

Legislative History for Connecticut Act

SB 1571	PA 535	1973
House - 7193		1
Senate - 3584, 3597a		2
Liquor Control - 132, 153-163		12
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

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CONNECTICUT  
GEN.ASSEMBLY  
HOUSE

PROCEEDINGS  
1973

VOL.16  
PART 14  
6887-7446

Thursday, May 17, 1973 76

The gentleman from the 87th.

REP. CRETELLA (87th):

Mr. Speaker, I move acceptance of the Joint Committees Reports and passage of the following bills: On today's consent calendar, page 4, Calendar #1034, Sub. S. B. No. 1571, File #984, Calendar #1047, S.B. No. 2479, File #987, Calendar #1049, S.B. No. 1957, File #983. On page 5, Calendar #1050, Sub. S.B. No. 2013, File #998, Calendar #1052, S.B. No. 2478, File #941, Calendar #1057, S.B. No. 2375, File #934, Calendar #1058, Sub. S.B. No. 2209, File #1015, Calendar #1062, Sub. S.B. No. 2173, File #1019, Calendar #1064, Sub. S.B. No. 2142, File #1022. That concludes the list

Mr. Speaker,

MR. SPEAKER:

All those in favor of accepting the committees favorable reports and passage of the bills as just outlined indicate by saying Aye. Opposed. The bills are passed The gentleman from the 87th.

REP. CRETELLA (87th):

I would like to move suspension of the rules for immediate consideration as a consent item one additional item on page 16, Calendar #1061, Sub. S.B. No. 1655, File #1031. I move for suspension of the rules and for motion to place on the consent calendar.

MR. SPEAKER:

Is there objection? Does the gentleman want to take this item up for passage now?

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CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1973

VOL. 16  
PART 8  
3473-4003

Tuesday, May 15, 1973

112.

THE CLERK:

Cal. 1000, File 982, Sub. S.B. 1514.

roc

THE CHAIR:

Senator Powanda.

SENATOR POWANDA:

Mr. President, may we Pass retain on this bill. There is an additional amendment coming and it will be ready tomorrow.

THE CHAIR:

So ordered.

THE CLERK:

Cal. 1001, File 984. Sub. for S.B. 1571, AN ACT CONCERNING REGISTRATION OF BRANDS OF LIQUOR. Favorable report of the Committee on Finance.

THE CHAIR:

SEnator DeNardis.

SENATOR DENARDIS:

Mr. President, I would gladly yield to the chairman of the Liquor Control Committee.

THE CHAIR:

Senator Zajac.

SENATOR ZAJAC:

Mr. President, I urge acceptance of the Joint Committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark.

SENATOR ZAJAC:

Yes, Mr. President. ~~The bill changes the period~~

These bills were passed on the Consent Calendar:

- SB-2204, SB-1843, SB-1820, SB-2189, SB-2019, SB-2375, SB-2478, SB-2051,  
SB-2170, HB-8547, SB-2179, SB-1965, SB-2471, SB-2013, SB-1957, SB-1545,  
SB-2361, SB-2479, SB-1571, HB-8095, HB-9074, HB-8993, HB-9097, HB-8215,  
HB-8687, HB-9186, HB-8692, HB-8888, SB-2135, HB-8815, HB-9364, HB-8989,  
HB-8122, HB-9374, HB-8262, HB-8540, HB-8643, HB-8330, HB-8725, HB-8889,  
HB-8398, HB-8452, HB-8105, HB-8473, HB-8984 and HB-8186.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**LEGISLATIVE  
MANAGEMENT**

**LIQUOR  
CONTROL**

**1973**

THURSDAY

LIQUOR COMMITTEE

FEBRUARY 22, 1973  
2 p.m.

PRESIDING: Senator John Zajac, Jr. and  
Representative Harry Wenz, Co-Chairman

REPRESENTATIVES: Sherer, Brunski, Johnson, Canali,  
D'Onofrio, Esposito, DeFrancesco,  
Antonetti, Hermanowski, McHugh,  
Morris, Fuse

SENATORS: Power, Cutillo

ATTY: Dick Neir, Rod MacKenzie, Law Clerk

SENATOR ZAJAC: Will the meeting come to order please. Are there any Legislators who wish to testify first? If not, we'll call for testimony on the first bill 1571, AN ACT CONCERNING REGISTRATION OF BRANDS OF LIQUOR. Is there anybody in the audience who wishes to testify for? Anybody to testify against? Okay, we'll move to the next bill 1585, AN ACT PROVIDING FOR ISSUANCE OF COLISEUM PERMITS. Robert Nelson. Is there a Robert Nelson here? Okay, we'll come back to him. Is there anyone here to speak against it? Alright, then we'll move on to 1697, AN ACT CONCERNING AN AIRPLANE LIQUOR PERMIT AND CHANGES IN PERMIT PROCEDURES. Anyone wishing to testify on behalf of the bill?

HERMAN WOLF: Herman Wolf representing Heublein, Inc. of Hartford.

I want to speak in favor of the bill. With the growth of Bradley Airport with flights going overseas and many flights originating there, this would update the loss of it. Not only can the Railroad buy liquor in bulk but, the Airlines can.

I do want to refer to line 22 in Section 1. I think there's been a misunderstanding in saying in miniatures only. Under the present law, miniatures may not be sold in Connecticut. I think what we wanted in this bill, was to permit wholesalers to sell to the Airlines in regular sizes they now sell and in miniatures. So that miniatures will be available only to the Airlines, not to be sold elsewhere in the state. The Airlines are in many cases purchasing in quarts and fifths so I'm quite sure that it would be more helpful if it's said in whatever the regular size is plus miniatures. I don't think the word only should be in there.

SENATOR ZAJAC: Any questions of this committee?

REPRESENTATIVE ESPOSITO: Is Mr. Wolf speaking only in reference to planes landing, loading.....

HERMAN WOLF: No. It's for the operating Commercial Airlines and I believe they'd have to pay \$1,000.00 for this right so they're going to have to have a lot flights to make it worth while.

FRED BIEBLE: Fred Bieble, Executive Director of the Wine & Spirits Wholesalers of Connecticut.

This bill is a drastic change for the wholesale Liquor Industry in Connecticut and we've given a great deal of thought to it. Particularly because Connecticut does not permit the sale of miniatures and I must say that my wholesalers and the wholesalers that I represent that do

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MARCH 13, 1973  
TIME: 10:00 A.M.

REPRESENTATIVE HARRY WENZ &  
SENATOR JOHN ZAJAC, PRESIDING

REPRESENTATIVES: Fuse, Hermanowski, Ambrogio, McHugh,  
Nickols, Brunski

ATTORNEYS: Rod MacKenzie and Richard Neier

CHAIRMAN HARRY WENZ: We will declare the Liquor Committee Public Hearing open. It will open to the Legislators and the first Legislator we have is Representative Fox.

REPRESENTATIVE FOX: Mr. Chairman and gentlemen of the committee, I'm here to speak in behalf of Bill 8723 AN ACT CONCERNING THE SALE, DISPENSING OR CONSUMPTION OF LIQUOR ON ELECTION DAYS.

The prohibition of the sale of liquor in Connecticut works the hardship on restaurant businesses, on clubs, on places of amusement and recreation because, that people would normally go there on Election Day for their meal or recreation cannot get a drink there and have their meal with any refreshments, but they can go across the border into New York or into Massachusetts so that we find that while our restaurants and hotels are open in this State on Election Day, they don't do the business because business is transferred elsewhere.

Also, I checked for national Election Days, the Tuesdays on which we hold Elections are not generally a full holiday, and many, many times there will be a business conference or a convention, association meeting of some kind which will carry over from Monday to Tuesday or from Tuesday to Wednesday and it seems somewhat unfair to prevent people from attending such meetings, from enjoying the same privileges that they could if they were home or if they were in a different state. I point out that as of 1971, in the spring of 1971, there were 12 states that had legalized the sale of liquor on Election Day. New York legalized it a few months later, two years ago. I have asked Legislative Research for an up to date listing of the States that are now permitting liquor, but have not yet received it. I will see that you get it when I do get it, in the mean time however, I will present you with a list of the thirteen states that, as of 1971 have permitted the sale and there is another attachment to it showing the nature of the lifting of the restrictions on the sale. I think that it would be in the interest of our business to permit this. Some have said that, it would present people having a holiday on Election Day. This is not a practical argument, because the hotels are open, the restaurants are open, the clubs are open, but they just can't provide refreshments and therefore their business is damaged to the extent that people go to neighboring states or stay home and don't go out and are inconvenienced. So, I hope you will give favorable consideration to this bill. Thank you.

CHAIRMAN WENZ: Thank you Representative Fox. I see no other Legislators here so we'll open testimony on Senate Bill 1571, AN ACT CONCERNING REGISTRATION OF BRANDS OF LIQUOR. Is there anyone who wishes to appear in favor? If not, is there anyone who wishes to appear in opposition to 1571?

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FRED BIEBEL: My Chairman, my name is Fred Biebel, Executive Director of The Wine & Spirit Wholesalers of Connecticut speaking in opposition to Bill 1571, the registering of brands.

It is my understanding that the bill was put in primarily for two reasons; (1) to register the brands every three years. Presently, we have a one time registration, \$3.00 which is good forever. I understand that the labels accumulate and after a period of time, the commission becomes bogged down with these labels. We have no problem with this, we feel that perhaps they should be cleaned out, as he calls it, every three years, gone over to determine what labels are active and what are not. However, it's the fee that primarily disturbs us. The bill originally called for \$25.00 every three years. I understand there has been talk about perhaps a lesser amount, but this will create a tremendous hardship on many of the Connecticut wholesalers. I know for example that one wholesale house that I represent has some 5,000 labels. If he has to register these labels at a cost of \$8.63 a year, because the fee is scheduled as for \$25.00 every three years and pay for those on the initial registration, have to pay for three years labels at one time of \$25.00 a label, he's going to have an outlay of some \$120,000.00 or better. This is a tremendous amount of money. It's not one that you can recoup without charging it back and ultimately of charging a higher price for the product itself. We feel that there should be, and as I understand it, the commission does not have it, its availability at the present time, a system of, to determine how to keep track of these labels, which means that they would have to put them on computers and I understand that they can't put them on computers for at least a year or a year and a half, so that the bill could not take effect at least until they've computerized them.

I think if you're determined and as I understand it, this was an administrative administrations bill to probably raise a few dollars more, I don't think you're going to do it. I think that this going to, is not going to increase the revenue. I think that a smaller amount, if anything, might be acceptable. As I say, a question about if they want to re-register them every three years, maybe they ought to charge a couple of dollars a year, but certainly not \$25.00 every three years, because it's going to be a tremendous hardship, it's going to cost and I know you are all concerned with the increased cost and it's got to be passed on to somebody. The retailer, the wholesaler can't afford to just write this off, it's just too expensive.

So, I would urge this committee to give careful consideration before they pass this bill because I think one of the questions that ultimately it looks like it might bring in some income, but I think in the long run it will not.

CHAIRMAN WENZ: Mr. Biebel, for my estimation, would it be helpful if the Connecticut Manufacturers were charged a lesser fee, say \$10.00?

FRED BIEBEL: \$10.00 is even high. The question now boils down, yes, Mr. Wenz, it would help if the Connecticut Manufacturers were charged less. You see, what happens is, as you know, the wine business is growing tremendously. Many of the wholesalers are bringing in wine today, some various types of wine from all over the country and each one of those are different labels and they would be responsible and it means that if you charge them \$25.00

or \$10.00, whatever the figure is, you have to multiply that by the number of labels these people have and it's a big outlay of cash. I

I'm not sure they're going to accomplish what they are trying to accomplish by registering every three years. I would rather, personally see a \$10.00 charge, a one time \$10.00 charge and say we put a time limit that these labels, ten years and after ten years, we'll have to start over again or something to that affect. I don't think we would mind that as much, but if we have to come in every three, in the first place, if they ever bombarded the commission at one time with all these labels, there must be 40 or 50,000 labels and they're growing not diminishing because of the wine situation. I know if one wholesaler has 5,000, I'm sure and he's a private label man but, you take some of these major houses now, that might have 2, 3, 400 different types of wine coming in, each one of those labels would have to be registered. I would rather see a \$10.00 charge, a one time \$10.00 charge put on of any new label that was coming in or maybe you could work something out whereby any of the present labels that were in there, they could have a period to clean them out that may be a very small charge and then any new labels starting as of a certain date is \$10.00 for a longer period of time. I don't think you ought to do it every three years. There won't be any need for it.

CHAIRMAN WENZ: .....some house cleaning that would go over their dead private labels that might not be moving and not re-register.

FRED BIEBEL: Well, what is a dead private label? For example, supposing you have a private label now, a package store sells five or ten cases a year, maybe that's all he sells. That is an income, even that five or ten is an income to this particular package store, If he certainly had a \$20.00 charge, I don't think he would continue that, I think he'd stop it. Now, not only do you stop it in the label, but you'd be stopping the possible income to these people in the smaller stores and they're the ones we are talking about.

I think there is a way Senator, that we can clean out the labels and I don't think they have that much of a cleanout, I really don't. We're not talking about companies that are going out of business really and the label is sitting there, because that doesn't happen. What does happen is that active and inactive labels probably more active than others, maybe some are only four or five cases a year, maybe some even less, so that if you call that an inactive label, if you stop that because of economics, you can't, the guy couldn't afford to do it, then that will disappear from the market.

CHAIRMAN WENZ: Do many of the out of state manufacturers of alcoholic spirits do much in the private label business?

FRED BIEBEL: No, most of it is done by private label houses or individual houses that sell private labels in wine. You take some of your national brands, you know, it would nothing for Seagrams to pay for a VO label in Connecticut because that one label is, you know for \$25.00 for VO would be, we are not talking about that Senator or Representative Wenz, we're talking about basically, I think the lesser brands that we're trying, our state has been more..... we've had a lot of lesser known brands of whiskey, gin, vodka and they are all adding something to the economy, they're all selling a

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little bit of, it. I think that perhaps, if anything this might tend to do away with a lot of these and keep the bigger people stronger and I don't know whether that's something we're looking for either. Of course, I don't really think when it's all over that we're going to raise that kind of money, because if we do Senator what you say, if we clean out a lot, then we're not going to bring in the revenue. I don't think this is a revenue bill. I think there are other ways of raising revenue for the State other than this. I think this basically started out as a house cleaning bill and I don't think they're going to clean that much out of it. I don't think there are that many dead labels.

There is another thing involved in this. Who is the brand owner? Who pays this \$25.00? Does Representative Wenz who might own a package store and who says to a wholesaler, "I would like to have a "Wenz Scotch" made up for me," and he goes out and he has that wholesaler make a label saying "Wenz Scotch" and brings in ten cases and he sells it in the store, does he own that label or does the wholesaler own that label? Does the manufacturer of Seagrams VO own the label or does Crown Distributors own it? There we know the answer. It's owned by Seagrams, but if that same Crown Distributor, and I only use this as an example, brings in some wine on his own because he has an out of state shipment from England or from France or from wherever he brings it in from, each one of those labels he brings in he must pay for. So there, he becomes the brand owner, apparently because he certainly is not going to collect from a winery in France, you're going to have to collect from him. But, who pays? Does the package store pay or does the brand owner? Now, between you and I, the Commission says, that the wholesaler is the brand owner, not the package store and I that's true, then the wholesalers that I represent will have to pay for every label that every package store man has. Well, if that's true, he's going to increase his price. He's not going to swallow this, he can't, he doesn't have enough money now, so he's going to raise his price.

CHAIRMAN ZAJAC: It seems to me, that if the wholesaler had his own mind, that he used as a name, as a private label and sold it to several stores, that would be his label, but if some retailer decides to have it put out under his name, then we would be scotch owner and that would be free.....

FRED BIEBEL: Senator, this is what my thinking was. My thinking was, that if we had as I said, a "Biebel Scotch" for example and I was a package store owner, I would own that label. The Commission says no. The Commission says that the owner is the wholesaler. Thank you. Any other questions?

CHAIRMAN ZAJAC: I just think that the fee of \$3.00 is low in this regard Mr. Biebel, that for \$3.00 you give somebody, to go in business and make their own label in this case or their own brand of liquor and you bottled it. I don't know of any other business or whatever that for this nominal fee you could have your own name put to a label.

FRED BIEBEL: I think it's low too, Senator because it's only \$3.00 forever right now, and we're not against increasing the fee to a reasonable fee, but we think that \$25.00 and even \$10.00 is not reasonable, I think that's too

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high. Every three years you're going from \$3.00 forever to the original bill of \$25.00 every three years and now Representative Wenz says, possibly the Connecticut wholesalers are going to \$10.00. Maybe it ought to be changed to every five years, maybe three years is too soon, maybe it ought to be \$10.00 every five years or \$2.00 a year which is a heck of a lot higher than it is now.

I don't really know that we need the change of labels, we haven't changed labels in thirty-three years, since prohibition and they've been accumulating and they haven't pushed The Liquor Control Commission out of the fifth floor or across the street yet. I'm sure we could go five years at \$10.00 for a Connecticut wholesaler which is only \$2.00 a year. I'd rather see that happen. We don't mind a small increase and we don't mind the fact that you want to be able to re-examine these every so many years, we think that's good business.

REPRESENTATIVE HERMANOWSKI: Mr. Chairman, Rep. Hermanowski.....\$3.00, you pay for every label we have now for three years.

FRED BIEBEL:: No, No. Right now we pay \$3.00 once.

REPRESENTATIVE HERMANOWSKI: Once and this bill calls for \$25.00

FRED BIEBEL: Every three years or \$8.30 a year

REPRESENTATIVE HERMANOWSKI: For every label.

FRED BIEBEL: That's correct. Thank you gentlemen.

CHAIRMAN WENZ: Any one else wish to register in opposition?

DANIEL E. BRENNAN: Gentlemen, I'm Daniel Brennan representing the Connecticut Package Store Association and the Wine & Spirit Wholesalers.

The background of this bill is that it was created originally by the Etherington Commission two years ago and it was created under the idea that the cost of every performance in the governmental agency ought to be self supporting. The fact of the matter is that the bill as it's presently drafted is simply another increase on taxes on liquor throughout the State and a substantial increase in taxes on liquor. We have already demonstrated to this Commission and to the committee and the State Treasurer has demonstrated that increases in taxes on liquor in Connecticut at this time has self defeated because they result in a less liquor being sold in the State and a reduction in the States overall income.

Right before the Legislature passed the minimum markup bills, Connecticut was being deluged by private labels. It was the new gimmik for wide open competition that was destroying, label the trade names and really destroying the business. That put a break on the private label business and since then private labels have been a good adjunct in the business. Private labels are used by some package store owners, small package store owners. Now they are used by A & P and they are used by those few major chains that we have in the State.

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The bill would put the private charge on the manufacturer or wholesaler for each private label, but in fact, that charge is going to be passed on in one way or another to the retailer. The State told many of these resalers that it would cost them \$3.00 to establish a private label in their own brand for their particular package store and they established it, relying on that kind of a cost. The fact is that the administration of it is, it's got to be practically nil. A man registers the brand in his own name for his own store and he sells it in that name. If anybody wants to check him, can go and check that file and find that he has so registered. But they went into the business, now if they are in the private label business at all, they're going to have 100 stores, I mean 100 labels, because if you have Rye, Gin, Vodka, Wine and Beer, etc. and you usually have a whole line of your own private label if you're in the business at all. This kind of a thing puts the small operator right out of the private label business. In New York today they have a hierarchy, but in New York today the only people engaged in the private label business are Macy's and places of that size. All of the other stores that did have a private label business have gone out of that business, it just is a prohibited thing. If you make an annual fee here, even of a small amount, it seems to me that you necessarily drive these small outfits out of the business and there is, to my way of thinking, something unfair, because they were kind of enticed into the business by the State years ago when this \$3.00 fee was established as a one time registration. The fact is that the liquor industry produces many, many, many, times more than the cost of administration and to now say that you have in addition to producing that huge tax revenue, you've got to now producing.....take care of each facet of the administration, seem to me to be bad law.

I have several suggestions to make if some bill has to be adopted. I personally suggest to you that there has been no real establishment here of a need for this bill. Nobody has appeared here. There has been no documentation of a need of a bill that we had before us, or any bill of any kind, but, if you exempt it, private labels that were only used in two retail outlets, that would take care of the small man whose total volume of business would be so low, that it would not be worth his while to pay an annual fee.

I'm sure that the annual fee or every three year fee for an A & P is not a prohibited thing. They can spread that over the cost of all of their outfits. I'm also sure that those few chains that still remain, the effect would not be very dramatic, but we do have a limitation of two package stores to a permittee and if you adopt it an exemption on a private label that was not used in, which was only used in two or less package stores, you would avoid the undue hardship that I've talked about.

The other side of it is that it seems to me, you've got to make the cost of this so low overall, that you are not going to affect the price of liquor in the State. The price of liquor is as high as it should go and not just in package store wholesalers point of view, but from a point of view from the State of Connecticut and anything that would result in a tax of the proportion that they are talking about here, 50,000 times \$25.00 and 50,000 is only an estimation, but 50,000 times \$25.00 has got to result in some kind of a price increase. It can't be absorbed in the markups that

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are permitted into the law, thank you.

CHAIRMAN ZAJAC: Thank you Mr. Brennan. As I understand it they charge \$3.00 for each and every label whether it's the same brand in different size bottles. Now, my question is to you, suppose we took and said, \$25.00 per one label provided that same label content as far as printing is concerned goes on each one, the gallons, the half gallons and so on down the line, how would that be?

MR. BRENNAN: There's apparently been a difference in interpretation of the law as it has been existing and nobody has apparently enforced it one way or the other. It's my understanding that Connecticut bottlers have been paying on all sizes. It's also my understanding that Connecticut bottlers have been paying on all sizes. It's also my understanding that some of the out of state shippers have been paying on for instance a rye and the name of the rye and then that covers all sizes. Now, if your bill applies to all sizes, then I am told that the small package stores who handles private label and many do not, many have no private labels at all, but I asked at a meeting of our Package Store Association and I was told that package stores would have as many as 1100 private labels if you applied all sizes. If you apply it to just the rye, bourbon, scotch etc. and also include wine, then I'm told it will run something around one hundred to one hundred and twenty-five private labels in a store. Now a hundred to a hundred and twenty-five private labels at \$25.00 a label for three years is a very substantial addition to a package stores permit and prohibited. It would put him out of business.

If you made it for the new labels issued, which it seems to me is the only time the Commission really gets involved in this thing and gets in the handling, is if there was a charge of instead of \$3.00, if it was \$10.00 or \$15.00 for the first registration of the label, you know I couldn't quarrel at that even for a small package store, but if you're going to put it on some kind of an annual basis that would run in the hundreds of dollars for a package store, then I do urge you to exempt those labels that only have two retail permit outlets in each state.

CHAIRMAN ZAJAC: Are there five or six wholesalers in the State?

MR. BRENNAN: Oh no, many more than five or six.

CHAIRMAN ZAJAC: What I'm getting at is I'd like to get a rough idea of how many private labels each wholesaler puts out.

MR. BRENNAN: Well that nobody has come up with any kind of statistics. We are lacking in a lot of statistical information that hopefully the conversion to computers will develop .....the Commission is filed as time goes on. The private labels in the State, again depending upon whether you're talking about just the label or for everything. In other words, if you made a charge of \$25.00 for "Joes Package Store" no matter what they sold under that label, whether it was wine etc., nobody could complain about that and it would be small enough that it could not be passed on, but when you begin to break it into wines etc., I just don't know how many private labels there are in the State. The only thing I did find out is that the Package stores involved in the private label business, have as many as 100 for that

one package store of their own label.

FRED BIEBEL: One wholesaler who is a private label basically has.....5,000. I have another suggestion that I thought of as I was sitting here listening to Mr. Brennan, Every label that's been registered since prohibition is presently in a file in the Liquor Control office. ....they file them away date registered. The.....there and they're not going anyplace. There is another possibility and the other possibility is to pass a kind of law passing a new .....bill not retroactive, leaving everything where it is there and by .....let that just continue, but any new label as of July 1, 1974 or 73 whatever the date is, would have a charge of so much and this might be another answer to it. In other words you wouldn't force the wholesalers who own the package stores to have to pay a large amount of money. Lets take my one wholesaler with 5,000 labels who is presently there, he wouldnt have to come in with \$120,000. True, it's not going to give you the money that you are looking for, but this bill isn't going to give you that money anyway no matter what you do, but what it could do is that any new label that comes out because here is where your problem is, the only reason the Commission is concerned about is not because the labels are getting less, the lables are getting similar because of the varieties of wines, so, particularly in the wine business. I was talking to a wholesaler the other day and he told me that he'll go and order wine, he might get 200 different labels of wine in one shipment. Now, if that is true, in the future this is going to be a very costly operation. So that is why you have two things to consider, keep the price down and maybe not go back.....as of a new day.....along that line in draftmanship on this bill, it ought to be made clear what you do, that in wines particularly, that you are not talking about vintage because if you get involved in considering the label that includes vintage as a separate label, you are going to have a wholesaler in addition to going broke, going out of his mind, because he'll get shipments in and they're will be varieties of vintages of the same wine involved in that particular shipment and you know, it just becomes a complete, now I do think that if you have Calvert, everything that Calvert sells is under that label and you'd made a charge for that and it will work out for you very simply and work out for the Commission very good. Thank you.

MR. HERMANOWSKI: Would it be expensive for a \$1000 a label annually?

FRED BIEBEL: \$1.00 a label annually as I understand it would increase the charge for an ordinary package store that deals in this to about \$100 to \$120.00. Now, the thing I think you will find is that the Commission does not want annual registration because annual registration would defeat the whole purpose of the bill because the cost of their handling it, an annual registration would be prohibited.

ROD MacKENZIE: In talking to the Commissioner about ..... was this year they've been having a ..... for what has happened in the past, so he's got 50,000 labels on file now and only about 10,000 of those that have occurred for your use. We'd like to find out if the system to get rid of those 40,000 in the handling and in the storage, etc.

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MR. BRENNAN: Well, there are two things about it that I'm not at all certain the Commission is incorrect on. It would seem to me that this kind of a bill would never cause any kind of an administrative problem until you had a complaint about a particular package store or a particular sale and then you would trot to this file and find out whether or not the label was in fact registered and even with 50,000, that shouldn't be quite a very difficult thing. In other words, to keep a file trimmed for the mere purpose of trimness, is an exercising futility.

I don't care how you create this bill, this Commission is never going to go out and check all of the private labels and make sure that they are all registered. That would be ridiculous. So, that when they are involved in the particular investigation of a particular wholesaler or of a particular package store, they will at that time look at this file and I really think that the complaint about 50,000 of them and maybe 10,000 or so being unruly at the moment. It just doesn't warrant the impact that's on the industry that this would have.

CHAIRMAN ZAJAC: Any other questions?

MR. BRENNAN: Somewhere in between there should be a resolve of house cleaning and I would assume that some of the retail package stores that you mentioned that have some various different private labels that perhaps people try out off and on and then all of a sudden, you know and so he's tired of his stock and possibly the wholesaler is now tired of his stock in the warehouse that he has in the private labels who at one time in the past weren't moving and now is very dead and somewhere in these 50,000 private labels that are dead, the active ones perhaps he should try to define the word active by the label or whatever to substantiate, you know I can see the cost of warehousing and carrying these labels that are ready to go and all of a sudden the line dies after two years and all those retailers and wholesalers suffer.

There is a provision for a kind of a distressed sale with the Commission's approval, but you do have a problem that you've brought up very correctly here. A package store pays \$3.00 and stocked its shelves with private labels. Now, in addition to having built up a goodwill connected with that label, you have, am I running out, the fact that you come along now and say to this retailer, "you've got to pay me an additional fee now for the labels that the State of Connecticut said you could put on your shelf for \$3.00", now you're going to raise it \$25.00 fee and you can't sell that whiskey that's on your shelf under this, once this bill goes into effect. There is something .....unjustified.

CHAIRMAN ZAJAC: Well there are some.....to that bill, but the retailer should be willing to pay and that is that when he has his own private labels for his store, he knows that the customer cannot go to any other store in the State and get that same "Wenz Scotch" or whatever it may be and that's the whole essence of why he wants the private labels and that might be worth 5, 10 or \$25.00 over a three year period to know that those customers have to come back at his store to get that particular brand of ..... In places with major outlets, in businesses with several outlets, I have no doubt that that's true.

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I just say to you that there are many stores handling private labels that if the charge is any kind of a substantial part of their license fee, we'll abandon the private label business. It seems to me that if they are going to abandon it, then you've got to give them some right to dispose of the merchandise that they have, otherwise, I say it's unfair to them. I do think that the major thing I could suggest to you is number one, the price is much too high and certainly the cost of this whole handling process cannot come anywhere close to \$25.00 every three years, 50,000 brands, that's almost the price of running the commission and on all of.....activities and I say to you if there was an exemption made for brands that do not have more than two outlets and if the charge were made on a three year basis or maybe once at the \$25.00 figure. In other words if you went on a new registration system, 3-25 dollars, I don't think anyone could complain.

FRED BIEBEL: I have a few things I would like to add. Number one, nobody is going to buy "Wenz Scotch" if they have to pay more for something else and that's why I don't think that they are going to pay a package store that might have it now to increase the price. There are two things that I think I would like to make clear with you Senator, number one, there is no such thing as, in the market today as holding this in the warehouse. If a man has a "Wenz Scotch", he'll place an order and it will be done for him immediately. There is no storage, they don't have it piled up in the warehouse, unless he is in an exceptional big store operator that might use hundreds of cases, then they might have 10 or 15 cases, but if "Wenz Scotch" wants more and is running low, he'll call up and they will bottle it and label it for him and send it but to him. Number two, any liquor that is on the floor or wine today, that label is not theirs, they get rid of it. That wine is distressed or that liquor, it's taken back by the distiller under provisions of the control, Liquor Control Industry, so there is none of these warehouses loaded with merchandise that's been sitting there for a long time. I want to make that clear.

Secondly Sir, I'd like to make something clear to you, there is no way shape or form (some one coughing) in the Commissions office today. This is not true at all. These labels are there, there are a few of them if anything that are probably active and some of them that might be inactive might be old, old labels that I grant you that have been there for years that they don't ever use, but it's nowhere near the percentages that you gave, because most of the labels are active. I'm sure that over the years when a label has not been used for 4 or 5 years, the help in the Commission are very capable people. They know what is being used because everyone of these prices are filed and if they are not filed after 5 years, I'm sure they've thrown out more labels over there than you could shake a stick at.

So, all that I am saying is that we too would like the registration. It may be the answer to your question Sir instead of \$1.00 a year which would be a costly opposition because the Commission every year would have to do it. I don't think there is a need to register these labels every year. Register them every five years. After all, five years goes by pretty quick and if you want to register them every five years with a fee of, let's say, \$10.00 or \$2.00 a year even double of what you are saying, but doing it every five years, then the Commissions only got one job every five years to do, not five jobs every year to do. It's the amount of work that has to be done over and over again.

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MR. BRENNAN: One last line on this in the last few moments that we have here is that Mr. Biebel just did bring something out. Every January, every manufacturer, every out of State shipper and in State shipper files with the Commission a list of all of the products that he is going to sell in the State of Connecticut for that year and the price for which the manufacturer is going to sell it. That can be mended during the year, but to take those price lists and eliminate anything that's out of that file that isn't so posted, the cost of it has to be in the girls time for two or three days. If they want the Package Store Association to pay for such a review, we'd be happy to pay for it, but to put this kind of an annual task, to create such a job, is just not sensible. Thank you very much.

CHAIRMAN WENZ: Is there anyone else in opposition of 1571? If not we will go to SB 1997 AN ACT CONCERNING COUNTRY CLUB PERMITS. Is there anyone who wishes to appear in favor? If not, is there anyone who wishes to appear in opposition? Okay, no one appeared. We will go to SB 2002 AN ACT CONCERNING HOTEL PERMITS. Anyone wish to appear in favor of this bill? Anyone wish to appear in opposition? If not we will go to HB 7984 AN ACT CONCERNING RESTAURANT PERMITS. Anyone wish to appear in favor? Anyone wish to appear opposed? If not we will go to 8722, AN ACT CREATING A WINE PERMIT FOR CHEESE STORES. Anyone wish to appear in favor? Anyone wish to appear opposed?

DANIEL E. BRENNAN: Daniel E. Brennan for the Connecticut Package Store Association. Almost every year we have a balling in urging the permit for the sale of wine in grocery stores and each year I make the same argument, but the liquor business is a delicately balanced business and that if you create this new competition for the package stores you will destroy a great number of package stores. Now, I can't say that for this bill because this bill is a very rare kind of thing. It limits itself to the cheese stores with an inventory of \$50,000.00 in cheese. Now, I don't know how many there are of those in the State. I don't know how many communities in the State could possibly afford a \$50,000.00 inventory of cheese. I don't know how long an inventory can last in the cheese store while they concentrate on the sale of wine. I don't know whether it's possible for them to store \$50,000.00 of cheese and then open up a major wine outlet and not bother selling cheese for 15 or 20 years or whether finally the odor of the cheese takes over.

The gimmicks involved in it are enormous, but of course the major objection is the fact that not only is it specialized legislation designed to help one or two particular people in the State of Connecticut and I have no idea as to their identity, but it is also the opening wedge of, if you are going to grant it for a cheese store with \$50,000.00 in cheese, how do you deny it for a grocery store with only \$1,000.00 in groceries. It's not good legislation. It would end to open the doors and destroy the balance that we do have in the Liquor Industry and a balance that has been so successful as Connecticut is the Model State in the union for its' Liquor Legislation.

REPRESENTATIVE HERMANOWSKI: Do you achieve the.....that the process is only good for six months?