

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-605		7015	6	4	3
<u>Committee Pages:</u> <ul style="list-style-type: none"> <i>Liquor Control</i> 24-29 				<u>House Pages:</u> <ul style="list-style-type: none"> 4004 4922- 4924 	<u>Senate Pages:</u> <ul style="list-style-type: none"> 2715- 2717

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Friday, May 28, 1971 5.

cosmetology. If there are no objections, I move the acceptance of the Joint Committees' favorable reports and the passage of those items on the Consent Calendar. EFH

MR. SPEAKER:

Are there any individual objections? If not, the question's on acceptance and passage. All those in favor indicate by saying "aye". Opposed. The Bills are passed.

JOHN D. PRETE:

Mr. Speaker, I move suspension of the rules for the immediate consideration of the one-star items on the Consent Calendar as per our announcement yesterday.

MR. SPEAKER:

Is there objection? Hearing none, the rules are suspended.

JOHN D. PRETE:

On Page 1 of the Calendar, Calendar No. 1162, Substitute for H.B. No. 6433, File No. 1287, an Act concerning fees for transcript of Motor Vehicle Department hearings; Calendar No. 1163, H.B. No. 6437, File No. 1286, an Act concerning vehicles exempt from the Title Law; Calendar No. 1164, Substitute for H.B. No. 6439, File No. 1285, an Act concerning Motor Vehicle Department collection fees; Calendar No. 1167, H.B. No. 6870, an Act concerning a centralized microfilm service for State agencies, File No. 1301; Calendar No. 1168, Substitute for H.B. No. 7869, File No. 1288, an Act concerning State pilots and pilotage; on Page 3 of the Calendar, Calendar No. 1187, Substitute for H.B. No. 7015, File No. 1312, an Act concerning wholesale permits.

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Standing Committee on Appropriations.

EFH

MR. SPEAKER:

The motion is to refer this to the Committee on Appropriations. Will you remark. Is there objection? Hearing none, so ordered.

THE CLERK:

Page 36, Disagreeing Action. Correction. Page 19, Calendar No. 1351, Substitute for H.B. No. 8922, an Act authorizing an appeal for administrative decisions of the Commissioner of Agriculture and Natural Resources. File No. 1467.

GEORGE W. HANNON, JR.:

Mr. Speaker, I move that Calendar No. 1351, Substitute for H.B. No. 8922, be recommitted to the Joint Standing Committee on Government Administration and Policy.

MR. SPEAKER:

Motion is to recommit. Will you remark. Is there objection? Hearing none, so ordered.

THE CLERK:

Page 36. On Page 36, Disagreeing Action, Calendar No. 1187, Substitute for H.B. No. 7015, an Act concerning wholesaler permits. As amended by Senate Amendment Schedule "A".

GEORGE W. HANNON, JR.:

Mr. Speaker, the gentleman...

GERALD F. STEVENS:

Mr. Speaker, the Chairman of the Liquor Commission... Committee...asked me if he was absent from the House if I would report this matter out for him.

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MR. SPEAKER:

Would the gentleman please proceed.

GERALD F. STEVENS:

Yes, Mr. Speaker. I would move acceptance of the Joint Committee's report and passage of the Bill in accordance with Senate Amendment Schedule "A".

MR. SPEAKER:

The Clerk will call Senate Amendment Schedule "A".

THE CLERK:

Senate Amendment Schedule "A". At the end of Line 24...

GERALD F. STEVENS:

I note that the Amendment, Mr. Speaker, is a technical one, and I would be glad to explain it.

MR. SPEAKER:

The Clerk says he's feeling the heat and would be glad to have you explain it.

GERALD F. STEVENS:

Mr. Speaker, in its original form, this Bill, which unanimously passed on the Consent Calendar by this House, the Senate Amendment permits manufacturers of liquor to appoint additional wholesale distributors in any territory. It continues to require the manufacturer to supply his original wholesaler for one year after notice of termination, unless the Commission finds cause for earlier termination. The Amendment cleans up the Bill in a technical manner, and I move adoption of the Amendment.

MR. SPEAKER:

Will you remark further on Senate Amendment Schedule "A".

EFH

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If not, the question's on its adoption. All those in favor indicate by saying "aye". Opposed. Senate "A" is adopted. EFH

GERALD F. STEVENS:

Mr. Speaker, I would move passage of the Bill as amended by Senate Amendment Schedule "A".

MR. SPEAKER:

Question's on acceptance and passage as amended by Senate Amendment Schedule "A". Further remarks. If not, all those in favor indicate by saying "aye". Opposed. Bill is passed.

GERALD F. STEVENS:

Mr. Speaker, I would request suspension of the rules for immediate transmittal of this measure to the Governor.

MR. SPEAKER:

Unless there is objection, the rules are suspended, and the item indicated is transmitted to the Governor.

THE CLERK:

Petition No. 3, Calendar No. 915, an unfavorable report of the Committee on Education, H.B. No. 5013, an Act concerning strikes by teachers.

GEORGE W. HANNON, JR.:

Mr. Speaker, I move that Calendar No. 915 be passed retaining its place on the Calendar.

MR. SPEAKER:

So ordered.

THE CLERK:

On Page 37. Matter recalled from the Legislative Commissioner on June 3rd. Calendar No. 812, Substitute for S.B. No.

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Mr. President, this is another bill that our committee was proud to be associated with. This bill brings our statutes into conformity with Federal regulations. Under the definition of a dependent child, the Welfare Commissioner shall continue to pay benefits for a child up to 21 years of age. Providing that said child is attending a technical school, college or state accredited training program. Providing that such dependent is living with his mother, father or approved relative. Its a good bill and we're happy to be associated with it. Again I say, I urge passage.

THE CHAIR:

Will you remark further? If not, all those in favor of passage of the bill, as amended, signify by saying, "aye". Opposed, "nay". Bill is passed.

THE CLERK:

CAL. NO. 1026. File No. 1312. Favorable report of the joint committee on Liquor Control. Substitute for House Bill 7015. An Act Concerning Wholesalers Permits.

SENATOR DUPONT:

Mr. President, I move the acceptance of the joint committee's favorable report and passage of the bill. I believe the Clerk has an amendment.

THE CLERK:

SENATE AMENDMENT A, offered by Senator Dupont:

At the end of line 24, delete the word a and insert in lieu thereof the word the.

In line 25, delete the words the products and insert in lieu thereof the words any product.

In line 27, delete the word or.

In line 28 delete the word curtailed.

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In line 28, after the word its, insert the word geographic.

In line 39, delete the word curtailment.

In line 42, delete the word Curtailment. In line 48, delete the comma after the word termination. In line 49, delete the word curtailment. In line 67 after the word termination, delete the comma. In line 68, delete the word curtailment.

SENATOR DUPONT:

Mr. President, I move that the amendment be adopted. This amendment in effect, makes the bill which deals with the taking away of wholesale franchise of liquor distributorship. It makes the bill less strict. In that the bill would only deal with the termination of those franchise, if the amendment was adopted as opposed to dealing also with the curtailment of it. I urge the adoption of the amendment.

THE CHAIR:

Question is on the adoption of the amendment. Will you remark further? If not, all those in favor signify by saying, "aye". Opposed, "nay". The ayes have it. The amendment is adopted. Ruled technical and you proceed with the bill, as amended.

SENATOR DUPONT:

This bill Mr. President, deals with a situation where a wholesale committee has a distributor ship for two years or more. In such a situation, the distributorship can only be terminated by the manufacturer out of state, distributor for just and sufficient cause or after one years notice. It's a good bill in that it protects certain Connecticut businesses and it also stabilizes this industry which is already regulated and it would prevent in effect, some practices that might not be good ones. I urge adoption.

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THE CHAIR:

Question is on passage of the bill, as amended. Will you remark further? If not, all those in favor of passage signify by saying, "aye". Opposed, "nay". The bill is passed.

Mr. Clerk, it's my understanding, that the third from the bottom on page 12, Cal. No. 1035, was marked ready but it's been passed retaining.

THE CLERK:

Clerk will so note.

CAL. NO. 511. File No. 1068. Favorable report of the joint committee on Environment. Substitute for Senate Bill 1458. An Act Concerning Environmental Standards For Public Utility Services. As amended by Senate Amendment A and C and House Amendment A.

SENATOR PAC:

Mr. President, I move the acceptance of the joint committee's favorable report and passage of the bill, as amended by Senate Schedules A and C and House Amendment A.

My remarks won't include any of the previous statements that have been made in the bill itself. I'll just cover the amendment that were amended in the House. Now the facility is defined as including a transmission line with a capacity of 69 kilovotes rather than 48 kilovotes and any fuel transmission facility extending 1 mile or more rather than, 1000 feet. The Chairman of the Council will be appointed with the consent of the Senate or the House. This is additional wording. The members of the Council will be re-imbursed at the rate of 50 dollars per day. An option on a piece of property will be permitted before a certificate is issued and any facility constructed before April 1, 1972 will not be affected by this bill. It limits the feet to no

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home from high school and works for Mama and Papa in the store loading the shelves, resupplying it or if it isn't Junior, it is one of the kids in the neighborhood. This is the help that is available to these storekeepers. Part-time help from the people in high school. It also has a very affirmative effect. It offers thousands of jobs for youth. Now, all of us recall the days when we worked after high school and some of us worked our way through college. Unfortunately there aren't that many jobs available for kids today. That leads to other problems perhaps, but, in any event, this affords thousands of jobs to thousands of children, young people, and I think it is good for that reason alone. But, in any event, to again impose a burden of getting adult full-time help where that help is not needed, would strike at the very heart of the neighborhood grocers.

Now, the problem was raised about the failure to guard. Actually the purchaser usually makes the sale. He walks up and down the aisles and sees an item he wants. He or she takes it and puts it in his cart. Probably that is the sale. He pays for it on the way out so that there isn't that much handling by minors and as far as the failure to guard, our experience has been that the local grocery store probably has a better record with the Commission than other establishments. It is just hard for me to envision some one, children, playing with these. Usually Mom or Dad who is doing the shopping control their children enough so that I don't think that the exposure of beverages of moderation such as beer would endanger anyone. Thank you.

Senator Dupont: Anyone else who wishes to speak in connection with House Bill 6661?

Neil Courtney, Executive Director of the Connecticut Food Stores Association, 410 Asylum Street, Hartford: I would just like to supplement the remarks made by Attorney Lorenzo and call your attention to Section 2 of this bill. I don't know of any beer sold in other than standard size containers in grocery stores. They handle the same size merchandise that is handled in drug stores or package stores or other off-premise outlets and I don't know of any consumption on the premises. Certainly that is a violation. So I don't understand the inclusion of that being in there but definitely we are in agreement with it.

Senator Dupont: Anyone else in opposition to 6661? If not, we will move to House Bill 7015, An Act concerning wholesaler permits. Anyone who would like to speak in favor of that bill?

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Frederick Biebel, Executive Director, Wine and Spirits Wholesalers of Connecticut: Speaking in favor of House Bill 7015. I would like to make the following statement: The alcoholic beverage industry is a highly regulated industry in Connecticut. Highly regulated because our legislature has always recognized that there is a great public interest involved in such sale.

It has also long been our State policy to preserve the privilege of engaging in this industry to as many of its citizens as is practicable, Connecticut is famous for its "mom and pop" package stores -- Connecticut is famous for the regulation of the industry so that there never has been a scandal involving our Commission or its personnel.

Our laws have been designed to make it impossible for any one person or combination to dominate the industry, because with such domination, corruption always occurs. Connecticut therefore has statutes prohibiting Distributors from owning or controlling package stores. It has a similar statute prohibiting Distillers from owning or controlling Distributors. Each level of business is to remain free and independent. Under such freedom the dominant force in the industry is the Commission, not the Distillery, and we should all want to keep it that way.

We have statutes and regulations governing the industry. These prohibit special deals and gifts to the big retail buyer -- under the counter transactions, etc. A distributor who violates these prohibitions can have his license terminated or suspended for a long time. The fear of that sanction keeps Distributors in line with lawful practice.

However, a Distributor may have spent his lifetime building the popularity of a particular brand in his territory. In times of economic stress, an out-of-state distiller may, by the threat of revoking the franchise, put pressure on a distributor for business, that is unreasonable and invites a violation of law.

A Distributor can be hard torn by his predicament. On the one hand he may lose his license by violating law and regulation -- on the other, his line -- his merchandise may be taken from him if he doesn't cheat the law. It is unhealthy for the whole industry. The stress becomes particularly important when, as now, the Connecticut liquor market is dwindling because neighboring states have tax advantages. The danger of distiller domination of the industry has increased.

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Under present law it takes 90 days before a distiller can take a line away from one Distributor and establish that line with another Distributor. This has not proved sufficient to alleviate the fear of loss of a major line by a hard working competent Distributor. This bill increases that time to one year -- it will remove the pressure -- on the other hand an incompetent Distributor can be dismissed in the same 90 days provided under present law -- it just gives the Commission power to make sure the termination is for incompetence or some other cause and not used to force illegal activity.

Gentlemen, in essence, the bill simply says that a distributor can not take a line from a wholesaler unless he gives him one year's notice; provided however, that distributor is not doing a good job then he has a right to hearing before the Liquor Control Commission who may determine whether the line should be taken in less than one year. Two other points that I would like to see incorporated in this bill if your committee should so chose to pass the bill from committee is first that I think the bill should be made effective upon passage; and secondly, that I think there is one other point that is not encompassed in the bill that would make the bill even a little stronger and that is a bill of distributorship. Right now, the way this bill reads if you had one year termination, there is nothing to stop a distributor from coming in and saying "All right, we will give that line to two, three or four other distributors." Knocking down the effectiveness of the one that presently has it. There is a possibility that, before he could put on a dual line, he would also have to give a year's notice to the effect that he is going to put on a dual line.

I think that is about my statement. If there are any question, I will be glad to answer them.

Representative Cretella: Is it possible for a distributor who gets out of line, to have -- so that during the year that line could not be distributed, is that right?

Mr. Biebel: That is right. Unless that distributor was not doing a good job.

Representative Cretella: There is 90 days recall.

Mr. Biebel: Right. Well, it could be less than 90 days. Right now, the Commission can rule that it could be less than 90 days and the distributor must just sign a waiver to that effect and if there is economic pressure put upon him, he sometimes does.

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Representative Cretella: What is the type of legal pressure tactics that might be used?

Mr. Biebel: Well, a man could be asked to purchase other merchandise. He could be asked to buy some merchandise that perhaps is not as fast moving and might have to stock up on it. Handkerchiefs could be part of it.

Representative Esposito: Has there been experiences where someone has been damaged by this?

Mr. Biebel: Yes, there has been different cases in Connecticut where people have lost their lines and they had worked hard over the years to build them up and they have come in and taken the lines away and the people's business has suffered. Another thing is if you give a man an opportunity he knows he is going to lose that line. Right now, he has no time to go out, and if it is going to be taken in less than 90 days, he could have men put on trucks, salesmen, drivers, he has a lot of things costing a lot of money for preparation of building a line. He may be going along well with it and a distiller comes in and says, we are taking the line away from you. Maybe they are going to give it to an uncle or cousin or somebody else. Right away now the wholesaler is faced with a problem. If he had a year's notice, he can go out and negotiate - that's with other lines - and maybe he could do something. Right now, he doesn't. He could be left high and dry overnight. I know of an incident recently where this has happened, particularly in an area now where we have a problem. Thank you.

Daniel E. Brennan, representing Connecticut Package Store Association: I want to speak very briefly on behalf of Bill 7015. I am sure that many of you are aware of the fact there is a great problem throughout the nation and not related or restricted to the alcoholic beverage industry, but there is a great problem of this business of terminating distributorships after people worked many years in establishing them and the Federal Trade Commission is involved in many, many hearings and much difficulty over the problem.

The Liquor Industry, because it is a regulated industry for public interest, offers an opportunity for proper regulation to prevent such abuses and I must point out and reemphasize something Mr. Biebel said. Connecticut in the past year, and I haven't gotten the exact figures yet but I will have before we finish our hearing on many bills here, but apparently Connecticut suffered a loss of about 2% in its alcoholic beverage sales throughout the state of Connecticut while its neighbors were going up substantially and that, quite frankly, is because of the tax disadvantage that Connecticut suffers. We have an

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industry that is in delicate balance at the moment and efforts by out-of-state distillers to force illegal activities could destroy a market here that has been maintained very successfully and without scandals and without abuses. We have seen to it that Connecticut citizens, Mom and Pop as they are called, have the Connecticut privilege of operating package stores and it is preserved for just as many citizens as it is possible to preserve it for and it is a good system. It is the ideal system of the United States and this bill will go a long way toward keeping it that way. Thank you.

Senator Dupont: Anyone else on 7015?

Representative Robert Bruno: I would like to ask this question. Are there any members of the Liquor Control Commission here that would like to testify on these bills?

Senator Dupont: As far as I know, there is no one here.

Representative Bruno: Has this committee sent a copy of these bills to the Liquor Control Commission?

Senator Dupont: I don't think this is an appropriate time to discuss this. I am sure that the co-chairmen and other members of the committee would be happy to discuss this.

Joseph Begnal, President of Waterbury Restaurant Association: As the bill seems, we are in favor of it. There is only one thing I would like to point out about the wholesalers. We had mentioned it this past year where one of the wholesalers went out of business, just like that, the Hannon Distributors up here in Hartford and although this bill affects the wholesaler with the manufacturer, there is nothing to protect the retail outlet when one of these wholesalers go out of business. Many of our restaurants, and I imagine package stores, in the City of Waterbury who did business with the Hannon Distributors had no place to pay their bills at the end of the thirty day period and they were put automatically on the black list which you couldn't buy any liquor from any other wholesaler, liquor or beer, and I think there should be a provision in this bill for a wholesaler going out of business, whether he goes bankrupt or however he goes out. There should be some provision that when a thing like this happens the Liquor Control Commission will not just automatically put these people who owe money to a wholesaler who goes out of business on the list. I don't know if I am bringing it up clear.

Representative Esposito: Would that be in the bill or would that be a regulation?

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Joseph Begnal: Probably a regulation would be easier.

Representative Provenzano: Mr. Begnal, let me say this, my experience is that there are provisions for this. However, the committee will check. I don't know of this happening but the committee will check to see whether this is correct. We'll check with the Commission and see what provisions there are. I agree that there should be a need for any retailer, whether on premise or off premise, to pay bills.

Joseph Begnal: Well, I think you will find with the Commission that there is --- I know I made three calls myself for our members in Waterbury.

Senator Dupont: I rule that we are getting off the subject of the bill under discussion.

Joseph Begnal: I think we are, but I just wanted to bring it up.

Senator Dupont: Anyone else on House Bill 7015? Anyone else in opposition to House Bill 7015? If not, we will move to House Bill 7263 entitled "An Act concerning requiring hearings for all liquor permit applications when there is a remonstrance."

Mr. Brennan, you are the lead-off man each time.

Daniel E. Brennan, Connecticut Package Store Association: On Bill No. 7263, if you will turn to page 3 of the bill you will see that the change has been made here is a rather simple one. The Commission, under the present act, when there is a remonstrance, the Commission in its discretion may hold a hearing in the town in which the application pertains. This bill takes the discretion away from the Commission and requires such a hearing. The whole theory of the liquor law sets it up when there are applications in an adversary position. There is nothing more frustrating and nothing worse for the respect for law by the people who object to a particular application not being heard so that it is in the public interest to require this hearing be held.

Senator Dupont: Any questions? Anyone else in favor of 7263?

Joseph Begnal, President of Waterbury Restaurant Association: I am appearing here in favor of House Bill 7263.

Senator Dupont: Anyone else? Anyone who wants to speak in opposition to House Bill 7263? If not, we will move to House Bill 7264 entitled "An Act concerning the issuance of one-day liquor permits to charitable and fraternal organizations." We will hear from those in favor of House Bill 7264.