

Rep. Roland W. Tyler, Watertown: I would like to speak on H.B. 823 (Mr. Kummer) AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS. This provides for the posting of prices of alcoholic liquors. I think this is a fair bill and very much in the interest of the public. It will also protect the small dealer and take bargaining out of the liquor business. I hope the Committee will give this a favorable report.

Rep. Edmund H. Lamb, Ledyard: I would like to register in favor of H.B. 1640 (Committee) AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS. I believe this is a good bill and I would like to register in favor of it.

Rep. Albert W. Cretella, North Haven: Mr. Chairman, I want to be heard briefly on H.B. 1640, CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and H.B. 823, CONCERNING THE POSTING OF ALCOHOLIC LIQUORS. I want to go on record favoring both of these bills and the reason is that it tends to eliminate the price war in the liquor business, and it would put an end to these price wars because they don't benefit anybody. There may be some arguments raised by some of the sellers of brands of their own. I think the people who are here are interested in these bills and they are law-abiding citizens. They contribute to the

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cities as well as the State. I think the State owes them some degree and some sense of co-operation. I hope this bill passes.

Rep. Edwin F. Raffile, West Haven: Mr. Chairman, I concur with the statement of the previous speaker and would like to register in favor of Committee Bill 1640, CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS.

Rep. Charles R. Kirchberger, Morris: Mr. Chairman, I would like to speak on H.B. 823, CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS - concerning fair trade prices on liquor. It is high time that the retail dealers in liquor and beer be given the same opportunity to make a living as has been given to the chain stores, not only in this State but in all forty-eight. They are little business men, entitled to a fair living to take care of their families. I hope the Committee sees fit to return a favorable report on both of these bills.

Rep. Arthur E.B. Tanner, Woodbury: I would like to speak in favor of H.B. 1640, CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and its comparable in the Senate. This bill aids the small liquor dealer and gives him the same benefits as the large distributors of the products. I just want to register in favor of this bill and hope you will give it a favorable report.

Chm. Foley: Is there anyone else in favor?

Rep. Lucie Wrynn, Wallingford: I would like to register in favor of H.B. 823, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and S.B. 443, CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS. Thank you.

Chm. Foley: Are there any other Senators or Representatives? (No response.) If not, we will proceed with the agenda and hear the proponents on H.B. 1442 (Mr. Kummer) AN ACT CONCERNING CLASSES OF PERMITS.

Mr. Stanley Palaski, Executive Secretary, Liquor Control Commission: This bill is merely a clarification of the Liquor Control Act as to the type of permits that should be included, which had previously been omitted. There is only one that might be included and that is the temporary permit for all alcoholic liquor. The Commission feels that the classifications of the permits should be changed in the Act to include that.

Chm. Foley: Are there any other proponents? (No response.) Any opposition? (No response.) The case is closed.

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Chm. Foley: Is there anyone else in favor? (No response.) Any opposition? (No response.) The case is closed.

 Chm. Foley: We will now hear S.B. 443 (Sen. Lombardo) AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and the comparable bill, H. B. 823 (Mr. Kummer) AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and H.B. 1640 (Committee) AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and a substitute for S.B. 443, and I believe there is another substitute bill on this without a number. We will hear all these bills at one time. They concern the posting of prices of alcoholic liquors. Are there any proponents?

Mr. Stanley Palaski, Liquor Control Commission: We have been asked whether or not the Liquor Commission is taking a position on these bills. We wish to inform you that the Liquor Commission - - -

Interruption from the floor (no name given): Mr. Chairman?

Chm. Foley: Will you state your point of order?

Speaker from the floor (no name): Yes sir. Most everybody uses the microphone. Will the gentleman use a microphone?

Mr. Palaski: (Now using microphone.) In regard to these bills, the Liquor Commission is not taking any position or stand on these bills inasmuch as it feels that it is an administrative body to be guided by the Legislature and whatever the Legislature deems best to adopt, the Commission will be guided by it.

Attorney Joseph Klau, Hartford, representing the Connecticut State Package Stores Association: Mr. Chairman, these four bills which you are considering at the present time, deal substantially with the same subject S.B. 443, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS and H.B. 823, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS were identical, and H.B. 1640, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS and Substitute Senate Bill 443, are also identical, but they are subsequent bills that have corrected some of the material in the original bills. So that the present bills our Association is in favor of are H.B. 1640, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and Substitute Senate Bill 443 AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS. This is a matter which

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has come before your Committee on other occasions. Four years ago, you took action on it. Two years ago, the Senate passed a similar bill and, due to the lateness of the presentation to the House, it couldn't be acted upon favorably although it received a favorable report in the House by the Committee on Liquor. These bills are designed to establish uniformity of prices on all brands of liquor sold in the State of Connecticut. The bills are amendments to existing laws. At the present time, all manufacturers and wholesalers of brands must post prices to retail permittees and that price cannot be evaded. The purpose of that, of course, was to prevent discrimination against retail permittees and also to assure a more orderly distribution of liquor, and more especially to avoid the evils that come from cutting prices. Now, this is a legal extension of the principles, or, under our law, extends that principle to consumer levels. The retail sales of liquor in package stores, drug stores and other places are subject to price wars. Sales by distillers often especially cause this, throwing the entire distribution of liquor into a chaotic situation and increases the consumption of liquor through low prices, and has caused the ruin of two thousand distributors of liquor. These evils tend to increase lawlessness and disregard of the Liquor Act and its requirements. We believe that the passage of this bill would tend to provide for more orderly distribution of liquor and more moderate consumption of liquor, and avoid price wars, and would bring lower prices to the consumer by placing the competition where it belongs, at the distributor level rather than the retail level where they are unable to compete with chain stores. The mechanics of this Act are very simple. At least once in four months, the owners of the brand or wholesalers of the brand will post retail prices and that price will prevail for that period. The Liquor Control Commission is given authority to make regulations in the event of hardship or closing out of deteriorated stock. The industry is represented by these people here today. They are apparently willing to stand the cost of this bill - perfectly willing to increase their permit fees by ten percent and the fees are to be used by the Liquor Commission for the administration of this Act. This Act follows, almost verbatim, the laws passed in the State of New York a year ago, with the overwhelming approval of the public and the industry and, of course, the General Assembly. The State of New Jersey has long had this act on its books. The Commonwealth of Massachusetts has a similar bill and so has Rhode Island. This does not guarantee anyone a profit; it simply provides that liquor is sold at one price, the same in one place as in another, and that will bring competition down to a level that the public wants to pay for that brand. I could give you many more arguments but I urge your careful consideration of these

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bills and urge that since this hearing is held so early in the month, that a favorable report will be brought out as soon as possible so that favorable consideration may be given to it. Thank you.

- Rep. David M. Johnson, Stonington: Mr. Chairman, I wish to register in favor of H.B. 1640, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS, and I hope the Committee reports favorably on this bill.
- Rep. Lawrence M. Gilman, Bozrah: I wish to register in favor of this bill.
- Sen. Patrick J. Ward, 1st District: Mr. Chairman, I would like to go on record in favor of S.B. 668, AN ACT AMENDING SECTION 4266, GENERAL STATUTES, REVISION OF 1949 ENTITLED "LIMITATION OF PERMITS. LOANS," which I introduced. I introduced this bill specifically to protect the jobs of employees and I hope the Committee comes out with a favorable report.
- Chm. Foley: Are there any other Senators or Representatives wishing to be heard?
- Rep. Louis J. Fiondella, Southington: I wish to register in favor of H.B. 332 (Mr. Mopsik) AN ACT CONCERNING FAIR TRADE CONTRACTS OF LIQUOR PERMITTEES.
- Chm. Foley: Are there any other Senators or Representatives? (No response.) We will continue the hearing.
- Mr. Ralph Maisano, New Haven: I am the Legislative Chairman for the Package Stores Association: We are in favor of these bills and this group that is here today from each town and asks that the Committee favor these bills. These men who are here this afternoon come from all parts of the State. I just wanted to point out one very important fact on these bills. These bills seek the right to set prices and establish a minimum retail price. Competition will always determine what the prices shall be. These men who are here today are here for a very specific reason. They have, in the past two or three years, been squeezed to the point of economic unsoundness in their business. All we are asking for is that we get a minimum out of this business. I am sure the Committee knows its own business, and to same time, we will present this in resolution form. (Presents resolutions.) Thank you.
- Chm. Foley: Is there anyone else in favor of any one of these four bills?

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Rev. Harry Olcott, Bloomfield: It has never been my custom to present any opinions regarding legislation of this type. However, it seems to me that this legislation, as I understand it, will tend to eliminate unfair competition in the liquor industry. It is something that we are about due for. I am not capable of judging the arguments or the details of these several bills that are under consideration. I do not know whether they are drawn as they should be to accomplish their object but I think they are. I would like to see a bill which would eliminate altogether the advertising of prices outside of the place of sales, in the windows or newspapers or anywhere else. If that were done, you would get rid of this unfair competition completely and get directly at the core of the matter and I think most of the package store men here wouldn't object to that. I register in favor of the various bills designed for this purpose.

Chm. Foley: Is there anyone else in favor?

Mr. Max Lewis, Wholesale Jobber, Hartford: I am speaking in favor of H.B. 1640, AN ACT CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS. I would like to take your time to state why I am in favor of fair trade. I am not worried about the particular brands which are more in demand than others. I don't have any outstanding brand and still make a profit. Of course, I appreciate the fact that there have been a lot of so-called "kickbacks" and "under the counter" selling, and I do believe that the situation could be corrected provided there is a mutual understanding between the retailer, such as the package stores and druggists, whereby a posted price by the distiller or by the wholesaler - and they really should stick to it. I disagree with one of the previous speakers about the cut prices. I am speaking from experience. The largest chain in the State, the A. & P., post their prices. I am certainly not waving a flag for them but I feel that all this should go on record. It requires a lot more than just the price posting to keep this in orderly fashion. It requires a little bit more than promises. Today there is, what we call in the wholesale vernacular, a lot of "chiseling" going on. Perhaps this will not answer the entire question but if the wholesaler who was chiseling didn't get the support of package stores, this couldn't go on. However, I want to go on record that this price posting has got to be passed to survive.

Mr. Louis Abramson, Hartford, President of the State Package Stores Association: I am heartily in favor of the passage of this bill. This bill will definitely tend to promote temperance. It will prevent undue sales of alcoholic

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beverages caused by this various cut-price advertising of which I have several, and will leave them with the Committee. (Presents several newspaper advertisements.) This will not rest the case of the consuming public as evidenced by the fact of an "ad" I have right here taken from the New York papers where, in view of the fact that the New York prices are higher than Connecticut, due to the taxes, the distiller has still put a lower resale price to the public than we have here in the State of Connecticut. This definitely places the competition on the distillers' level through a summary of the lowest possible prices. I certainly trust and hope that this Committee will bring out a favorable report on this bill at the earliest possible moment. Thank you.

Chm. Foley: Is there anyone else in favor?

Mr. E. Gaynor Brennan, representing the Connecticut Wholesale Liquor Dealers Association: Mr. Chairman, our Association has considered this legislation and are one hundred percent in favor of a favorable report on these bills.

Chm. Foley: Does anyone else wish to be heard?

Mr. Ivan Gamden, Oakville, Chairman of the Distributors' Board of the Liquor Commission: We have found that the price wars in Connecticut will drive at least fifty percent of the wholesale men out of business. We go on record to stop these price wars because they will only bring the public into the stores to buy more than they could use. This bill is towards a temperance move to have the public drink in moderation and we think this bill would be good for the industry in the State of Connecticut.

Attorney Joseph K. Sherman, Stamford, representing the Connecticut Package Stores Association: My statement will be very brief. We know from experience with prohibition and repeal that the liquor business is unlike any other business. It is a very sensitive and very vulnerable business. We know that there are certain social and moral aspects connected with it. We know that any form of activity which creates any hostility with the sale of liquor in all of the forty-five states where the sale of liquor is now permitted - we know that all the liquor restrictions are designed to foster temperance, and, obviously, one of the principal difficulties we have is the misunderstanding information that the mandatory fair trade makes higher prices in liquor. That is not so. Mandatory fair trade simply forces the distiller - the big fellow - to establish prices. Mandatory fair trade prevents these distillers from forcing the little fellow into a price war. Now, we know for a fact, that there are a few chiselers

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and it has been found that the only way to deal with these chiselers is through mandatory fair trade. Here in Connecticut, this law is sponsored by two thousand of the package stores from one end of the State to the other. Mandatory fair trade is good legislation. It prevents intemperance and fosters an orderly control in the distribution of liquor. This legislation will preserve respect of the law and will prevent chiselers from undermining the industry in the State of Connecticut. We hope you will report this bill favorably.

Chm. Foley: Are there any Senators or Representatives here who want to speak on any of these bills?

Sen. Stanley J. Cichowski, 6th District: I would like to register in favor of S.B. 443, and H.B. 1640, both CONCERNING THE POSTING OF PRICES OF ALCOHOLIC LIQUORS.

Chm. Foley: Are there any other Senators or Representatives?
 (No response.) We will proceed with the proponents on these four bills.

Attorney Joseph Klau, Hartford: Mr. Chairman, there are several hundred people present here. I would like to have the members representing the various counties rise to be heard.

Mr. Larry Somers, New London County Package Stores Association: I represent the package stores of Waterford, New London, Groton, Mystic, Stonington and Pawtucket. I served the State of Connecticut and the "land" in a military capacity for twenty-two years and I hope I can represent the people here in the passage of this bill and the fact that it will regulate the distribution of alcoholic liquors correctly. I have found in my travels that due to the cut-rate and selling to minors and selling on Sundays, these are all necessary in protecting a ten-thousand dollar interest because they come in and compete with the two-price system. One price would make it independent to the trade and the chain outlet. I go on record from New London County in favor of this bill and hope the Committee will bring out a favorable report.

Rep. Philip P. Laing, Windsor: I would like to definitely go on record in favor of this and the other bills regulating a fair trade price. I believe we all have a local interest in our home town package stores, where the interloping of some of the cut-rate industries are cutting into these small stores. I would like to see our liquor sold at under fair trade practices in Windsor.

Mr. Joseph Saltzman, New Haven: I represent the package stores in New Haven and want to register in favor of these bills.