

Legislative History for Connecticut Act

S.B. 547	PA 135 Scan	1969
House - 2212		1
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1969

GOVERNMENT
GENERAL ASSEMBLY
HOUSE

PROCEEDINGS
1969

VOL. 13
PART 3

665-2591

Thursday, May 1, 1969

25.

the joint committee's favorable report and passage of the following bills: On page 16,...

MR. SPEAKER:

Kindly give your attention to the gentleman from the 78th for these bills.

JOHN F. PAPANDREA, 78th District:

Calendar 420, House Bill 8624, file 633. Calendar 606, House Bill 5888, file 640, Calendar 617, Senate Bill 868, file 391, Calendar 619, Senate Bill 623, file 416. On page 17, at the top of the page, Calendar 621, Substitute for Senate Bill 547, file 427. Calendar 622, Senate Bill 191, file 425. Calendar 623, Senate Bill 192, file 424. Calendar 624, Modified Senate Bill 193, file 422.

MR. SPEAKER:

You have heard the list of bills, will you remark? If not, all those in favor of these bills say Aye, those opposed No. The bills read in the Consent Calendar are adopted.

JOHN F. PAPANDREA, 78th District:

Mr. Speaker, pursuant of the provisions of Rule 47, I would move that the following matters be placed on the Consent Calendar. On page 7, at the top of the page, Calendar 645, House Bill 7314, file 668. On page 8, the middle of the page, Calendar 672, Substitute for House Bill 5891, file 696. Calendar 673, House Bill 6813, file 697. At the bottom of the page, Calendar 675, Substitute for House Bill 6831, file 698. On page 9, at the top, Calendar 676, House Bill 6832, file 699. Calendar

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Committee on Rules. Senate Bill No. 192. An Act concerning the Form of Bills and Resolutions.

SENATOR MILLER:

Mr. President, I move acceptance of the committee's favorable report and passage of this bill. This bill merely allows bills to be introduced by statement of purpose. We've always or rather we have already done this. I urge passage.

THE CHAIR:

All those in favor of this bill, signify by saying, "aye".
Contrary minded? The bill is passed.

CAL. NO. 461. FILE NO. 427. Favorable report of the Joint Committee on Liquor Control. Substitute for Senate Bill No. 547 An Act concerning "Bottle Price" of Alcoholic Liquor other than Beer Minimum Retail Markup.

SENATOR HICKEY:

I move acceptance of the committee's favorable report and passage of the bill. Mr. President, under the present law, when the wholesaler sells liquor in quantity less than a case, he's entitled to charge and extra 1 cent on half-pints, 2 cents on pints and 4 cents on fifths and larger bottles. This law has been on the books for 16 years in Connecticut unchanged. But the cost of handling has risen sharply and the need for release is apparent and apparent to the Joint Committee. The bill simply increases the split case charge 2cents on half-pints, 4 cents on pints and 8 cents on the larger sizes. The bill, then in

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the second section changes and permits the retailer to incorporate the bottle charges into his sale price. I think the increases, Mr. President, are justified and the committee voted unanimously to support this increase.

THE CHAIR:

Any further remarks on this bill? If not, as many who are in favor will signify by saying, "aye". Contrary minded?

The bill is passed.

CAL. NO. 467. FILE NO. 315. Favorable report of the Joint Committee on General Law. House Bill No. 6603. An Act Authorizing Paul J. Murphy, et als to Appeal from an Award of the Highway Commissioner.

SENATOR JACKSON:

Mr. President, I move acceptance of the Joint Committee's favorable report and passage of the bill. This is self-explanatory validating act. It validates a late notice to the Highway Department. I urge passage.

THE CHAIR:

All who are in favor of this bill will signify by saying, "aye". Contrary minded? The bill is passed.

CAL. NO. 468 FILE NO. 314. Favorable report of the Joint Committee on General Law. House Bill No. 6640. An Act concerning Authorization of Gail Puglisi to Maintain an Action Against the City of Hartford.

SENATOR JACKSON:

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and the implication are that it would bring lower costs of liquor here in Connecticut. The actual fact is that there are now eight states which have affirmation, and in seven of them the price of liquor in a major share of the market is higher than it is here in Connecticut. If every state in the union would adopt affirmation, which naturally would continue if states such as Connecticut go in this direction. The answer will be that the costs in Connecticut will not be the costs of what people think would be the lowest in the country, but what would happen would be it would raise the price to whatever the highest is, where it's more expensive to do business in certain states, the answer then would be that the price would be raised to equal it; the fact is that this is what happened in New York state. Unfortunately, the major price of liquor is based upon what the taxes are, and taxes in our state are already approximately 50% of retail costs. One of the best examples of what I'm talking about would be what's happening today in New Hampshire and Maine, both these states are what's known in the trade as monopoly states, where there are no wholesalers or retailers, but the state itself is in the liquor business. And in Maine, taxes run as high as ninety cents higher a bottle than they do in New Hampshire, and the result of course has been that Maine is losing business in the liquor field to New Hampshire. I would like to leave with the committee a statement prepared by Mr. Stover of the Distilled Spirits Institute which points out additional information in this field. Unfortunately the fact is that affirmation will mean that whatever state, wherever the costs are higher to do business, this will become the price, and it will not lower the price to the consumer. Thank you.

Chm. Provenzano; Thank you. Any one else wishing to appear in opposition to SB. 5457 No one else, then we will continue on with the hearing and we will hear SB 546, 547, and 548, which are similar in content. Any one wishing to appear in support of these bills please come forward, give your name.

SB546 (Sen. Caldwell) An Act Concerning: MINIMUM ORDER FOR DELIVERY FROM A WHOLESALER TO A RETAILER.

SB547 (Sen. Caldwell) An Act Concerning: "BOTTLE PRICE" OF ALCOHOLIC LIQUOR OTHER THAN BEER, CORDIALS, COCKTAILS WINES AND PREPARED MIXED DRINKS.

SB548 (Sen. Caldwell) An Act Concerning: MINIMUM CHARGE FOR DELIVERY FROM A WHOLESALER TO A RETAILER.

Mr. Biebel: Frederick Biebel, executive director of the Wine and Spirits Wholesalers of Connecticut. I would like to speak in favor of bill 546, 547, and 548. I would like first to speak if I may in favor of bill 547. Gentlemen the purpose of this bill is simply to encourage the retailers to buy in case lots. The cost of handling split cases has become enormous. If you were to visit a distributors warehouse you would find an enormous supermarket with shelves filled with various items. Unlike the supermarkets a customer does not fill his own order, here warehousemen are busily working taking one bottle from this shelf and one from another, carefully packing into each individual retailers particular order. Most modern warehouses have automatic conveyor systems, but these are of no use with split cases. Split cases require the labor of opening the cases, removing the bottle ordered, repacking those bottles to prevent breakage. Some retailers will order a few bottles of the same brand delivered several times a week, with just a little thought they could order a case every week to spread the cost between the per bottle cost, between

Split case purchases and case purchases is not sufficient to make the effort to plan his orders. Present law limits the difference to one cent on half-pints, two cents on pints, and four cents on fifths, quarts, and half-gallons. This new bill will not increase the retail price of liquor. It is simply an intra industry adjustment that will increase efficiency and avoid the waste involved in the present system. The title of the bill should be amended, however, to include cordials, wines, and so forth, because they present the same problem and that spread should be widened. Beer, however, should not be included. And I say again, that beer should not be included in the split case charge. The additional pennies would never compensate for the additional cost in handling split cases. But it should cause the retailers to think about his orders and avoid split case orders in many instances. On bill, 546, also a bill basically to help the wholesaler out of a problem with delivery, with today's delivery prices and warehouse prices going sky-high, this would ask for a \$30. deliver cost before an order is shipped. In other words, a minimum order of \$30.00. And 548 is simply a dollar per delivery charge. Now there are three bills here that all pertain to a wholesalers cost of doing business. And I am one that knows that we are not going to get all three of these bills. But I do feel that one of these bills, and particularly bill 547, the split-case bill, is a bill that this committee should consider very carefully. Thank you very much.

Rep. Rock: Rep. Rock 35th District. Are there small package store where the order would be less than a \$30.00 order?

Mr. Biebel: It could, yes. However, a \$30. order, they're probably very few orders today that are much less. There are occasions when they'll order one or two bottles... Well, you're asking me that question, it conceivably could work a hardship on some small package stores, but on the majority of them, I would say that perhaps right now they are ordering at least that.

Chm. Provenzano: Any one wishing to support these three bills: 546 547, and 548? If not we'll hear from those who are opposed to those three bills. Please come forward.

Atty. Brennan: Daniel E. Brennan, representing the Connecticut Package store ASSOCIATION. On behalf of the Association, I do want to recognize that these bills are aimed at a problem that the wholesalers truly have, costs are rising and delivery costs are rising. But, the sum total of these bills would put far too heavy a burden upon the small package store operator. The \$30. minimum charge for the operator who does \$60,000 worth of business or less and who has a net profit of less than \$6,000 a year, the \$30. minimum order would be a very serious burden. The same thing is true about a \$1.00 delivery charge. It sound small. But if you're talking about a \$10.00 delivery to a small package store, it's one-tenth of his total purchase price. Where if you're talking about a \$1,000. delivery to a large package store it's infinitesimal as far as the cost to him is concerned. In particular, the bill 547 would seem to be the bill that offers some possible avenues of relief for the wholesaler without damaging too severely the package stores. The amounts are too great here. We understand the purpose is to get a spread between a case lot purchase and a single bottle or split case purchase. The present law provides for a spread of one cent for half-pints, two cents for pints, and four cents for fifths, quarts, and half gallons. If that were doubled, that would certainly meet the problems that the wholesalers are complaining about. This present bill has a multiple of four in it, so that if this

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bill provided for two cents for half pints, four cents for pints, and eight cents for fifths, quarts, gallons and one-half gallons, it might more equitably meet the situation...Well, he doesn't have to buy a case. But there is a split lot, but you've got to pay something additionally. You do have to pay one cent on half pints. This bill would make it four cents on half pints. That's much too much as far as I'm concerned...Now, I do think that there is an area of compromise that's possible, and the area is the two cents, four cents, eight cents. Thank you.

Chm Provenzano: Is there any one else wishing to appear in opposition to this bill or the three bills.

Mr. Begnal: My name is Joseph Begnal, I'm president of the Waterbury Restaurant Association. We'd like to go on record as being opposed to these bills. It's kinda bringing added costs to our already over burdened business. Now on these case lots things in bill 547, the wholesaler's going to pick up \$1.92 more per case. The, on bill 548, in the city of Waterbury alone, where they're going to be charging one-dollar per delivery, we have 29-clubs, five taverns, 137-restaurants and cafes. That's a total of 171 outlets, not counting liquor stores, and grocery stores. Now say that that the average delivery in an outlet of 171 is 4-deliveries a week, the wholesalers are going to be picking up \$684. in Waterbury alone. In the surrounding towns of Thomaston, Wilkens, Watertown, Naugatuck, and Cheshire we have 61 outlets in the clubs, taverns, cafes, and restaurants. We think that this added cost is going to be a tremendous burden and at this point I'd like to have our treasurer of our association who has some figures drawn up on this thing to follow, if it's alright with the chairman.

Rep. Esposito: Can I ask you a question first. Representative Esposito from the 168th. Joe. has your association given any consideration to what Mr. Brennan has said. In other words the bill calling for four, eight, and sixteen. Would you be receptive to a two, four and eight situation to offset some of the costs that increase to the wholesaler as far as the labor cost, all these scales that the drivers are getting?

Mr. Beganl: We haven't really given it any thought on an increase. I know we're paying, we don't deal in the price anyway and we're paying five cents on the fifths and quarts. And we don't even think about any additional costs....like Isay we are already burdened. Five cents on quarts.

Chm. Provenzano: Any one else wishing to appear in opposition to 546,547, and 548?

Mr. Saldukas: My Name is Frank Saldukas, I'm the treasurer of the Waterbury Restaurant Association. I'd like to go on record as opposing bills 546, 547, and 548. Initially I would point out that these bills are irrelevant to the fiscal problems of the state, nor do they seek to correct some inequities in the prevailing statutes. Instead they appear to be an attempt by the wholesalers to have you legislate into being a financial subsidy for them, at the retailers' expense. With your indulgence I'd like to give you a brief look into the tax structure of a typical small restaurant owner. Incidentally, this type of operation is a definite majority in this state. A typical small operator right now is aware of the deficit of the state treasury, and he's also aware of the governor's proposed budget. Let us examine how these proposals would affect him. Assume that he grossed \$53,000. in 1968. From this he paid

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to the state alone the following: state sales tax, \$1,650.; unincorporated tax, \$65.; his restaurant permit, assuming he was a restaurant was \$1,200. Cafe permit I'm not mentioning here. A total of \$2,915. Looking over the proposed budget if adopted in full he finds the figures have changed appreciably. They now read: state sales tax, \$2,700, and increase of \$1,050. Unincorporated tax, \$100., an increase of \$35.00; tax exempt meals under \$1.00, which were formerly exempt under the old structure, would now cost him \$400. The same amount of liquor which produced \$53,000 gross, would cost him an extra \$665. a year. The same amount of bottled beer, which he used for that previous gross would be \$1,196. The same amount of draft beer to produce the \$53,000 gross would be \$1,456. extra. His restaurant license would remain at \$1,200, making a total of \$7,717. or approximately \$4,802 more to produce the same \$53,000 that he grossed in 1968. This is not only a formidable sum, it's formidable problem. In the light of all this, when you consider bills 547 and 548, which would add another possible \$600 to the aforementioned \$4,800, \$600, which incidentally would not go to the state, but to the wholesalers, I would term these bills ambiguous to say the least, furthermore, the request that the legislature and the state become agents of the wholesalers is provocative, and if ever allowed to occur would set dents to promote double standards in the alcoholic industry which incidentally many people believe already exist. I respectfully submit that these bills are selfishly motivated, that they serve no practical or reasonable purpose for the general welfare of the state, and if honestly evaluated they don't merit any positive consideration. Thank you.

Chm. Provenzano: Thank you. Any one else wishing to appear in opposition to SB 546, 547, or 548?

Mr. Hannon: Joseph P Hannon, Brewers of Trade. I'd like to appear against 546, and 548. I don't believe that the intention to include beer in these bills, and for the same reason I would ask that they be deleted from these present bills. The amount of \$30. would be 50% of what most deliveries on beer are, so I feel that they... not on beer.

Chm. Provenzano: Any one else wishing to appear in opposition to the foregoing bills?

Mr. Isenberg: Gentlemen, my name is Edward Isenberg, I wish to add the voice of the 500-members of the Associated Restaurants of Connecticut to those in opposition to these bills. We believe that they are definitely harmful and dangerous to us small restauranteurs around the state, very costly and burdensome to them and we ask that you please disapprove these bills. Thank you.

Chm. Provenzano: Any one else wishing to appear in opposition to the bills?

Mr. Rojas: Henry Rojas, Hartford Federated Clubs of Connecticut. Mr. Chairman, members of the committee, we are opposed to these three bills.

Chm. Provenzano: Any one else wishing to appear in opposition to the bills? If not, we will continue our hearing with HB5107. Any one wishing to appear in support of HB5107, please come forward.