

Legislative History for Connecticut Act

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of the citizens of our great State of Connecticut, The majority in this area being employed by the insurance industry couldn't come because if they did they would probably have to have a day removed from their vacation time as many do if they are sick.

The Taxpayers Association of Connecticut is very cognizant of the fact we are living in the greatest country in the world. We enjoy many freedoms unheard of in other countries, freedom of speech, freedom of choice, freedom to elect those men and women of our choice into government positions. We give our government officials a mandate to do a hard job - and that mandate is keep our country free.

Every thinking man and woman in this country knows that the small business man is the backbone of this great nation. A healthy nation must have healthy business. Healthy business must be built on our free enterprise system, not a business that is sick having to be propped up by government.

When government steps in and sets prices regardless of whether it is called fair trade or some other name, this is a form of dictatorship - government dictating prices, robbing us of our free enterprise that we mandated our elected officials to guard.

We must rid ourselves in this free country of all forms of dictatorial power whether it is called fair trade or regionalization.

The taxpaying law-abiding citizens of this State have, by your election, mandated that you keep this State free in all respects and competitive by giving a favorable report on Senate Bill 93, House Bill 5253, House Bill 5630, and House Bill 5715. Thank you.

REPRESENTATIVE GIORDANO: The next speaker will be Joseph Dubitzky. And the next speaker after Joseph Dubitzky will be Richard Goodman.

JOSEPH DUBITZKY: Mr. Chairman, with your permission I would like to have my colleague to read the papers I have prepared because very recently I was operated on my jaw. Could that be done sir? Thank you very much.

REPRESENTATIVE GIORDANO: Could I have your name, sir?

CHESTER J. KROSICK: Mr. Chairman, my name is Chester J. Krosick. I am reading this statement for Mr. Dubitzky.

I do not represent a specific group or a specific organization.

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I represent myself, a senior citizen and a taxpayer who is very much interested in fairness to all concerned. You, Mr. Chairman, your Committee, are about to decide on the merits of a minimum pricing law. As a former member of a liquor retail trade in the capacity of a self-employed pharmacist would like to bring to your kind attention the facts as they are concerning the minimum pricing law. I remember that many years ago a group of legislators like yourselves in this Hall deliberated for hours and even days the best way to regulate the liquor industry in our State. At the end, they in their wisdom decided since the liquor retail industry is one of a privilege, it should be strictly regulated to prevent abuses. Result: establishing a Liquor Control Commission and eventually minimum pricing law. I emphasize - minimum pricing and not the maximum.

This minimum pricing law for many, many years did work well. There was no cry for its repeal from consumers. Only recently, very recently, we heard a cry to repeal the minimum pricing law. Where did it come from? From very few state officials. Why? Because instead of enforcing the law on the books, they, the state officials, a few in number, decided to take the easier way out of it. They decided to give in to a small group of liquor smugglers. If this be the case, Mr. Chairman, then why not do the same in the case of cigarette smugglers and repeal the cigarette State tax. Of course it would be ridiculous. The same applies to liquor smugglers.

Now let us see what other harm repeal would do. Repeal of the minimum pricing law would bring about a dog eat dog competition, resulting in concentrating liquor sales in the hands of a few big boys. Result: most of it, not all, package store operators and other liquor retail permittees would be driven out of business and as the few state officials claim, the consumer would save between 7 to 8% if the minimum pricing law was repealed, it is wrong since this saving would only last as long as it would take the big boys to drive off the competitors off the market. And then, the consumer had better look out. The big boys would substitute the nationally advertised brands with their own of questionable quality and their gross profit instead of being 21-1/2% as it is under the minimum pricing law would zoom to 40%, 50% or even higher because the customers would become not free customers but captive customers as we have seen happen in the supermarkets where the largest percentage of merchandise on the shelves is their own brands and not nationally known of high quality.

This is one harmful effect of repealing the minimum pricing law. Now the next harmful effect - by driving the package store owners and other retail liquor permittees out of business, the owners

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would become welfare recipients, their clerks joining unemployed. The drivers would join them also. The local municipalities would lose large revenues because of lost inventories. Landlords would lose many tenants. All this the State of Connecticut could ill afford at this time. And above all, the State of Connecticut stands to lose hundreds upon hundreds of thousands of dollars in license fees. And this, the State of Connecticut can ill afford at this time.

Now, how about the consumer whom the Consumer Commissioner is suppose to protect and help to shop in comfort and ease. The consumer would be forced to travel longer distances for his liquor merchandise. Why? Since the big boys are not interested in customer, the locations are far apart from the neighborhoods thereby requiring gas, convenience of a car to get to them. And this, Mr. Chairman, the State of Connecticut could ill afford at this time of fuel shortages.

And as every business knows, the big boys are not interested to carry on their shelves slow-moving merchandise because it is not profitable for them to do so. And this is detrimental to consumers who would like to purchase items they want most and which the neighborhood stores would stock for their customers. Result: additional inconvenience to customers.

It seems to me it would cost a little more than 7 or 8% per purchase to drive the distance to shop at the big boy's store. Only in his local neighborhood does the consumer shop in comfort and ease and get what he wants. In view of these undisputable facts presented, I urge you, Mr. Chairman, kindly to reject the idea of changing or repealing of the minimum pricing law. Thank you. (Applause)

REPRESENTATIVE GIORDANO: Ladies and Gentlemen, I know I should have done this before but, please, no clapping. All right, thank you. Next will be Mr. Richard Goodman.

RICHARD GOODMAN: Mr. Chairman, Members of the Committee, I am Attorney Richard Goodman and I am here representing the 1300 members of the Connecticut Package Store Association.

REPRESENTATIVE GIORDANO: Sir, are you for or or against?

RICHARD GOODMAN: I am here speaking against the proposed legislation. We are convinced that the existing legislation you have now on your books is good legislation and I don't mean good legislation just for the industry. We believe that legislation is good for the industry, for the consumer, and for the taxpayers of the State of Connecticut.

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I'd first like to say something about that industry and some others are here from other branches of the liquor industry. I'd like to limit my remarks to retailers. I guess I could call them the so-called rip-off artists. Senator Houley was right. We do have a large number of liquor stores per capita in the State of Connecticut. In fact, next to Nevada it is the largest number of liquor stores per capita in the entire United States. But I'd like to ask why we have so many. It is not because the retailers want it that way. It is because the State of Connecticut, through its Liquor Commission, licensed that many. They licensed that many under a system of regulations encouraging people to invest their life savings based on a regulatory scheme that includes a minimum mark-up system. And I think that is very important, and I think it does make the liquor industry different from any other retail industry in the State.

Because of that regulatory system, you have encouraged many elderly citizens to invest in package stores. We are traditionally called the Ma and Pa industry. The fact is, it is true. The last study done shows that the average age of the package store owner was over 55 years of age. They put their life savings in this business. I would caution you before you pull the rug out from under them. Perhaps one of the main things that does make this industry different however is the profit structure. Senator Houley in his comments would make you believe the people you see here today are all very wealthy at the expense of the public and I believe nothing could be farther from the truth. And I think it is time we looked at some facts. Commissioner Heffernan, as part of his report, included a page reporting the gross receipts - now these are gross receipts - for the Connecticut package stores for the quarter ending June 30, 1976 - and I'd like to point out one nice thing about the industry is that figures not available in any other industry must be filed with the Liquor Control Commission so they are there and you can obtain them - the figures in Commissioner Heffernan's report indicate that 57% of the package stores in the State of Connecticut grossed less than \$120,000 a year. Now that is a gross. Eighty-three (83) percent of those stores grossed under \$200,000 a year. Now let's see exactly what that means.

You take a gross of \$120,000 which more than one-half of the stores are not making, deduct from that the State sales tax of \$8,400. You are left with \$111,600. You next deduct the cost of goods sold and, again, it is regulated. Those figures are on record at the Liquor Industry. Now there has been much talk about this big mark-up that the liquor industry at the retail level has. It is 21-1/2% of the gross and I would caution

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you not to confuse that with 21-1/2% mark-up from wholesale because many I believe, including Commissioner Heffernan, has made that confusion in his report. The liquor law which states a 21-1/2% mark-up on spirit refers to a mark-up on the gross sales price and if I can give you a very simple example. If you have a dollar item from a wholesaler, and the retailer adds fifty cents to sell for \$1.50, you can look at that two ways - the 50¢ that the retailer adds can be seen as a one-third of the selling price of \$1.50 or it can be seen as a 50% mark-up from the wholesaler. The 21% that I am talking about is 21% of the gross so if you take the \$111,000 and deduct the cost of goods sold which is fixed, the Connecticut retailer is left with \$23,994. That is the retailer who is making \$120,000 gross. It is from that \$23,000 that he must deduct his cost of operation such as rent, insurance, utilities, employees' wages and a \$420.00 annual permit fee to the State of Connecticut.

The facts are, and they can be verified with the Liquor Commission, that the average retailer in the liquor industry in the State of Connecticut nets on his \$120,000, approximately 10% or \$12,000, but I caution you that is not a profit like you would normally think of a profit because it includes two items; that \$12,000 is that man's wages for working 50, 60 and sometimes 70 hours in a store plus his return on his capital investment in that store. And I don't think there is another industry in the State of Connecticut that is working on this low profit margin, and I don't know where the rip-off is, but it sure is not with the retailers.

Why then all this talk about rip-offs? Why then all this pressure for change? And quite naturally it comes from those who say "well it is too bad for the industry but we are more concerned with the consumer." Ladies and Gentlemen of the Liquor Committee, the one fact that I would like to say to you today is that the Connecticut consumer is not paying any more for his alcoholic beverages than is the consumer in the State of Massachusetts, Rhode Island or New York. And you may find that hard to believe with all of the press and all of the statements heard today. But it is a fact.

Now, first I would like to state that I did not state that Connecticut prices were competitive with those in New Hampshire or Vermont. And you will notice that Senator Houley and others as soon as they talk about the high prices in Connecticut immediately compare us with New Hampshire and Vermont. That's a tremendous disservice to the public in the State of Connecticut. New Hampshire and Vermont are monopoly state-owned stores. The

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only way you can make Connecticut competitive with New Hampshire or Vermont is to abolish the entire wholesale industry in this State; do away with approximately 80% of your stores; and reduce the State of Connecticut alcoholic beverage tax and then you will make us competitive.

We kid ourselves when we say "Oh, if we do away with fair trade, we will have no more problem with New Hampshire." Take a look at what is happening in Massachusetts. Massachusetts does not have an enforced minimum mark-up problem and they have, and Commissioner Heffernan, State Tax Department will bear this out, they have as much problem with the State of New Hampshire as does the State of Connecticut. And the reason is we can not compete with New Hampshire and neither can they. The fact is though that we can compete and are competing with our surrounding states.

I challenge those who say that liquor prices are higher in those states to give hard facts to back that up. Let me give you the facts that are available to me right now and I will take them from Commissioner Heffernan's report. At the back of Commissioner Heffernan's report, he gives a list of prices of the ten most popular brands as sold in Connecticut, New York, Massachusetts and Rhode Island, and it is very interesting what that says. If you look at those comparative prices, the price of the total of those ten items; in Massachusetts, the average Massachusetts price, if you take out the tax differential, shows that the average listed for Massachusetts is actually 10 cents higher than the Connecticut minimum price which is the price the Connecticut retailer sells for. No question Commissioner Heffernan has in his report that there are some stores that sell lower but the fact is that the average is the same; that means that there also must be some stores that sell higher. And what we are concerned with today is - are the consumers in Connecticut being ripped off? And if the average in Massachusetts is 10 cents higher than the average in Connecticut, I'd say that is an insignificant difference and we are the same.

Take a look at Rhode Island. Again, if you deduct the tax differential, the difference between Connecticut prices and the Rhode Island prices on the ten items is a total of 72 cents and yes this time we are higher but that is a total of 72 cents on a purchase of over \$66.00. I don't think that is a rip-off.

Now the third state listed in the report is New York. And I will concede that the New York difference in price is more substantial, \$5.65, but I would ask you to turn to the next page where he explains where he got those figures. And he states that

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his New York prices are based on what he calls the minimum, or not what he calls, but what in New York they call the minimum for low bottle price and that the suggested retail price would add approximately \$1.00 per fifth which would make Connecticut's prices cheaper by approximately \$4.00 on a \$66.00 purchase.

Now that is one survey by your State Tax Department. It is the most thorough survey I have seen yet done by anyone and I read in the paper where somebody buys this brand for this price and that brand for that price, I would caution you. Every industry has its lost leaders and it is very easy to sell a brand cheaper. I will also concede there may be a store or two stores that do sell liquor cheaper than we do in Connecticut, but I repeat you will also find them that sell them higher than Connecticut and you are talking about what the average consumer is paying. We are so convinced in the package store industry that our prices are competitive that we have, at our own expense, hired a statistician to do a thorough analysis using not one or two but fifty stores in each of the three surrounding states, not using one or two or even ten brands, but a series of brands and also, very important because surveys don't do it, using different sizes from pints, quarts to half gallons. Whatever that study shows I have already told your chairman when it is done and we hope it will be done in the next couple of weeks, we will present that report to the Commission.

Outside of New Hampshire and Vermont, Ladies and Gentlemen, it is a hoax that has been played on the public. Our prices are not higher. There is no rip-off. And before you tamper with legislation that was built over forty years, I would ask you to take a good look at whether or not prices are in fact higher.

Now there will be a loser if you do abolish minimum pricing in Connecticut. And that loser is going to be the taxpayer. As Commissioner Heffernan's report points out, the liquor industry now gives to the State of Connecticut \$65 million in taxes - that is an incredible figure! It is larger than almost any other tax in the State with the exception of the sales and property taxes.

People ask - why should liquor and cigarettes be the only price regulated products left in the State? There really is a very good reason and that is \$65 million from alcoholic beverage alone. People have said to me "Oh, you lower the price and we will make more on gallonage tax." That is not true. Because if our study is right, you are not going to lower the price. There may be, as has been said, a short-term lowering, just enough to knock out some of our marginal package stores. But the long-range effect will not be lower prices and will not be higher liquor sales.

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What you are going to have though is lower tax collection in two areas. It was mentioned before that we pay \$425.00 per store per year in permit fees. That is over \$3/4 million from the package stores alone per year. You could lose up to \$1/2 million just through lost of permit fees if this legislation goes through. But more importantly, and I would check with Commissioner Heffernan, right now the liquor industry because of minimum pricing, and there is a good reason for minimum pricing, has the highest ratio of tax collections of any industry in the State because it is regulated because the State knows what we sell our product for. Take away that minimum price and I guarantee you there will be a substantial loss of tax revenue.

I would finally like to conclude by adding one other reason that we are different. We are different because alcohol is a drug and it is a drug sold without prescription. That doesn't mean that I am afraid of lower prices. As I say, we are not going to get lower prices. What it does mean is there are very good reasons to have a strong and clean system of regulations in the State of Connecticut and we have it. We have the best in the country. Your minimum pricing laws are part of that regulatory system. We are very different from other retailers. We sell one product and we are told who can sell, to whom we can sell, how we can sell and when we can sell. And what other retailer is like that?

If you want a comparison as to who we are like I'd say look to your other regulatory industries. Look to your utilities. Look to your airlines. They are regulated. And you know what, when they are regulated then price is controlled. And that makes some sense. Because price control and regulation go hand in hand. And as long as the consumer is not the one paying for that regulation there is nothing wrong with it. Take away that pricing structure and you will cause chaos in the industry and help to defeat the purpose of the laws and regulations that are presently on the books. Thank you. (Applause)

REPRESENTATIVE GIORDANO: Ladies and Gentlemen, this is the last time I am going to ask you to please stop your applause. Thank you. Joseph Tendler. And Frank Raffa, will you please come down to this mike. You will be next.

JOSEPH TENDLER: My name is Joseph Tendler. I am against any legislation that would change the existing liquor laws in the State of Connecticut and I am the Executive Director of the Connecticut Package Stores Association. What you are hearing here today is going to be a multiplicity of information pro and con relative to changing the laws. But the real crux of what

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you are saying is if minimum markup and fair trade laws are removed, what will be the effect? You have heard some say and I am sure you will hear others say that prices to the consumer would be lower as a result. You have heard and I am sure will hear more today, industry representatives saying that it would be a catastrophe to remove price controls.

But what are the facts, the real facts, and whose facts are they? What about prices? Will they be lower? Or will it be like New York which is a typical example of what could happen here. The criteria is already established. They removed minimum price posting. The hue and cry was that you will save one dollar a bottle, everybody in New York can come and get boozw cheaper. And that did happen for a very, very short period. They have now reinstated minimum markup in New York. And why, because there were tremendously chaotic conditions. Because 1800 stores went out of business in New York State. And because the price rose. The example is there. Senator Houley indicated that such would not be the case in Connecticut. I disagree. I think that the precedent is here and that when stores go out of business and the giants take over they do control the industry. "I say we don't have to go to Chicago for example where 90% of the business is done by 10% of the stores." We can just look at our border in New York. What about the number of stores? Well as you heard, 58% of the stores go out of business because they can't maintain a competitive position in the market. And if so, what would be the impact on the State of Connecticut? What about the source of supply? What about the people who deliver those goods? If there are fewer stores, will they need as many trucks? Will they need as many people? What will be the impact there? What about taxes? You have heard that Connecticut collects \$65 million from this industry. That is a very healthy sum. All states today need dollars to operate. What would be the effect on that? Just consider that 10% of that figure went down in tax revenue. Where would it come from? If everyone is so concerned about the taxpayer, where would those additional dollars come from?

The Connecticut Package Store Association realizing this and realizing that the only fair and equitable way to do a total impact study which is above reproach by a statistician has so engaged an individual to do that. We are confident that the results will show that prices will not be lower to the consumer. In fact, after perhaps a minor dip, will even be higher in the long run. We are also confident that the study will show that the majority of 1795 retail liquor stores will go out of business with older people joining the job list that now plague our State.

We are confident that the study will show a negative effect on the State's tax revenue from liquor and we are confident

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that when the Legislature weighs all this information, they will conclude, as we have, that the liquor industry markup and fair trade procedures are fair for all. Thank you very much.

REPRESENTATIVE GIORDANO: Thank you sir. Frank Raffa. And the next speaker will be Geraldine Orlando at that mike.

FRANK RAFFA: Thank you Mr. Chairman. My name is Frank Raffa. I am the President of the Connecticut Package Stores Association. I am not going to take too much of your time this morning, Ladies and Gentlemen. You have heard many thoughts already and undoubtedly you are going to hear many more before this hearing is over. I think Mr. Goodman gave you some fine reasons why things should stay as they are.

Mr. Goodman pointed out that the laws and regulations of this industry took forty years to build and through my association with the State Association and the National Liquor Stores Association, traveling around the country to meetings, I believe it to be the finest distribution and cleanest distribution of liquor in the entire country.

I would just like you to consider what any change would do to this whole structure. Please don't forget one thing. Our industry is made up of people. It is not machines. It is not trucks. It is people that are behind the whole thing. And anything that you may consider is going to affect thousands of thousands of people who depend upon their living from the liquor industry in the State of Connecticut.

And I would just like to close that on behalf of all the people of the industry in Connecticut, the wholesalers and the retailers, there is not one retailer and there is not one wholesaler ripping off anyone in the State of Connecticut. And we are not ashamed of anything we have done or anything we now do. We feel we serve the State of Connecticut well and we serve the consumer. As a matter of fact, we are quite proud to be in the business. Thank you.

REPRESENTATIVE GIORDANO: Thank you. After our next speaker will be Jeanne Landolina.

GERALDINE ORLANDO: My name is Geraldine Orlando. I own a liquor store in Oakville, Connecticut. My husband is a carpenter who was laid off fourteen months ago. When we purchased our business in 1974, after a thorough personal and financial investigation by the State of Connecticut, it was with the hope of supplementing his income to better provide for our family of five. We heavily mortgaged our home and borrowed from other sources to buy our business. But all was not to be as

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planned. Besides his being laid off, business fell 7 to 8% in 1976. Our overhead soared, electricity, heat, paper products. In what other business when a motorist is charged with drunken driving, breach of peace or other offenses, and that offense is nollod in court, is that person subject to further punitive measures. In our business we are.

In what other business when property tax is owed, as little as \$100, can the State suspend that person's right to run a business. We can be. Government guarantees a minimum wage to the workers and they guarantee a minimum annual income to those who can't. And I believe in a business that is so highly regulated that it is neither unfair nor inflationary to guarantee us a fair markup. Thank you Gentlemen.

REPRESENTATIVE GIORDANO: The next speaker on that mike. Willard Webber.

JEANNE LANDOLINA: I bless myself because I don't have a speech ready and everything is going to come off the top of my head as I see it because I am an ordinary person on the street and I am scared like hell, all right.

REPRESENTATIVE GIORDANO: You think you are scared. You should be up here.

JEANNE LANDOLINA: A lot of people have been talking about a loss of jobs and loss of money but they didn't even think of the human being, people, and this is what I think of. I am a package store owner, yes. And to all honesty, and as God is my judge, I am sorry I bought one. I have a son in jail today because he was drunk and killed a boy nineteen years old. I would like to ask Mr. Houley if there was some way that he could tell me how to bring that boy back to life, and all of the other ones that got killed by a drunk driver. And I don't sell liquor to my children. I don't believe in it. My husband and I don't drink for medical reasons. We went into the business because I have an incurable disease and no insurance company wants to touch me. So I figured "well, I'll be damned if I am going to go back on welfare again simply because they make me feel like a stupid beggar which I am not." I am part Indian and that makes me a hell of a lot more American than a lot of people around. And there is a lot of things concerned in this.

I would like to know what about the people that have lost their children or loved ones to a drunk driver. And what about the sick one that comes in my store. They are so sick they take a bottle and it drops on the floor. I go with them in the alley way and I take the cork off the damn bottle and I help them

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because they can't bring it up to their mouths. They are far beyond help at times. They can go to the Alcoholic Anonymous all you want but these people just can't be helped. They are dead. They are the walking dead. And I am selling them that poison. And Mr. Houley is asking to remove the laws that protect the future generation that will become alcoholics.

I want to tell you where my son became an alcoholic. I hate to mention the town but it happens to be Simsbury where the kids were at the bus stop drinking while they were waiting for the buses. It started there because I didn't have the liquor in my house. What do I tell those people? How do I explain? How do I get rid of the agony of having my son in jail? Mr. Houley is from Somers. I would gladly have him come visit my son in jail and an awful lot of other people that I have seen in jail because of crime-related alcoholic things. They took one drink too many and this is the whole story. This is why we have the law. This is the reason why they decided to put the law on because it is just as bad as heroin no matter which way you look at it.

And when you look at the price structure you can not look at it like you do at a grocery store or a department store. I went to a big department store and I paid \$190 for a suit. Ten days after I went and that stupid suit was for ninety bucks on sale. Now you are talking about a rip-off. That is a rip-off and believe me, that is a necessity of life. I went to the grocery store yesterday and tomatoes are up to \$1.19 a pound. That is a necessity of life, food, medicine, clothes, housing. Booze isn't, in any shape or form. It can only destroy society. That is all it is good for. It will give you a good time for the ones that don't abuse it but it is being abused and there is no two ways about it. And that almighty dollar that everybody is looking at . You answer me one question, is it going to buy you one inch in heaven? That is what I want to know.

Then somebody didn't bother to bring in some of the outside of the State sources. Well I deal with an awful lot of crime and through that crime is certain information that even if I told the names I would probably get killed when I get out of here. How come AFL-CIO, under Resolution 5, is contemplating on boycotting Seagrams products all across the whole United States? And what is a Canadian company coming into my country and in my state and trying to tell me what to do. The syndicate is moving into our State because of the gambling statute and you check up on them. You go up to Alaska and Canada. In Alaska one out of ten of your population up there is alcoholic. In Canada they lowered their price. Alcoholism went up 60%.

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Now I am not really knocking down the alcoholic person per se but what is it doing to the people that have _____ that they are working for. They always say "I am sick." Well they are sick. They have a hangover. But that man is losing money because that man didn't show up for work. And Ella just said she is going to give a tax credit to people that will expand their businesses and give more employment. Well I am a little man and I can't do that. So if she is going to give them a tax credit, where is the money going to come from? It has to come from me. And because I can not expand and I can't hire anybody because I can't afford it. I don't mind giving up an extra penny or a dollar here or there because _____ I'm not a big boy. So there are a lot of things to consider.

All I want to know is my customers tell me that they don't give a damn how much they pay for liquor and that is the God's truth. They said to me "if I want to pay a buck for a can of beer, I'll pay a buck for a can of beer, if I want to bad enough." It doesn't matter how high the price is, in fact it should go double. I would gladly donate the other part of it to the Alcoholics Anonymous if it was that way.

And another thing that has got me real bugged is I am a free tax collector for the State and they add salt to the wounds if I am one day late on their stupid taxes, they penalize me. And I am collecting for them for free. I wish I didn't get blank thoughts because I could keep you here all day.

REPRESENTATIVE GIORDANO: I think you could, Jeanne. But we have a lot of other speakers Jeanne so --

JEANNE LANDOLINA: Yes, I am going to try to cut it short. Anybody outside of the Liquor Industry, and that goes for the truck drivers or anybody, this is my schedule: thirteen hours a day, six days a week, fifty-two weeks a year. Are you willing to work for that amount of time for under \$10,000, honestly? And yet the Union Contract that guarantees them the pay, nobody wants to guarantee me a pay. I don't call that very fair, do you? I think I am going to shut up because I have said quite enough. I am getting a little tongue-tied all of a sudden. All of a sudden I'm getting out so good-by.

REPRESENTATIVE GIORDANO: Thank you Jeanne. Ladies and Gentlemen, the next speaker afte Mr. Webber will be Elinor Budryk.

WILLARD WEBBER: Mr. Chairman and Members of the Liquor Committee, my name is Willard Webber. My age is sixty-one. My wife and I own a small package store down in Berlin. Until a few years ago, I owned a fast food restaurant but was put out of business by competition; mainly McDonald's. Nobody can compete

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with McDonald's. I lost my complete investment of approximately \$95,000. After several months looking for a job, I finally was given one as a retail salesman for a food broker, take home pay \$125.00 per week. I could not carry my house, the increase of taxes, etc., etc. so my wife and I decided after long, long consultations are best bet would be to sell the house and look for a little business that we could survive. And after checking out several different businesses, we decided on a package store. It seemed like a nice clean business, something that we could handle as long as we had our health and could work, and we followed the rules and regulations set up by the Liquor Commission.

Gentlemen, we put every nickel we had into this business plus some that we had to borrow in order to pay for the stock. That was in October 1974. I work sixty-six hours a week, six days, eleven hours a day, six days a week and my wife helps me about thirty-five hours a week. And if we take home \$250.00 at the end of the week, we are happy. That is about \$3.75 per hour for the two of us.

I know darn well of the minimum pricing and the other regulations are abolished and the liquor industry is opened up to the big boys, I wouldn't last six months. I saw it happen in New York under Rockefeller. Friends of mine were completely wiped out. Remember, we are dealing in drugs which must remain completely controlled.

Gentlemen, please do not act rashly. Remember there is more than one way of skinning the cat and I would certainly hate for my wife and I to ever become wards of the State of Connecticut. Thank you.

REPRESENTATIVE GIORDANO: The next speaker will be Elinor - the mike is yours.

ELINOR BUDRYK: Members of the Liquor Control Committee, my name is Elinor Budryk, I represent the Connecticut Citizen Action Group or CCAG.

CCAG has always been opposed to fair trade laws or anti-competitive price fixing by any other name. We fully supported its repeal in 1975. Common sense should tell us that it is an inconsistent and somewhat questionable practice to repeal fair trade laws on all but one or two industries. Such, however, is the fact in Connecticut today. Once again CCAG totally supports the repeal of the fair trade law, this time the law that supposedly protects the liquor industry.

As with any fair trade law, this one artificially inflates prices of goods to consumers, prevents competition in business, and forces the consumer to subsidize an industry. Currently,

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this particular law is a contributing factor to causing normally law-abiding Connecticut citizens being treated as criminals when they exercise their economic need to comparative shop.

State Tax Commissioner Gerald Heffernan has conducted a study the results of which convinced not only himself but Governor Grasso that the fair trade laws that remain on liquor in our State rather than Connecticut liquor taxes contribute substantially to Connecticut's liquor merchants' lack of competitiveness with neighboring states.

Over the past few years there have been many arguments pro and con on various fair trade laws followed by repeal of many of those laws. The primary argument in opposition to repeal of fair trade laws has always been that such repeal would seriously harm small business.

In testimony before the Anti-trust and Monopoly Subcommittee of the Committee of the Judiciary United States Senate in 1975, Lewis A. Engman, former Chairman of the Federal Trade Commission testified:

"Experience does not support this argument. To date, 1975, there have been forty six states that have enacted fair trade laws in one form or another. Of these, thirty six laws remain on the books, ten have been repealed or voided by the courts. If it were true that these laws protected the small retailer, one would expect a significant difference between the rates of failure of small retail firms in fair trade and non-fair trade states. In point of fact, there has been no such difference. This was the conclusion of Professor Stewart Monroe Lee who examined the total number of stores and the rates of failures in retailing between 1933 and 1958. In fact, Dr. Lee concluded that, 'if anything, the fair trade laws have opposite effects to those claimed.'"

The former chairman in this same testimony states that:

"It would be difficult today to argue that fair trade laws have had the intended effect of protecting small retailers. In fact, ironically enough, those very interests would have been far better protected by the basic law from which these laws granted exemptions."

In our own State, the Connecticut Retail Merchants' Association and the Connecticut Retail Jewelers' Association report no

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complaints from their members and no significant change in failures of business since Connecticut's fair trade law was repealed.

In conclusion, fair trade laws in general are obsolete, artificially inflate prices, subvert free enterprise, forces consumer subsidy of industry and bear little relation to the success and/or failure of small business. The fair trade law on liquor has additional problems: contributing to the harassment and even arrest of normally law-abiding Connecticut citizens, and totally lacking in common sense and consistency.

Why should only the liquor industry be regulated in such a questionable way? What process of reasoning brings Connecticut to the conclusion that consumers should subsidize the liquor industry?

We support repeal of the fair trade law regulating liquor prices and urge this Committee to bring such a bill to a full vote of the legislature.

REPRESENTATIVE GIORDANO: Thank you Elinor. The next two speakers will be Bill Murray, please go to one mike. And Leonard Amoroso.

BILL MURRAY: My name is Bill Murray and I am in opposition to the proposed changes to the minimum mark-up law that we are discussing here today. I'd like to give you a little background about my reasons being in Connecticut and being in the package store industry in this State. I had formerly been in business in the State of New York, found it to be deteriorating considerably, and set out to find a nice state and a good town to bring my family up in. I spent over eight months with 5,000 miles on my car, looking through the State of Connecticut until I found a business that I was able to purchase in Essex. I purchased this business September 3, 1975. I put my life's savings into purchasing this business, have gone to the bank and borrowed additional capital to improve the store that I bought. I am in debt to my wholesalers for supplies and see the very real possibility, after having worked hard, of losing my business if this is done to us.

Now, further, we have to bear in mind that there are reasons for having minimum prices in the retail liquor stores. The reasons are the same as the minimum prices in those other industries in the State that are regulated by the State of Connecticut: the telephone industry, the gas industry, the electric industry, the insurance industry, and I understand

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from one of our legislators today that the gas stations are now regulated in the State of Connecticut also. We hear a lot of talk about higher prices and big, fat profit margins. Having been in the food industry and looked at other types of businesses, I have seen much larger profits in most retail businesses. I can not think of one retail business that works on a gross profit before expenses of 21-1/2% as the liquor industry does.

Now bear in mind that is 21-1/2% gross profit unless you are a volume buyer. Then we give you a ten percent discount and we are working on 11-1/2% profit, gross profit not net profit. Where else can we find prices that are only marked up to that low point? Can you go buy a case of milk and get a ten percent discount? No, I don't think so, and I'll tell you from my experience the grocers work _____ 21-1/2% on that.

Senator Houley and others ask us to compete with State monopolies, strictly New Hampshire and Vermont. There isn't any way that any business manufacturing, wholesaling, retailing, services, there isn't a business in the United States, Ladies and Gentlemen, that can compete with a government run monopoly. The law that Senator Houley is asking to be passed in my opinion would be a most devastating law to the retail liquor business since prohibition. If Senator Houley and other members of our legislature are seriously interested in lowering prices to the consumer for the consumer's sake, I ask them to please seriously consider lowering the tax burden to the consumer. After all, the tax burden is virtually as great as my profit and when I sell by the case with a ten percent discount, the State of Connecticut the tax burden to the consumer is greater than my built-in profit structure.

We are also asked to have sympathy for the residents of the State of Connecticut, who out-of-state can purchase large quantities of liquor and bring them back in to the State. We are asked to have sympathy for these people because we talk about people buying more than a gallon. I have yet to hear on any of the television stations, I am yet to read in any newspaper of one citizen in the State of Connecticut with less than five or ten gallons being stopped by our State Tax Commissioner and his agents. We have not had any liquor seized by our small buyers out of state of local residents for purchasing for their own use. The people that the State Tax Commissioner has stopped, and he has done so rightfully, are those illegal bootleggers who are going out of state and buying 500, 1,000, several thousand dollars worth of liquor, bringing it back into the State and redistributing for cash to other citizens in our State. These people are unlicensed liquor dealers. I can think of no other term for them but bootleggers and I don't see why we should have sympathy for them. I sympathize with the small person who

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buys a gallon or a couple of gallons for themselves, and I can understand them wanting to save a little bit of money.

Gentlemen, the State of Connecticut has been big enough and good enough not to stop our individual citizens for buying out of state for their own consumption, and in this regard I would like to thank the Tax Commissioner in the State of Connecticut.

Ladies and Gentlemen, I think another issue here is the way the package store business does serve its community. It serves its community not only in selling the non-prescription drug, but it performs a lot of service for its customers as it exists today. We cash checks. We give credit. We make deliveries. We order special merchandise for people. These are things that you can not get, the type of service that is unavailable in the monopoly states of New Hampshire and Vermont. The day that the liquor industry as it is conceived today in the State of Connecticut is destroyed through eliminating the price regulations, these services will be lost to the citizens of the State of Connecticut.

I have spoken with many of my customers on this subject and they all tell me "Bill, we like your store, We like your inventory. We like the way you serve us. We don't want to see you driven out of business by a change in the mark-up laws." And they don't think I will be. Well, Ladies and Gentlemen, I don't know whether I will or I won't be. All I know, in the community of Essex, a town with a population of 5,000 people, we have five liquor operations servicing these people. And I defy anybody to believe that 40% to 80% of these small businessmen in that community will not be driven out of business unless the minimum mark-up law is retained.

I think sometimes, and I think perhaps this is the wrong chamber to say it in, but I think sometimes we have to look at the facts. Yes, I am an independent businessman but I also have two partners, the United States Government and the Government of the State of Connecticut. I find it inconceivable that a business that has been regulated by the State of Connecticut and by the Federal Government would allow us independent businessmen to run this business and remain partners in the taxation that they have taken from our business. I find it conceivable that they would ask us not to make a fair living to lower our prices so that the gallonage tax would increase and the profits would be greater to the State of Connecticut. The interest I don't think, in truth, is in the interest of the consumer. Thank you Ladies and Gentlemen.

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REPRESENTATIVE GIORDANO: Thank you. Next will be Leonard and Dan Brennan.

LEONARD AMOROSO: Mr. Chairman and Members of the Committee, my name is Leonard Amoroso. I own a package store in Milford, Connecticut and I am the President of the Milford Package Store Association. Before I mention a few things, I would like to say last night between seven and eight o'clock before I closed my store, at least a dozen customers wished me the best of luck today. So it is just bringing out one point - that the consumers are not 100% against us. It is in the small minority. We have been hearing all different facts today, all kinds of statistics. I would like to bring out some of the points on the personal level only. First of all, I come up here, as the Senator said, some stores are closed. Well, I just couldn't afford to close my store. My wife had to run my store and I think the general consensus of everyone here in the audience, the stores are not closed only the ones that just couldn't get a parttimer to come in to work today. They are the only ones that had to close their stores.

I am forty-six years old and have a family of my wife and four children. Out of those four children, two are in the college level. I worked nineteen years as a route salesman getting up at 3:30 in the morning. I don't know if anybody here has gotten up at that time of the morning but it is for the birds. At the age of forty-two I decided it was about time, I just couldn't do this work any more. I was looking for the future. So I looked into more than one type of business. You could talk about a million businesses but you don't know too much about them. Package store - I looked at it myself and I said it is only common sense. So after searching for one year, we finally found a store to my liking and we made the plunge. Now as I said a family of six, it is almost impossible in today's age to save any money so to buy this store I had to get out a personal loan from a close friend of the family. I had to refinance my house and then I was fortunate enough to find a man who had the package store for over fifteen years who retired. He took back 60% of my notes. Now, I ask you, if this man worked in this store over fifteen years and he used this store as a form of retirement, if we decontrol today how can I pay him off? How can I pay off my house? And how can I pay off my personal loan? There are no guarantees as was said before.

Now we magnify these hardships 1,000 times to include the other retailers that will fail - if that is the figure, we don't know. But it doesn't end at 1,000 because in the 1,000 package stores

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that may go out of business, there is always a wife that is helping. So that more or less comes to 2,000 plus the family of children. Then you have to consider the snowball effect that it will have on the employees in the industry. Consider the truck drivers, salesmen, warehouse men, clerical help that will be added to the already staggering unemployment rolls.

Now let's consider the retailer. He is a hard-working, industrious citizen who usually works over seventy hours per week and he often does this at less than the minimum wage. Over the past several weeks, the media has been telling a story of excess profits. This is a falsehood. The liquor retailer in Connecticut has worked on the same percentage since the early sixties, while at the same time our expenses have risen at a substantially high rate than our profit structure actually allows. The cost of bags, for example, has risen; utilities; insurance have all skyrocketed.

Members of the Committee, I would like to know if you have looked in the newspapers lately to see how many package stores are for sale now. True, I may have an argument that there are always some in there. There are one or two that are the same. But I think in the past several months what the media has done to us, everyone in the store maybe one time or another has considered selling their store. I know for one I have. I would like to know - would you like to buy one?

On the taxes, let's explore another area. The retailer must not only pay for his merchandise but he prepays all the Federal and State liquor taxes before he collects them. Compare this to any other business today. Do you actually consider this a privileged industry? Because every store owner has a inventory whether it varies from \$5 to \$50,000 or more. He has already paid his Federal and State tax, like I said, The only time he makes his profit is when he sells the merchandise.

In closing, I ask you to remember that you are dealing with people, not statistics. Is it worth the chaos? Don't we learn by others mistakes - a prime example is the State of New York. Will we be back in two years to repair the damages that New York did. All I ask is that you don't act hastily. Please weigh not only the economics of the issue but the human side as well. Will it be worth it? Thank you.

REPRESENTATIVE GIORDANO: Thank you. After you Dan will be Les Elliott. Will you go to that mike please.

DANIEL E. BRENNAN: My name is Daniel E. Brennan. I am a lawyer from Bridgeport, Connecticut and I am the lobbyist for the Connecticut Wine and Spirit Wholesalers Association.

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I think today has established to anyone's satisfaction that this is a very complicated and emotional matter that ought to be deliberated on very carefully and ought to be handled in a kind of dialogue. The first thoughtful report that I have ever seen from a state agency regarding this subject matter is Commissioner Heffernan's report. I disagree with many parts of it, but it is a thoughtful and thought-provoking report, and I suggest and hope that this Committee will see fit to follow the suggestion that he has and let industry and government, the Liquor Control Commission and you people on the Committee here sit down in a kind of open public meeting but a dialogue where questions are asked and information is exchanged because this is a matter that requires great thought. Many people's interests are at stake and not only that, the consuming public's interest is at stake, and we well recognize that and we are here to talk about it.

I think, if I may just very briefly, review with you some parts of Commissioner Heffernan's report. I note that on Page 2 of that report, he makes reference to the Affirmation Act and while he says that it did not result in a price decrease, he does recognize that liquor is sold by the manufacturers to Connecticut wholesalers at a price as low as it is sold any place in the United State and the Affirmation Act sees to it that that will continue. I was therefore absolutely amazed when I saw the legislation that is proposed here, particularly the major bill that purports to be a reaffirmation of the industry for in that particular bill there was a suggested repeal of the Affirmation Act. I can't understand why anybody who purports to represent Connecticut citizens, since we only have one major manufacturer of liquor in this State, I can't understand why anybody who represents the citizens of Connecticut would suggest that that Affirmation Act be repealed. The only ones that I know who might have legitimate complaints about it are the out-of-state manufacturers but again I think it came about as a result of simply a wholesale attack on all of the liquor laws. And I am a little bit dismayed by that because I can't believe that anyone considers the sale of liquor equivalent to the sale of bananas. I can't believe that we are going to see Connecticut in a situation where we can have not only discounts but come-ons, give-aways, anything to get us to buy our products. I can't believe that the whole idea of Connecticut's liquor laws is going to be destroyed so that the entrepreneur can come in here with high powered sales campaigns and spread his product as quickly and as rapidly throughout the State and perhaps increase consumption to the detriment of the State of Connecticut.

Just a few weeks ago, the media were making much of the fact that the Massachusetts gallonage tax was \$4.05 as compared to Connecticut's \$2.50 and they said nothing about the fact

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that in Massachusetts there is no sales tax. Commissioner Heffernan, in his report, recognizes that in all the states studied, Connecticut's taxes are the highest and when we compete with Massachusetts, New York and Rhode Island, we are competing with people who pay a lower tax.

On Page 5 of the report, it says that while the minimum wholesale mark-up is 11%, the average is approximately 16%. From his report, however, it appears that he only considered the bottle price in wholesale prices and did not consider the case price. The case price is eight cents a bottle lower than the bottle price. As a result of that I think, and this is part of where I think the exchange of thoughtful questions and answers and dialogue could be most helpful, it is my calculation that rather than a mark-up of 16% as he suggests, that the average mark-up in the State of Connecticut on a wholesale price is 14.2% and the minimum mark-up is 11%.

I have submitted to you a document entitled "Official Wholesale Liquor Prices, January 1977" and in that you will find the various prices at a wholesale level for Connecticut, Massachusetts, Rhode Island, New York and New Jersey. On single case lots, Connecticut is consistently the cheapest state of all of them - on single case lots. In that same document, you will find the official wholesale prices exclusive of State alcohol tax and again in single case lots, Connecticut is the lowest of the group. Some of the other states permit quantity discounts which of course are only available then to the big time operator and the bigger the quantity, the bigger the discount.

Connecticut has - pardon me just a moment - he goes on and he says that the average retail mark-up is 29.5% on a 21% selling price. Again, I think that the report does not take into consideration 10% discount on case lots and that you would find on analysis that the actual mark-up is 27% on the average.

Others have told you what results you can anticipate here by the repeal of the liquor price control statute. One of the speakers said that the thirty day credit bill that says that a retailer can only owe - must pay for his merchandise within thirty days after delivery. One of them said that that was simply a collection item making the State of Connecticut the collector for the wholesalers. He finds himself however in direct conflict with the Supreme Court of the State of Connecticut which has held that the thirty-day law is one of the stabilizing laws of the industry. It recognizes that there is nothing worse in the sale of a drug or of a dangerous product, there is nothing worse than having a bankrupt seller because as he proceeds to plunge into bankruptcy, his scruples about obeying the laws and his scruples on morality in general become more difficult

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to adhere to and I say to you gentlemen there are substantial reasons why this whole body of legislation regulating this industry has made it a well-balanced industry, has made it a good industry, not just for the people that are involved in it but for the people of Connecticut.

Now there is a great many things we can go on and discuss here but it seems to me that one of the cruxes of this thing is the claim that the Consumer Protection Department made, that certain citizen groups made, and with the intemperate language that some of the people speaking here used, of rip-offs of the public and so forth. You have already had it claimed and demonstrated and I think that again in an actual study you will find that overall the Connecticut prices compete with the states around us except for New Hampshire and Vermont. And in New Hampshire and Vermont, if you are not one of the rich men who can go and buy a case of whiskey, you've really got a rip-off because if you are one of the people who lives in a town in Vermont or in New Hampshire, you may well be from fifteen to thirty-five miles from the nearest liquor store and if you are a guy who wants to go out on Saturday and buy himself a bottle of whiskey that does for the week for the family, then you are going to have to travel fifteen to thirty-five miles in the State of New Hampshire. The State of New Hampshire's laws are designed for one thing only, to increase the coffers of the State by the people who tour through it for one reason or another and buy their whiskey. And they do it by maintaining few, and very few, retail outlets at which the wealthy can go and the people from Connecticut who are well enough to do to travel through the State and go up and come back with a few cases of whiskey and save themselves a few dollars. But that isn't the Connecticut consumer. And I am utterly astounded that when we hear the language that is used relating to this consumer problem - well let me say it this way, over twenty years ago I appeared before this Committee and I supported as a lobbyist for the liquor industry the minimum mark-up statutes and at that time I said to this Committee that I and the industry assured them that this minimum mark-up statute, the fair trade statute's continuation would not result in increased prices in the State of Connecticut but would result in a well stabilized and well regulated industry. Two years after that, the Committee summoned us to appear and we appeared and established that there had not been any price increases, that liquor still sold throughout the State at standard prices and that there had been no price increase in the meantime.

Now it is all very well to shout symbols and slogans about free and open competition but the facts are facts and I don't understand why this argument didn't end last year when I used

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this particular exhibit and I haven't revised it. But in this particular exhibit, Ladies and Gentlemen, it shows that between 1962 and 1975 in a period of thirteen years, liquor prices in Connecticut had expanded 9%. Now that was my claim at that time. I believed it. I was proud of the statement I had made twenty years ago or more to the Commission that liquor prices would be maintained and there would be no rip-off and I was proud to be able to show you that that had been the fact because I have to stand up to do this, but look at this, this is what has happened to the price of everything else, all these free and open competition matters. In those same years, those thirteen years, the price has gone up 80%.

I tell you, Ladies and Gentlemen, the very media that are screaming about the protection of the Connecticut consumer have gone up 3 to 400% in the price of their newspapers in that same thirteen years. (Applause)

REPRESENTATIVE GIORDANO: We'll have order in this House or the meeting will be adjourned. Now this is the last time I am going to speak to you people on this. We are all trying to hear your wishes and hear your views. Please refrain from clapping. You may proceed.

DANIEL E. BRENNAN: Thank you - just for a few moments. Now again, I don't say that you have to take my statements here but I think you ought to know, I think you ought to find out and if it is true that the regulation of this industry has not resulted in an increase in prices. You know I was amazed when people here said that the small retailer was doing all right, didn't need the fair trade and the repeal of fair trade had not had any effect upon them. You know, fair trade laws were never enforced. When the repeal came, it was kind of an insignificant act because they had never been enforced. There was an attempt made in the late thirties or early forties to enforce them but because of all kinds of constitutional defenses the people who were in charge of the enforcement of fair trade practically gave up. And you now have in this industry, the one industry because it is the only industry with its own special constitutional amendment. And that kind of shows why it is suppose to be treated differently, but because of its own special constitutional amendment, you are able to regulate it from top to bottom. And by regulating it from top to bottom, you have avoided the thing that happened in the retail industry and if anybody thinks that the small retail businessman in Connecticut hasn't been practically destroyed, well then he is either a very young person or he has a very bad memory, because in my lifetime we had retailers in every neighborhood who stabilized the neighborhood, who helped

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the people in the neighborhood, and who were meaningful citizens in the neighborhood. And you have driven them out, by this kind of competition, you have driven them out of business and out of those neighborhoods and in urban areas you are paying a great sociological price for it.

And let me say to you now that here in this particular thing, you will find that the places that are first lost, the retailers that are first destroyed are the small neighborhood, urban retailer and you are going to find that the very people that you spent so much time and concern about in this State, the poor and the elderly, are the ones who are going to have to pay and suffer for it. And I say to you, I just can't plead any harder for you that this is a very difficult and complicated matter, and don't treat it with flags waving; don't treat it under adages of fair trade and competitive practice; find the truth. And I tell you I think that the open competition that we have had in the retail market has resulted in lower prices for a while and then in monopoly prices as you got bigger and bigger shopping centers located further and further away. And I think that the people of this State whose prices have gone up 80 and 90% in the last few years have been the subject of the rip-off but the liquor industry isn't a part of it. Thank you very much.

REPRESENTATIVE GIORDANO: Mr. Elliott, and next will be Leonard Saponare.

LES ELLIOTT: Mr. Chairman, Ladies and Gentlemen of the Committee, my name is Les Elliott, General Manager, Shop-Rite Liquors of Manchester and Wethersfield. Shop-Rite Liquors are in favor of eliminating the fair trade laws, the minimum pricing as it now exists. Shop-Rite Liquors of Manchester and Wethersfield are in favor of eliminating the fair trade laws and minimum pricing as it now exists. Business should be allowed to be competitive, each fighting for the customer's favor by offering better price, variety and service and all the other ingredients that go into the customer's decision to use one store over another. And I thank you very much.

REPRESENTATIVE GIORDANO: Thank you. Leonard - could we have quiet in the hall please.

LEONARD SAPONARE: My name is Leonard Saponare and I represent myself as a taxpayer and also as a consumer here. I am definitely in favor of decontrol of all the liquor prices and the book of regulations which happens to be the most hypocritical thing I have ever read in my whole life. I feel

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everybody has the right to do and go into the business of their choice and I tried to do so by applying for an application for a package store liquor permit. I was within all the town regulations. I had no arrest record, financially sound, everything. The town was more than happy to approve the site. I go to the Liquor Control Commission. I have to have a hearing because the four package store owners in town filed a complaint that they don't want me there. The closest store I had, Gentlemen, was almost a mile away. Gross receipts were \$206,000; net income showed a profit of \$44,000 - net profit. Now I ask you, what can I do to hurt a package store whose gross receipts are \$206,000. Well the Liquor Control Commission decided that I was going to hurt them and denied my license.

Well, Gentlemen, I have been what I thought - I did what I thought all my adults- my parents, the police told me to do - be a good citizen, pay my taxes, do good for community services. I was a volunteer for five years at the Hartford Regional Center for retarded children, active volunteer. Also a volunteer for one year with Hartford's Big Brothers. And then the State of Connecticut turns around and denies my right to go into the business of my choice when I was legally within all the regulations. Gentlemen, I have this in the courts right now because I feel I was definitely abused my rights and privileges as a citizen and as a taxpayer of the State of Connecticut.

While it is in the courts, I suffer great losses here. I've put the store together under a misconception that the Liquor Control Commission gave me. So I opened up a giant grinder shop while it is in the courts. Well there is already two other giant grinder shops in town and since I have opened up, there is another giant grinder and pizza place that has opened up in town. Well what protected that man's right from the other grinder shops from me going into that town? Nobody. I was open in three days. He had nobody to complain to and yet I was to cut into his profits unquestionably. Now I ask you, and all I can say in all fairness is that if you are going to do for one person, which is the package store owner, then you have to do for the rest of the consumers and the rest of the taxpayers of the State of Connecticut. We all have a right. Everybody has a right whether they are black, white, green, purple, orange; no matter whether they are Italian, Irish or whatever their nationality or national origin is. They have a right to go into business in this great country. That is what our country was built on, hard work and competition. That is all I have to say. Thank you very much.

REPRESENTATIVE GIORDANO: Al, and the next speaker after that will be Richard Madgic.

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AL PROVENZANO: Mr. Chairman, Members of the Committee, my name is Al Provenzano. I am a resident of the town of Stratford, taxpayer, etc.

In the ten years that I spent in the Halls of this House and in the ten years that I attended public hearings and listened to people speak, never, never have I ever heard from a public official, an elected representative of the people, such a tongue-thrashing and name-calling as I heard today from Senator Houley. I am amazed. I am appalled and I expect a public apology to the people that are a segment of this great State of ours. They provide a service and they work for a living and it is uncalled for to call them rip-offs. I agree with him in part. There is a rip-off in the liquor industry and that rip-off is by the State of Connecticut and the Federal Government. If he were true to the consumer of the State of Connecticut he would tell them the full facts. Those facts are that 48% -48% of the cost of a bottle of liquor is taxes. If they want to reduce it, they can reduce it by 48% by reducing the Federal, the State liquor taxes and the sales tax. Don't be looking to the little fellow who is trying to make a living and try to reduce his 8% or whatever they compare with the State of New York. I think that is an outrage and I expect a public apology from Mr. Houley.

The State of New York recently enacted a minimum mark-up law. They did without one for several years and they have a 12% mark-up law and the package stores that are still existing in the City of New York and State of New York still can't make it. I have with me two articles from the "New York Times". These aren't articles of opinion. These are facts. These are the auction pages. One for this past Sunday and one for the Sunday before for the week ensuing. Last week there were two liquor auctions in New York. Two liquor stores went bankrupt; and there they are, Mr. Chairman. They are circled in red for your observation. This is the week before. Two other package stores went bankrupt. There they are, circled in red. Went bankrupt because they couldn't survive on a 12% mark-up.

Now let me tell you, and as you know, if we haven't learned from the history of the past, we will never learn. There is only one small business left and that is the package store. By golly, if you are going to let them go to the wayside, then you are not on the side of the consumer. You are on the side of the chains because they are the ones that control the prices in this State. Can you go out and buy meat at a reasonable price? They are all the same because they control them. Is that what you want for the people of this State? We have a good industry in the liquor industry. I know. I have been in it for eighteen

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years and I am not one of those big fat fellows either. I work for a living just as everyone else does here. And the people in my community know how hard I work because they sent me here for ten years. And I want to see some other legislators back that up!

Yes, Mr. Houley is speaking for some but he is speaking for the big boys and we all know who they are. There are a couple of axes to grind. The press is grinding one; certainly they are grinding one. I see one in the Bridgeport paper of last week or several weeks ago - unfair trade. Well they have an ax to grind too. What they want is the advertising that is going to come from it, forcing all these people to put advertising in the newspapers so they can get their fat share of the revenue that is coming in from the liquor industry.

And last but not least, I heard this young fellow talk about what special privileges do we deserve. Very simply this, that in my inventory, and all of us have a \$10,000 plus inventory, 41% of it is tax money that I have to put into it before I can collect it. Every \$10,000 that I have in inventory I have \$4,100 in tax money that I have to shell out. Actually, it is unconstitutional. You shouldn't be getting it from me. You should be getting it from the consumer, but I have to shell it out. On top of it, I am a tax collector, an unpaid tax collector for the State of Connecticut. I have to shell out for an accountant and other services to provide the collection of these monies for the State of Connecticut. And I object to that wholeheartedly. Of course, there are other industries that do the same but then, on top of it, to add insult to injury, I'm looked upon as a price gouger. You call 21% on profit price gouging? I certainly don't. I think that is a marginal mark-up. We still have our increases to pay. We don't have anything where we can increase our profits.

And remember the last thing, what you are talking about is our labor. Everything in our stores are fixed prices - how we buy it, our insurance, our utilities, our heat, everything is fixed. Our hours are seventy-two hours a week and the only thing we can reduce is our wages. That is the only way we can cut it. I want to tell you this. A minimum mark-up law for us is our minimum wage and if you can do away with that then you had better do away with the minimum wage law because if you are going to make it free and open on everything, make the labor market free and open to. Thank you.

REPRESENTATIVE GIORDANO: The next speaker will be Richard Madgic, and the next speaker will be James M. Woodard. Will you kindly go to that mike.

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RICHARD MADGIC: My name is Dick Madgic and I own a package store in Ansonia, Connecticut. We have been hearing a lot from Mr. Houley through the media and we have been hearing a lot of opinions as to the rip-off we're giving the consumers. Quite frankly, these people just do not understand what a business profit is. In fact, by their own comments I can only turn that these comments are completely irrational.

We are being compared to other businesses when it comes to price-fixing, and I wonder if people who are making these statements really understand what we are being compared to. I do not know how many of you people on the Committee have your own businesses so for the sake of that, let me explore a little what is the difference between profit we make and the profits that are in other businesses.

To start that with, my interpretation of profit is the dollars between what I have paid for a bottle and what I sell it for and I do not want to use percentages because as Mr. Goodman pointed out, percentages can be looked at in two different ways and they become very, very confusing. When I buy a fifth of Seagrams, I pay \$4.30 for it. I retail it for \$5.49. That is \$1.19 profit. If you are wearing an Arrow shirt, you have probably paid \$14.50 for it which is a very popular price for an Arrow shirt. That retailer paid \$7.25. He made a profit of \$7.25. A half gallon of J & B Scotch which is a high profit item cost me \$13.90. I sell it for \$17.75. That is \$3.90. A typical pair of shoes, if a retailer pays \$10.00. He retails it for \$20.00 maybe because if it doesn't have a brand he may be able to get \$21.00, \$22.00 or \$23.00 for it.

I can go on and on and keep quoting prices but that would just become redundant because if we got into the jewelry industry, we are talking in profits of 100 and 200 and 300%. And this is what we are being compared to.

Other common practices we are fighting with - dating. There isn't a retail field that doesn't get 60, 90 and 120 days dating. You get advertising money that pays for ads you put in the paper. We don't see any of these types of things but these are the people that we are being compared to.

A package store that is doing somewhere in the area of \$120,000 volume in the State of Connecticut probably has a single person owner working in the area of sixty-six hours a week. On week-ends and holidays, he brings his wife in because he doesn't have to pay her. He probably makes around \$12,000 to \$15,000 a year. Another retail store, small store, making the same volume, \$120,000, has the owner, a full-time employee and probably

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three part-time employees, one of them being a bookkeeper. This store owner probably makes between \$20,000 and \$25,000 a year. This is what we are being compared to. The profits in a package store are not excessive. They are minimal. We are working with regulations that are twenty-six years old. Other stores that we are being compared to can change these structures yearly and do so. We have our monthly expenses of bags, heat, water, electricity, and I don't have to explain to you how they have gone up. All you have to do is look at your bills at home.

Retailing mark-ups in the past since 1969 have risen from 15% to 20% and we are still working with twenty-six year old laws. Profit is the life blood of any industry and it is the life blood of this one. The liquor industry in Connecticut is healthy and it is thriving. This is not true in other states. How many other industries in Connecticut are healthy and thriving? Please - don't let chaos and confusion enter our business by altering our profit situation. If the profit structure in the liquor industry is destroyed in any way, Ladies and Gentlemen, I promise you this. In three years, you and all of us will be back here to discuss what has happened to our industry and make it like it is in 1977. Thank you.

REPRESENTATIVE GIORDANO: Thank you Richard. James, and our next speaker will be Louis Abramson. You can go to that mike please.

JAMES WOODARD: Thank you Mr. Chairman. My name is James Woodard, General Manager and Vice President of Harvest Hill Package Store. Now I would like to say a few things to all of the package store owners here. Everybody thinks there is always a big guy. There is a guy who can do this and he can do that. Well we would like to have you know that we struggle and we work hard, very, very hard to maintain a group of stores or even two or three stores or one store, to try to make a profit out of that as well as so-called being the big guy. I think that is a very bad term to use, the big guy. We have to struggle. We have large overheads like you do, very tremendous overheads. We have managers to take care of, still overheads.

I would like to make a point right here that we are not in favor of knocking out the fair trade. We are not in favor of knocking out the minimum price mark-ups because we are so-called the big guy. We don't want this to happen. We want our business to be able to be ran and to make a profit like everybody else, but there is only one way we are going to be able to do this. First of all, we know as a group of package store owners here that we have our side to bring out to this Committee. But what happens outside of this building. We have millions of Connecticut

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residents who are in an uproar at this point because of the news media, because of certain situations that have happened. They are all against us. They think that we are the people who are taking the money away from them. They don't want to shop from us because they are paying a higher price. Now all we are looking for is a businessman like everybody, is a chance to do the business that we want to do.

In our particular instance, we know - at least I think - that the State of Connecticut has to do something. We, as an industry, have to do something. We have to try to get some of this volume that has been taken away from us as businessmen from another state or other states. We want that back, every bit of it. Now that does not mean that we are going to talk about New Hampshire and Vermont because we can't even put ourselves in their class. We don't even want to try, but we do want to be fair to the consumer.

As the Committee sits in front of us, we have heard everybody, every speaker tell of what we need or what we want for protection. Well how about looking at it the other way. Can we bring up a couple of points that may help us, help us bring our prices down still keeping the price minimum mark-up on or relatively close to it. We'll use the word "controls". Let's think of strictly controls. Now we have several areas that we can bring our prices down and I don't think we have to simply talk tax either. There's some money in there that we can either put in our pocket or we can give it back to the consumer and it does not reflect on our regular minimum mark-up. And we are all package store owners here so we know our business. So I think we can bring out in front of this Committee where some of this money can come from. But we need changes, and these changes are going to have to come from this Committee through our Liquor Committee and our Liquor Commission.

Now just a couple of points - you all know in our book, in our beverage journal, we have "post-offs". We have post-offs running from one to maybe sometimes 8%. I think a figure to use as better would be an average of 4%. Now if we were allowed as package store owners to give this 4% back to the consumer, we are not hurting our mark-up whatsoever. We are just giving them something that is coming off the top.

Second of all, we have a case 10% discount, very important to us. No other state has a 10% case discount, but how many people are going to come in your store and want to buy a case of J & B, a case of Cutty Sark, or whatever. They come in if they are going to have a party. They want items that are going to be able to be used at their party, not a lot of excess liquor hanging around so why shouldn't we be able to give a 10% discount

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on a mixed case, not just a solid case, so that we can in turn use two or three percent of a post-off, ten percent on a mixed case which we are already giving now if they buy a case. It is in the structure. So now we are talking about 14% possibility right there of taking off the retail price - 4% guaranteed, 10% if they are willing to buy a case. You go to New Hampshire; you go to Vermont; you go to Massachusetts. You buy your liquor. You've got to buy a case, at least a case because you are trying to save some money. There is no sense buying a bottle. A bottle will maybe save you 15%. Okay, so we want to be able to get these people back into Connecticut to buy but we have got to use the monies available to us without hurting our business. We also have the fact of a possible quantity discount. If you buy a case you get 1% off; if you buy two cases, get 2% off. There's another 1% or 2% if this Committee will allow us to do it that we can give back to the consumer.

Now you figure all these total allowances and we have a few percentage points to give the Connecticut consumer so they will not be saying that we are a rip-off and we can compete very, very easily then with Massachusetts and with Rhode Island. We don't want to try to compete with New Hampshire because we can't. There is 11% and a 22% up there that they just do not have. They mark it up from what the government wants, not from what we want or not from what the retailer or the wholesaler wants. So we want to be very concerned in our establishment. We want volume. The only way we can get volume, the only way we can survive today in our business as well as yours is to get more volume to offset our higher cost factors. Now if we can get this volume back to Connecticut, which is going to help each and every one of us out. There may be a few people that are going to go out of business. There are every day. Sooner or later somebody can't pay their bills. They get behind. They lose their store. To me, and I hate to say it and there is no disrespect, but that is bad management. There are certain things that you have to protect and this is our business to protect. Now we want protection. We want protection like you do. I don't want some big cheese coming from Massachusetts. I don't want some big cheese coming from New York and taking away our business. As you people indicate that we want to take away yours, we don't. Because I don't consider us big by any means. We are hard-working people who are trying to make a living and trying to make other people a living, our store managers, our store clerks, but we can only do it one way. to offset this ridiculous amount of increases we have seen over the years, and just a very few years. We want some help. And our help has got to come from the Committees to allow us to give more breaks to the consumer.

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Now if we rationalize it, and I would like to take one example. We look in our book and we see a \$4.00 case discount on a case of Carstairs. That is roughly 8%. If we turn around and give that 8% to the consumer, on a mixed case with 10% on top of that for buying the case, everybody has a chance to draw that customer into his store by utilizing these percentages the right way. If they want to put it into their pocket, that is their business. If they want to make the extra 8%, that is their business. They need it, fine, but they should not criticize the man who wants to go out and utilize that to draw a customer because he is doing like every other business is doing, he needs his customers. He also needs protection for his business or my business to keep it running.

We do not want to see the big chains come in and wipe us out but we do want something to work with and hopefully this Committee who sits in front of us who have listened to a lot of people's struggles, hard-working, emotional. We want them protected too. But we have to do business. I would like to see the State of Connecticut, the Liquor Commission itself stop issuing licenses in Connecticut. Put a freeze on it. Stop this ridiculous amount of package stores per capita in Connecticut. That, in turn, will give each and every one of us who took the time to come down here a chance to do more business but if the State of Connecticut wants to continue issuing licenses that is going to break into every one of their profits, 1%, 2% whatever it may be. Because people who are coming into business have to do it to. So we would like to see a freeze put on the amount of licenses being issued in the State of Connecticut, plus the fact, Gentlemen, we would love and really appreciate the fact of you not taking the fair trade off, not taking minimum mark-ups off in a sense. Now if I say that we are going to be able to pass through these discounts or these allowances I don't think that that is any indication that we are trying to get rid of fair trade or trying to get rid of the minimum mark-up law. All we want is ability to reduce the prices to get the business back into Connecticut. Thank you very much.

REPRESENTATIVE GIORDANO: Louis, and the next speaker will be Charles Hamm.

LOUIS ABRAMSON: Mr. Chairman, Members of the Committee, I reside in Hartford and I do have a package store in East Hartford. I have been in the industry for a great number of years and I was one of those, one of the first ones who was instrumental in the passage and the introduction of the laws that you are now referring to as fair trade laws. It is not, absolutely not, a fair trade law. These laws were adopted when the U.S. Government outlawed fair trade. The law was tested in

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the courts and right at the time that fair trade was declared unconstitutional this particular law was upheld not only in the Court of Common Pleas or the Superior Court here, or the Court of Appeals but it went all the way up to the U.S. Supreme Court. With fair trade abolished under Federal law, this particular law was upheld. The reason: the statement of purpose of the law in the first place. To prevent undue stimulation of sales and consumption of alcoholic beverages through price wars. The intent of that has served to stabilize the industry in the State of Connecticut ever since its introduction. I certainly would not want to see that tampered with after viewing what has happened throughout the country as far as liquor sales. We are known nationwide as having the best liquor laws in the country as has been so recognized by the Liquor Control Commissioners throughout the country. As I have stated before this Committee on previous occasions, so much so that even our liquor administrators for years have been the head or president of the Liquor Administrators nationwide.

To get down to what has happened. There have been statements made that this law raises prices. Far from it! If you go back to even the days of OPA when the Federal Government set the prices nationally, liquor under the Federal Government setting the prices the sales and the mark-up was not 21-1/2% but 25%. Now down to 21-1/2% at our own request when we introduced this law, we set the minimum of 21-1/2% and that has become the maximum so this has not increased prices. As a matter of fact, when this mark-up law was put in in 1963 in the State of Connecticut, the mark-up then that the retailers were operating under was about 23-1/2% and with that 23-1/2%, we asked for a minimum of 21-1/2%.

I am not going into the further details on the law but I am going to deal with certain factors such as mentioning competition which you have now a state of war between the states on the sale of alcoholic beverages. It has gotten to the point where the New Hampshire Liquor Control Commission is advertising in Connecticut inviting people to come up to New Hampshire to buy their liquor, but they also at the State Tax Department's request now print on there that you are limited to bring in one gallon per person. This one gallon per person was set up in line with actually the Federal standards. When you bring in liquor from overseas, you are limited to one gallon per person. This is not _____ anything except purchasing for your own personal use. There has been a lot of hollering about the public being stopped coming down from New Hampshire, the liquor confiscated and we are trying to find a bleeding heart. Well let me tell you I have no sympathy for them whatsoever. If they are residents of the State of Connecticut, there is a sales and use tax law on the books. That does not apply to liquor only but if they are honest residents of the State of Connecticut, they

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are suppose to declare all their outside purchases and pay the sales tax but that is not what has happened. If we want to compete with, you speak of New Hampshire and state stores, I do not believe that the government, Federal or State or local, belong in any industry that can be run by private industry. This did not reduce prices. New Hampshire has one of the highest property taxes. The revenue that the State of Connecticut receives from its liquor taxes go into the General Fund which helps reduce all other taxes that would have had to be made up by the public. State stores do not necessarily mean lower prices. Every state was given the right to control the sale of alcoholic beverages under the repeal of the 18th Amendment, which was the 21st Amendment.

State stores do not operate any cheaper. As a matter of fact, you have state stores in Utah. You have state stores in Ohio. You have state stores in Pennsylvania and in every one of those states the prices of alcoholic beverages are much higher than the State of Connecticut or any of our surrounding states.

As the price maintenance and limitation, yes, you come under all the control items, the PUC, etc. You can not go into a business of operating a taxi cab without getting a license and I defy you to get one. The rate that they can charge is regulated. Trucking is regulated. The rates for trucking are regulated. The distance that trucks can go are regulated, their routes. This is not something that is unusual just because it is a liquor industry.

As to Massachusetts which is not a state-control of state stores. They are running ads in Connecticut now because they are forced with the competition with New Hampshire border and they can afford to sell at our costs which is what they are advertising. However, they take only certain items. Not every item is reduced. They are operating on the lost leader factor, but they can do that and still make money. Why can't we do it in the State of Connecticut? Very simply - your stores in Massachusetts are allowed to sell cigarettes and if you are not familiar with it the cigarette companies put a twelve-inch display on your counter and pay you for displaying it. It is \$15.00 a month for a twelve inch display on your counter. All other displays are paid for so that Massachusetts their rent is actually paid by these incidental items which are not permitted to be sold in the State of Connecticut. They can give you the liquor at costs and make money because they allow the sale of cocktail shakers, glassware, cork screws, cheeses, and many of your delicatessen items and those are all high profit items which can not be sold in Connecticut. Frankly, I would like to make some of those high profits but I also realize that I want a stabilized liquor industry. I would

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like to see a continual stabilized industry in the State of Connecticut. I am not fighting to take items away from other stores.

As to the transportation of liquor, I said the bleeding hearts, they are not bringing in just that one gallon that is permitted under the State law now. Anybody who gets up here, I haven't heard anybody speak on this. I haven't heard any of those who were charged with transporting liquor. I wish they would state openingly when they speak as to how much liquor they transported and why it was confiscated. I think that would be very interesting to hear. I can not have a bleeding heart for them. They deliberately knowing what the law is go out of state to purchase and complain because they got caught violating the law which they knowingly broke and doing the State of Connecticut out of the tax. I think if any of us break the laws we should be prepared to pay the penalty. Let me say Connecticut is not as tough as some of the other states as far as confiscating the liquor. Pennsylvania has a problem with purchases from Maryland and Washington but when they went to work on it, they not only seized the liquor as it came across the state line, they also seized the car which was being used for transporting the liquor. You do that with cigarettes too. You do it with anything else illegal. They confiscate the means of transportation too. And in Pennsylvania not only do they confiscate the liquor but you can not get your car back for at least thirty days and up to one year, and every seizure the cars were confiscated for the illegal transport.

I certainly do not want to see jungle warfare going on in the liquor industry. I do feel that we have, as I said, the finest liquor laws in the country and I would most certainly hope that this Committee would report unfavorably on Senate Bill 93. Let us continue to have liquor laws that in the end protect the consumer, have an orderly distribution of alcoholic beverages serving the purpose for which it was intended, still giving the State of Connecticut some of the highest revenue and not break down our entire system. We are not asking for special privileges. These laws that were adopted do not extend special privileges to the liquor industry and if you look into the facts you will recognize that. Thank you very much.

REPRESENTATIVE GIORDANO: Thank you. Charles, and the next speaker will be Francis J. Sullivan.

CHARLES HAMM: Mr. Chairman, Committee Members, my name is Charles Hamm. I have a store in Mystic, Connecticut. I apologize for my voice today. I have a little bit of a throat, but without going into detail about the minus signs, prefixing the state alcoholic tax revenues practically every month, I find

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one piece of evidence that is rather disturbing to me. For the period July 1, 1976 through December 31, 1976, we have a decrease of \$8,233 in tax revenue for alcoholic beverages compared to the same period in 1975. The State, during the same period, should have shown approximately \$600,000 increase in revenue for the population growth alone. In the month of November 1976, again a decrease in tax revenue of \$28,624. compared to the same month in 1975. Now in the months of November and December, 30% of the year's business is done in retail liquor. Yet, in the month of November, we show this terrific decrease.

Now here in the State of Connecticut for the last three years, we have ranked No. 1 in average income per capita among all fifty states. It only follows that our families entertain more. Therefore, more liquor is purchased but it sure isn't being purchased in Connecticut as evidenced by our decreased gallonage and taxes.

Last year this Committee heard testimony by one of the opponents of the repeal of price controls stating that the pricing structure of our liquor industry should not be disturbed because the liquor industry with its present pricing regulations had contributed millions of dollars in liquor taxes to the State's treasury. But the hard fact is the liquor industry per se does not contribute five cents in liquor taxes to their state. The consumer pays all taxes and they, in the end result, are the only ones that pay. My belief, along with many other store owners, is the consumer in the State of Connecticut wants to leave more of his tax dollars in this State where it belongs. But they have not and are not going to do this under the present prices and truthfully I don't blame them. If I were not in the liquor business, I certainly would be spending my dollars in other states.

I have just finished reading the Tax Commissioner's Report to Governor Grasso on the State's liquor taxes and pricing laws, and it appears that some of the Commissioner's men should have studied a little harder and a little longer according to some of the comparisons of liquor prices they found and some that I found.

Case in point: The Commissioner's Office found a difference in Seagram's 7 Crown Fifth of only a few cents between Rhode Island and Connecticut prices. I find there is a difference of 83¢ on the same product. The difference was approximately the same on a fifth of Smirnoff's Vodka. These two products happen to be the best selling alcoholic beverages in the United

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States. Another product - _____ Champagne. Fair trade price in Connecticut: \$5.81; Rhode Island: \$3.75; a difference of \$2.46 or 73% more in Connecticut than in Rhode Island.

We are not speaking here of a second or a third rate winery but rather the largest producer of wines in California. Another difference: half gallons of J & B Scotch; difference in Rhode Island and Connecticut prices, \$4.06. Ballantine Scotch, half gallons, \$3.57. Quarts of Beefeater Gin, difference Rhode Island and Connecticut, \$1.83. I could go on infinitely but I need not.

I have been in this business for 37 years and have been in all types of markets; markets with a maximum price control, free markets, and of course our present state of affairs. And I can honestly say the free market is the most healthy and profitable market of all. The consumer feels, and I must agree, that they are asked to subsidize the liquor business in their State by our controlled profit structure.

I completely and totally endorse all the liquor law reform bills and pricing bills submitted to this Committee.

SENATOR MILLER: Mr. Hamm, do you have a much longer statement?

CHARLES HAMM: No, I am --

SENATOR MILLER: How much longer?

CHARLES HAMM: I just have one more paragraph here. To repeal the fair trade act only would do absolutely no good for this industry. You would only be taking the weapon out of the proprietor's hands and putting it into the hands of the wholesaler, and prices would most probably go up instead of decrease. It would be strictly a cosmetic gesture to the consuming public. I think it boils down to the fact that what this Committee thinks more important - a couple of million consumers that elected you to office, that want to leave their liquor business and tax dollars in Connecticut, or a handful of retailers that think they might go out of business if they are made to compete and conduct their businesses as any other business person in the State. Thank you.

SENATOR MILLER: Thank you. Mr. Sullivan. I am going to ask you to be brief because the House has a session here early this afternoon.

FRANCIS J. SULLIVAN: Mr. Chairman and Members of the Liquor Committee, I will be very brief because it has all been said today. I am sure you have a lot of facts. However, I just

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want to make one comment and that, too, has been made by one person on the floor today but I would want to duplicate that. I take Senator Houley's remarks as personal in every way possible. He sat up there with a speech and went on and on about rip-off artists, how retailers are rip-off artists. Well I take the definition of a rip-off artist as being a thief and dishonest. And that is what he sat there time after time and has called us. He did it on television. He did it here today for the purpose of the news media and I take that very personal and I think you, as legislators of the State of Connecticut, ought to tell Mr. Houley how he should handle his comments about taxpayers and businessmen in this State of Connecticut.

I have also read in the newspaper about Mr. Heffernan's remarks about how fair trade or the elimination of fair trade on liquor would reduce prices by 7% or 8%. I didn't see anywhere how this would be achieved. I know we have an Affirmation Law in the State of Connecticut that we are not suppose to pay any more for our liquor than those in other states. I wonder how far this is being carried out. Are we getting ripped-off from the distributors or the wholesalers as Mr. Houley has suggested?

Mr. Houley has also said free enterprise. Well we aren't a free enterprise and just taking the cost or reducing the cost doesn't make it a free enterprise. We still have very tight controls. Are they going to be released also? Are we going to be able to take our books home with us without sending in a letter to the Liquor Control Commission? Are we going to allow people to use our rest room facilities without being in fear of losing our licenses? These, Gentlemen, are also strict, tight controls just as the price is. And it shouldn't just be the price that determines free enterprise.

You talked about fair trade in minimum mark-up. I think they are two different items. We have the minimum mark-up. The fair trade that you repealed two years ago is a different situation. Those are luxury and large items, things that have been marked up 200, 300 and 400%. They still carry, however, suggested retail prices with them so they still are fair trade items.

The only thing I ask is I am opposed to any change in our industry. It is a good, clean, fair industry and I am opposed to any change from the way it is at present. We heard from one person here tonight, or this afternoon, that is involved in a chain outfit. He had very good suggestions. You heard from another one that was in a trade naming Shop Rite who are the type of people who are just laying back waiting for you to

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pass this because they sell over 3,000 items in their store and it is not going to make a bit of difference cutting everybody else's throat just so they could have more of the gravy and eventually it will turn up where they will increase their prices like they do on everything else in the supermarket. Thank you very much.

SENATOR MILLER: Thank you. Mr. O'Connor.

WALTER O'CONNOR: Thank you Mr. Chairman. Ladies and Gentlemen of the Committee: my name is Walter O'Connor. I am Secretary-Treasurer of the Connecticut State Labor Council AFL-CIO.

Jobs in today's economy are vital. It is therefore essential that the General Assembly take no steps which will endanger job opportunities for employment of its citizens. On the other hand, Connecticut should not have the distinction of requiring its consumers to pay the highest price for liquor in the nation. We, as consumers, should not have to pay prices artificially created because of price control. We have to balance these two interests to come up with a fair solution to the problem.

While the Connecticut State Labor Council, AFL-CIO, supports Senator Houley's proposal to decontrol prices of alcoholic beverages sold in the State, we believe that there must be safeguards to protect the small package store owner and others involved in the sales and delivery of liquor. We, therefore, suggest that your Committee develop legislation which would effectively prohibit any corporation or person from buying up present liquor stores and from undertaking the monopolizing of liquor outlets in the State. It is our suggestion that no person or corporation directly or indirectly should control more than two outlets in this State. An exception, of course, has to be made in those cases where some person or corporation does control more than two outlets. But that person or corporation should not be allowed to expand its holdings. We believe that with this preservation of competition that the small store owner will be able to continue to operate.

We believe that decontrol of liquor prices would sharply cut down the present massive bootlegging of alcoholic beverages from other states like New Hampshire, and we would actually increase the sale of alcoholic beverages in the State. This would mean a greater volume for the neighborhood package store and would mean additional earnings for salesmen.

In closing, the Connecticut State Labor Council reiterates the need to preserve the present employment and self-employment of our citizens. A bill to completely eliminate price control without taking steps to preserve the competitive pattern could

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have adverse effect. This is not what the State Labor Council plans to have. Thank you.

SENATOR MILLER: Thank you. Tom Szczepkowski. And the next speaker is Donenick Cifarelli.

TOM SZCZEPKOWSKI: Ladies and Gentlemen, my name is Tom Szczepkowski.

SENATOR MILLER: Excuse me. The ones who have prepared statements, we ask you to please leave them with the Secretary. We'd appreciate that. Thank you.

TOM SZCZEPKOWSKI: Instead of reading them?

SENATOR MILLER: No, you can read them. If it is short, if it is a long one I wish you would just summarize it.

TOM SZCZEPKOWSKI: No, it is not very long. Mr. Chairman, my name is Tom Szczepkowski and I do own a package store in Naugatuck. By the way, my wife is working in the store today. We are not closed.

Mr. Chairman, I believe you have all heard of the slogan "One for the road and a trooper for a chaser". Mr. Chairman, I believe you are trying to change this fine slogan to read: "One for the road and one on the house". Mr. Chairman, I believe you are trying to entice people to drink. Mr. Chairman, if some one is trying to do good and make a name for themselves, why not lower the price of milk, bread and fuel where it will do some good.

Mr. Chairman, I had a man that came into my store after viewing that program on T.V. concerning the price of liquor in Connecticut and how great it would be to lift fair trade. This man had five children and works very hard to provide for his family. He said "Tom, my wife is a semi-alcoholic and you know what she said when she viewed that program? 'Well now honey, I can drink more.' "

Mr. Chairman, I believe we should discourage people and not encourage. How many times have you read of an accident where John Doe was arrested for being under the influence or under drugs but yet you control drugs and the price of drugs is not coming down. Mr. Chairman, I believe you are aware of the ever-growing rate of accidents in Connecticut and that a great number of these accidents are caused by teenagers being under the influence. They we say how bad our teenagers are when we put the tools in their hands. Our rate of alcoholism in teenagers and adults is also on the high increase but now you say, drink

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more, the price is right. Our hospitals are crowded for this reason.

Mr. Chairman, I believe this bill is designed for the wealthy and not the poor. The poor man can not afford to go to New Hampshire and buy six or eight or ten cases at a time. Mr. Chairman, if you would go back and check the ones that were arrested in over-the-border arrests, you would find that the great number of people are in the higher brackets. Here again, Mr. Chairman, the poor man pays again. He can not afford lavish parties and cocktail hours before dinner and a well-stocked cubby hole at his office.

Mr. Chairman, I believe alcohol is used for medicinal and also prescribed by doctors for the ill. Therefore, Mr. Chairman, it is a drug and it should be dispensed with the utmost care and control. Thank you.

SENATOR MILLER: Thank you. Next, Mr. Cifarelli and then John Harris.

DOMENICK CIFARELLI: Mr. Chairman, my name is Domenick Cifarelli. I am here representing myself. I won't be repetitious. I think it has all been said here but I do want to point out a few things that haven't been mentioned at all.

First of all, when I first got here this morning I was vigorously in favor of complete repeal of these regulations, the fair trade laws. I have heard some very, very good arguments on both sides so let's get away from the fact that it will definitely benefit the consumers. We know that. It will benefit the restaurant and cafe owners, we know that. Let's get down to the package store owners. You know I feel for you fellows, I really, really do. You are the only individuals in the State of Connecticut in the business that you are in that has all of your money tied up in your business, thousands of dollars in fixtures, store fronts, more thousands in inventory; yet, you do not run your business. You own it but you don't run it.

I haven't heard one word said about the people that do run your business. That is the wholesale liquor distributors. Of course, they are in collusion with our friends across the street, the Liquor Control Commission. But they are the ones that run your business. You know they have all fancy little tricks that they perform here. One of them is this fair trade law that they want to keep in, not for your benefit. They keep telling you that you are going to go out of business. That's not true, men and women that own these businesses, that's not true. They are trying to keep their prices up. They are trying to keep this monopoly as they have here in the State of Connecticut.

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All I ask of you package store owners is to think a little bit more about this subject. Think about how repeal will affect you. If it does come about, you will finally be able to promote your business. There will have to be some other changes made regarding the advertising laws, some of these vigorous restrictions now imposed by the Liquor Control Commission. Those will have to be made too. But think a little bit and after you do, I want you to call up your State representative and legislators in the State Assembly and ask for a complete repeal - no partial like Commissioner Heffernan says. He's trying to make a political football out of this. No compromise - it has got to go all the way and, in addition, there has to be some regulations corrected at the Liquor Control Commission. This organization is much too powerful.

SENATOR MILLER: Sir, we are going to have hearings on those bills later on.

DOMENICK CIFARELLI: I am speaking with the fair trade law, Commissioner. I am trying to. Like I say, everything has been said and I am being rushed over here so I will end it once and for all. Let's repeal these regulations without compromise. It will be the first gigantic step that we, in the liquor business, have taken in fifty years toward infiltrating the dictatorial powers of the Liquor Control Commission. Thank you.

SENATOR MILLER: Thank you. Mr. Harris, and following him Mrs. Sims.

JOHN HARRIS: We are here today to determine the future of the liquor industry in the State of Connecticut. But no matter what course is decided on in the long run, two immediate steps must be taken. The first of these is a moratorium on new liquor permits. As long as the issue of price controls is before this Legislature, we should not promote any increase in the number of liquor stores in this State.

The second step is for the Governor to set up a bipartisan committee to completely rewrite the liquor laws of this State. They are currently a scissors-and-paste assembly of amendments and repeals, which are written in a language that is incomprehensible to the layman. They are inconsistent and they are deceiving. Such a committee should be comprised of people from the liquor industry, both wholesalers and retailers, as well as legislators and members from the public. It is after this committee has researched and rewritten these laws, and not

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before, that legislative revisions should be made.

For twenty-five years Connecticut has been a state with a minimum price law. We have heard practically everything we need to know about that twenty-five year period so I will not go into that at this point because we are a little short of time.

But the point is that the State of Connecticut, and the Legislature from the State of Connecticut and this body, which is responsible for the number of permits that we have today.

We have before us three bills whose differences are miniscule. Mr. Houley's bill No. 93; Bill No. 5253 and Bill No. 5630. All these bills do the same thing. They are short-sighted, naive, simplistic and they must be rejected. After twenty-five years of promoting small, non-competitive liquor stores, these bills propose to change this arrangement overnight. Previous attempts to make this repeal in other states have met with disaster. We have heard from those people who are informed on those matters so I will not go into that again.

Any comprehensive liquor reform package faces not simply one problem price, but interrelated ones. Not only are we concerned about prices, but there is the impact of change on too many stores, many of which would suffer immeasurably from any reform package which would come out of this Legislature. In the long run, I feel we will be better off if we see transition as the primary problem, rather than an immediate price reduction.

We have before us another bill concerning price reductions, Bill 5715, which deals specifically with the fair trade law. Let us distinguish the difference between minimum prices and fair trade. Price minimums are set by the State. Fair trade is set by the manufacturer. This is the only bill before this hearing concerning itself with the specific issue of fair trade. All other bills dealing with price changes refer as well to State minimum price laws. This is the only bill in my opinion which is consistent with the Governor's endorsement of Mr. Heffernan's study. Nevertheless I do not endorse it. I do not endorse anything which makes the retailer a scapegoat of change.

It is fair to assume that one of the main reasons the State is so concerned about liquor prices is that Connecticut is losing revenue to neighboring states. We have heard about that tonight. The State, too, can gain more revenue by lowering its margins and making its losses back in volume. According to Mr. Heffernan's study, Massachusetts has the second highest gallonage tax in the country, yet when we combine our gallonage tax and our 7% sales

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tax, we find that our taxes are as much as \$3.00 higher per case than Massachusetts.

This particular diagram will probably show this probably more clearly than anything else. Massachusetts has a gallonage tax of \$4.05 or 81 cents a fifth. On a case on no matter what you buy your taxes are \$9.72 a case. Connecticut's taxes are \$2.50 a gallon or 50 cents a fifth times twelve, \$6.00 on a case, plus a 7% sales tax. In a particular item, Doer's Scotch, \$86.29 - 7% of that is \$6.04. Our Connecticut taxes are \$12.04; \$2.28 higher than the second highest gallonage tax in the country.

In contrast, the January profit which the retailer takes, including a 10% discount, is \$12.01 - three cents less than the State is making on the same sale. This is not a unique or a specific instance. The second poster will probably benefit or show this a little better. On a quart of Popoff 80 Proof Vodka, the cost to the retailer is \$3.66. The retailer's profit is \$1.01. The State revenues, gallonage tax and sales tax, is 95.5 cents. This is a normal price, \$5.00 selling price, for about 80% of the quarts of vodka sold in the State of Connecticut.

I am making 5-1/2 cents more than the State. By the case, I make 62 cents a quart. The State of Connecticut makes 91-1/2 cents a quart. I think this is rather convincing that the retailer in the State of Connecticut is being scape-goated and scape-goated heavily by a state which hits it not only once but twice with State taxes which the retailer must pay and collect for free which has again been pointed out today.

Bearing with the factor that we have for time here, by the figures in Mr. Heffernan's study and a quick study of the applicable sales tax figures, we find Connecticut among the top states in the country for tax revenues derived from the sale of a single bottle of liquor. If we, the retailer, are asked to bear the brunt of any price reduction, the retail industry is going to traumatically fall apart, to be picked clean by the big-money operators from out of state.

The liquor industry supplies the State with an awesome amount of revenue, \$65 million we were told today. This goes directly into the General Fund. Any major shake-up in the liquor industry will not gross (in answer to Senator Miller) Okay, one paragraph.

The repeal of fair trade should not be the repeal of fairness in dealing with the retailer. Any revision, any price reduction should be shared equally by the wholesaler, the retailer, and the State taxes of Connecticut. If fair trade is repealed, there

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is no guarantee that the wholesaler will not continue to pad his prices above the 11% minimum. Fair trade laws apply both to wholesalers and retailers. But the above bill applies only to the retail merchant. This factor can be remedied or amended in such a way as the gentleman from Harvest Hills recommended and the gallonage tax be rolled back, then we have a package in which every party is reducing its margins to lower the price to the consumer. The profit lost would hopefully be gained back by an increase in volume. But it is hypocritical of the State to take this action, repealing fair trade, and saddle the retailer with the entire burden of that change.

If there is a spirit of fairness in this Assembly, then all of us have a bearing on the price the consumer pays, and all of us, wholesaler, retailer and state revenues should share equally in any reduction. We can work together to improve our industry, or the Assembly can stand before the masses like Pontius Pilate and wash its hands of the responsibility of controlling an industry which it has dominated for twenty-five years. I hope that we can work together towards the former, and I pray we can avoid the latter. Thank you.

SENATOR MILLER: Thank you. Mrs. Sims. The next speaker is Lawrence Winer - will he come to the mike.

TANIA A. SIMS: My name is Tania A. Sims and I am one of those smugglers who brought in liquor from out-of-state and got caught. I did not knowingly break the law like some of the people here are implying. I did not know about the gallonage and I did not know about the one carton of cigarettes. I am not used to public speaking either, but I am trying. I just figure I have to have my say because the way everything was written up in the paper and I feel like we were used to bring out this issue, the whole issue of minimum pricing and fair laws. Are they really fair? This is what I am trying to find out. And I really don't know that much about them and I learned a lot about it today.

The liquor industry is fighting very hard to keep things the way they are. Of course, they are. They have a good thing going as far as I can see it. They are guaranteed their 21% profit. My husband is not guaranteed a job. He is not guaranteed making a living like you people are. He is not protected under any law so I just would like to say - why the liquor industry? Why should they be protected?

Then another thing - maybe it is not the issue here but, as far as I know, they made a smuggler out of us by making the prices

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in New Hampshire, okay I have to say New Hampshire because that is where we went, but we also shopped in Massachusetts. As a matter of fact, I have gone there and bought my legal gallon and brought it back just to compare the prices after this thing happened and the prices in Massachusetts - somebody mentioned they weren't any cheaper - but they are. I have checked as a consumer. I have checked.

Then the thing about selling to minors and the moral question of the whole thing, alcoholism. Is it really preventing under these laws? Is it really preventing anything? As far as I am concerned, it is not preventing alcoholism. It is not preventing teen-age alcoholism either because a lot of the package store owners have admitted selling to minors. One of the package store owners said just go and look at the arrest record of the package stores so maybe that might be something to check into.

Okay, the drug industry - they keep referring to it as a drug. Now the drug industry has a law. You can go to a drug store and ask for a price. You will get the price. You will get the price of a certain drug but you can call up another drug store and check their prices or go there and you can shop at competitive prices. Connecticut citizens don't have the opportunity to do this. They don't have the right to shop where they want to because if they do and they do buy more than one gallon they are going to get arrested. I don't call that freedom. Okay, if they want to keep these laws on the books, okay let them keep their laws. Fine, but let them give the Connecticut people a chance to go to other states and buy a fair amount of liquor which is five or ten gallons for their own personal use. Okay, let's raise the limit then. Why not? Hey, I tell you - the laws are going to be changed quickly if we do that.

I know I am kind of in the minority here. All the people from the liquor industry are here and one of the distributors said to me "you've got a lot of guts to go up there." I have the right to say my piece and you'd better listen too.

Okay, they said something about bringing in liquor from overseas. Now I've come from Holland and I have brought in liquor on many occasions from overseas and there I do have the right to declare it. I have the right to declare it and pay taxes. Here I offer to pay the taxes when they arrested us. But no, you don't have any right. They did take our liquor and they treated us as common criminals. Okay we bought it and I am not giving - I don't want any sympathy. I don't need any sympathy because I - I am not looking for the sympathy and I sympathize with all these small package stores that are fighting for their livelihood and I am sure if it was my

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livelihood, I would fight for it to. But I don't think they should be protected under any particular law. We have to all work hard for it. We are not protected under any laws so let there be a competitive basis. America was built on competitive basis so let it be back to that. I say let us have an open market on the liquor with some controls. I have to agree there. There has to be controls but I think the things they bring up and the drugs and everything like that is not a valid reason. It has nothing to do with it. I think I have said my share. I'll probably come up with a lot more things to say, but thank you very much.

SENATOR MILLER: Thank you very much. Lawrence Winer.

LAWRENCE WINER: Yes, there are a few things although almost everything has been said already. But one point that the young lady from the Citizens Activist Group made, jewelry stores and appliance dealers were not too upset by the removal of the fair trade laws and it had very little effect on their business. That is true, it is very true, and one reason is the manufacturers still control their prices. They don't call it fair trade but they are more or less blackmailed. You sell this particular item for under this price or you lose the line. This is very commonplace now with appliances and jewelry. And the mark-up on that, as said before, is many times more than liquor. The only thing we can do is look at the other examples where minimum mark-up laws were repealed. In New York they eventually had to come back which has already been said.

One thing that hasn't been mentioned is the situation in Florida where no controls exist. We have two very big chains and if anybody has been in any of these stores, they might have noticed that you have a package store and quite a few of them directly connected. You do not have to walk outside the building to get into it but right through the package store you will go back and find the topless bar and things of this nature. And this is where they recoup a lot of their profits. Now if this State is willing to contend with this type of operation, all well and good but I don't think this State is quite ready for it and I just hope that the legislators think very carefully before anything drastic is done. Thank you.

SENATOR MILLER: Thank you. Now we have gone through the Speakers' List. Is there anyone else who would like to make a short statement because we are going to have to get out of here in a few minutes? If there is, raise your hand. Go ahead. Give your name and your town.

CHESTER CHMIEL: My name is Chester Chmiel. I come from Colchester. I am a package store owner. I have heard a lot of comments here and some of them have brought out

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other comments. One time I ran an appliance business in Long Island. I ran it for fifteen years, services and appliances. That business was ruined by cut-price competition. Large chains coming from Chicago and cutting prices below us that cost us. Eventually a lot of people went out of business and when they did the big stores took over and if you try to get a discount on an appliance now, you don't get it. At the same time, you never got any service from them. The small dealer was the one who was giving them service.

I heard Shop-Rite here represented and they said that they would give merchandise at better prices and give better service. I have yet to go into a supermarket of that type of operation where a man will come over to you and ask you what kind of wine you would like or what kind of liquor and get an explanation of which one might be a little better. I have spent up to an half an hour with a customer telling him what is the best buy in a particular wine and how much they should pay for it. And if they can't afford to pay \$8.00 for a bottle, I'll sell them a \$2.00 bottle of wine which I feel will meet their needs. And it is appreciated. Also the variety in the wines that they say they are going to sell. The big shopping centers push everything that will sell. They'll have 100 cases of one item but you can't get variety. They'll throw anything at you that they can get a deal on.

I have to refer to a couple of notes I wrote if I can remember. You talk about lowering the prices on alcohol so that more of it can be spent. At the same time, just about a week ago, I saw a piece in the paper where they are asking for \$687,000 for alcoholic rehabilitation which is a cost to somebody that isn't brought up here.

Under repeals, somebody mentioned promote the business. I can't see how you can promote a business if you don't make a profit on it. You have to spend time and you have to give time in order to do it. And if you can't make a profit, you can't use it. That is all I will say at this time. Thank you.

SENATOR MILLER: Thank you very much. Thank you all for coming. The hearing is adjourned.

FRANKLIN DISTRIBUTORS, INC.

1096 W. BESTIGE PARK ROAD, EAST HARTFORD, CONNECTICUT 06108
PHONE: 203 528-0718

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WHOLESALEERS OF



February 3, 1977

Legislature of the
State of Connecticut

We wish to let it be known that we are opposed to
Sen. Houley's package of liquor bills.

On the law requiring licensees to pay bills in 30
days, the State taxes the distributor on every barrel
and case of beer sold and require the distributor
to reimburse the State within 30 days. This factor
is the reason for the 30-day law and if this law is
abolished it would prove a hardship on the distributor
since he is the only one in the liquor business in
the State of Connecticut that extends credit, while
restaurants, package stores, grocery stores, etc.,
require cash.

We employ 15 people at present, and our pay scale is
set up according to laws that are now in effect. With
spiraling costs of the business, and the possibility of
the 30 day law being abolished, we would find ourselves
in the very bad position with a possibility of having
to go out of business.

We wish to thank you for your consideration of our
problem and vote "No" on the proposed bill.

Sincerely,

FRANKLIN DISTRIBUTORS, INC.


Austin J. Stack
President


Richard F. Cunningham
Secretary/Treasurer
Permittee

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PROCEEDINGS
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SENATOR DE PIANO:

Mr. President, I move for rejection of Senate Amendment A.

THE CHAIR:

All those in favor signify by saying aye. Those opposed nay. Rejection.

SENATOR DE PIANO:

Mr. President, I will now move for passage of the Bill as amended by Senate B.

THE CHAIR:

Remark?

SENATOR DE PIANO:

Well, I think we had remarks on this yesterday and if there is no objection, I move it be placed on the Consent Calendar.

THE CHAIR:

Hearing none, so ordered.

THE CLERK:

Continuing on page five of the Calendar, Calendar 595, File 372 and 710, Favorable Report of the Joint Standing Committee on Liquor Control, Substitute for House Bill 5253, AN ACT REPEALING THE FAIR TRADE PRICING STATUTES ON THE SALE OF ALCOHOLIC LIQUOR, as amended by House Amendment, Schedule A.

THE CHAIR:

Senator Miller.

SENATOR MILLER:

Mr. President, I move acceptance of the Committee's Favorable Report and passage of the Bill as amended by the House, in concurrence with the House.

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THE CHAIR:

I assume there are Amendments.

THE CLERK:

Yes, Clerk has a number of Amendments. Clerk has Senate Amendment, Schedule A, File 710, Substitute House Bill 5253, LCO 8805, offered by Senator Houley.

And if you will bear with us, copies of all the Amendments are being distributed.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Thank you very much, Mr. President. Mr. President, before we begin debate, and incidently, we are going to call for a Roll Call vote on some six Senate Amendments, sir. I want to clarify for the Circle and for those that might be interested, a couple of rumors that have been circulating. It has been suggested by some that Senator Houley is applying a degree of pressure on some Members of the Circle to accept some Amendments on the basis of his "power in Appropriations". And so that the air be cleared very quickly on that, I invite any Member of this Circle who at any time on this or any other issue, has ever received any kind of pressure from Senator Houley on any matter. The answer is no one can rise, Mr. President, because I have too much respect for each member of this Chamber and they are intelligent beings who are going to arrive at their decisions, whatever they be, on the basis of their understanding of the same.

Mr. President, the Bill before us is all that remains of an intensive effort to reform Connecticut's Liquor Control laws and to solve the problems of necessary high liquor prices and unnecessarily low State Alcohol Tax collections in Connecticut. There will be honest differences of opinion on this issue and I know

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that we can discuss all of these issues openly. But let us not pretend, Mr. President, that the main Bill before us is going to do the job for the people of the State of Connecticut. This Bill, to repeal the Fair Trade specifically House Bill 5253, as it stands now, will do very little for the consumer. It does not even begin to attack the special privileges of the liquor industry and I hope we can discuss the issue with privileges today. Therefore, Mr. President, let us move to the first Amendment, Senate A, LCO 8805. Basically, it creates a Legislative Commission. It creates a Legislative Commission within the General Assembly to totally review some 43 years of very complex regulations and to report its recommended revisions on or before 15 February 1978. In this book, there are some good laws and there might be some poor laws. There are some good regulations and, in my opinion, there are some horrendous regulations that have not been looked at by any of us for all too many years.

Now, anyone who has dealt with the Commission - the Liquor Control Commission can tell you that it's present regulations are a maze, understandable, if at all, only through the expert lawyers on that subject. There's been a spirit in this General Assembly this Session that in this area of liquor controls, we need close study. Indeed, many of us who have proposed major changes in Connecticut's liquor control system have been told to wait. That we would study the system carefully first, and then take action. Well, Mr. President, here's an opportunity for all of us. Why should we not want to study the Liquor Control Commission's regulations now? I'd like us to do something about this situation, at least I'd like to invite debate on the question of why and what's wrong with the Liquor Control Commission regulations review and what is wrong with looking at them? This does not repeal one single regulation. It simply states let's

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put to work a Committee as outlined in this Amendment, duly appointed by the Liquor Control Committee, not people outside of it, to evaluate what these regulations are and where they deserve change and to come back, not with regulations that have been devised and developed by the Liquor Control Commission, but rather by the Assembly that makes the law and I hope, Mr. President, that this Amendment becomes part of the Fair Trade Bill and again, when the vote is taken on this Amendment, I ask for a Roll Call.

THE CHAIR:

Senator Miller.

SENATOR MILLER:

Mr. President, I oppose this Amendment, based on the fact that we already approved a Bill, accomplishing this same thing. We approved a Bill in the Liquor Control Committee and we sent it to the Appropriations Committee and we're waiting for the Appropriations Committee to come out with that Bill by itself. I don't want to jeopardize the Bill that's before us, that was passed by the House, that's going to give the consumers of this State at least an 8 percent reduction in liquor prices if we put some Amendments on this Bill, I'd like to see no Amendments on it because if we do, we might jeopardize the Bill and then go another year without doing anything about Fair Trade. I'd ask everybody in the Circle to please vote no on this Bill - this Amendment.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, let's clarify some of the last speaker's remarks. There is in the Committee on Appropriations a Bill to investigate - investigate - investi-

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gate, and there is a vast difference between investigate and study and if one looks at this, it simply says that the Liquor Control Commission - Committee, rather, shall do this or thus with reference to regulations. There is positively no harm in this. The Bill in Appropriations, if I have my way individually, certainly will come out. And certainly will contain some minimal dollars to investigate, to investigate - not evaluate, not study, but investigate all aspects of the liquor industry in the State of Connecticut.

So indeed, there will be a Bill. But the Bill that is before the Committee on Appropriations, that hopefully will come out, does not address itself to the question. This does not require an investigation. It means evaluation and study. Let's talk about jeopardizing the Fair Trade Bill which "will save at least 8 percent". In our remarks today, I think that we will conclusively give evidence that under the best of conditions maybe, an eight percent to the consumer of the State of Connecticut will be realized in some areas and we'll point that out. But let's not be confused that the Fair Trade Bill that's before us is going to reduce automatically eight percent to the consumer, on the cost of liquor products, wine, spirits or malt beverages because I don't think it will.

With reference to the statement that let us not have an Amendment because, Mr. President, it might take away the Fair Trade Bill, is nonsense. We have many weeks of work left. If we can better Fair Trade and let's establish here that I am not opposed to Fair Trade - if we can better it, I want to ask the Circle why shouldn't we? If this Circle can point out a better, more effective way of doing something that will help more consumers of the State of Connecticut will not the House agree with us? Of course they will because they do want the Fair Trade, just as we all do. So I reject those arguments. I think the Amendment is in good order, Mr. President, and I think it's worthwhile and it does

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positively no damage at all to the concept of the main Bill before us and I ask a Roll Call.

THE CHAIR:

Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, question through you of Senator Houley. Senator Houley, you have seven succeeding Amendments. Is it your intention if this Amendment is successful that the balance which deals more with the substance of Fair Trade or minimum mark-up will then be withdrawn?

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Through you, Mr. President, I do not intend to withdraw any Amendments today, sir. And I don't see where one Amendment is in conflict with another. So I think that responds as best I can to the question and I think the Amendment ought to rise or fall on the merit or lack of merit of same.

THE CHAIR:

Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, I would comment, if that be the case, it seems so much contradictory in that Senator Houley proposes that it's absolutely necessary to appoint a standing committee to study the inequities and report back by a date certain and yet, at the same time, wants to make very drastic revisions himself even before that study is concluded. On that basis, it would seem to me then, we would have to rely on the study Bill that is already in the Appropriations Committee.

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THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, I don't wish to belabor this particular Amendment, but if indeed, the Committee on Liquor Control of the General Assembly is evaluating this, is studying, where have they been since the first of January to recommend one simply change and in another Amendment which is germane to a Bill that this Circle passed on Consent, it will document and point out the fallacy, the total fallacy that since January, no one has looked at these regulations with any seriousness. And that's the purpose of the Amendment.

THE CHAIR:

Senator Miller.

SENATOR MILLER:

Mr. President, I'm willing to have the Appropriations Committee substitute this Amendment in the Bill that he has in the Appropriations Committee and when he comes out with he can have it exactly as this Amendment and I'll vote for this Bill.

THE CHAIR:

Motion is to adopt the Amendment, Schedule A. A Roll Call has been requested. The Clerk will make the announcement please.

THE CLERK:

There will be an immediate Roll Call Vote in the Senate. Will all Senators please take their Chair. There will be an immediate Roll Call Vote in the Senate.

THE CHAIR:

A Roll Call has been requested on Amendment, Schedule A, offered by Senator

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Houley. The machine may be opened. Please record your vote. The machine is closed. The Clerk will please tally the vote. The result of the vote:

TOTAL VOTING	35
NECESSARY FOR PASSAGE	18
YEA	12
NAY	23

The Amendment is defeated. Senator Houley.

SENATOR HOULEY:

Mr. President, I believe the Clerk has LCO 8801, Senate B, I believe.

THE CLERK:

Yes, Clerk has Senate Amendment, Schedule B, offered by Senator Houley to House Bill 5235, File 710, LCO 8801.

THE CHAIR:

Senator, do you waive the reading and do you want to explain the Amendment?

SENATOR HOULEY:

I would ask for the reading of it. It's a very short Amendment, sir.

THE CHAIR:

Proceed.

THE CLERK:

The Amendment reads - after Line 187, insert the following section. "Section 5. Sections 30-49 and 30-50 of the General Statutes are repealed."

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Thank you. Mr. President, it's a very simple Amendment. Let's call it the

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thirty day Amendment. This basically, Mr. President, involves the special privilege of the liquor industry. The Amendment would repeal that law which requires liquor retailers to pay their bills to wholesalers within thirty days or lose their license. The present law may have had good motivation in the past by preventing wholesalers from controlling retailers through debt or extension of credit. But today, it serves largely to make the State - the State of Connecticut, a debt collection service for the wholesaler and it gives the citizens of this State no protection.

Connecticut has a law which prohibits ownership of more than two liquor permits by one person or company which, incidently, this State and the Liquor Control Commission does not enforce, and we also have anti-trust laws and other laws which insure fair practices in the marketplace. Now, the question becomes what makes liquor wholesalers so special that we should have for them a law guaranteeing that their customers will pay that bill within thirty days? Is there anyone in this Chamber that knows anyone in the business world in the State of Connecticut that enjoys that privilege? The privilege where the State says if you don't pay your bills in thirty days, you're shut off from the source of supply and all other sources of supply in the whole State. You didn't pay your bill to me in thirty days and I can shut you off. But we go one better. We say not only am I shutting you off, but because I knew someone once somewhere in Hartford, I have a law on the books, Mr. President, that says you can't buy nothing in this State unless you pay the guy's bill. And do you know how absurd that is, Mr. President? Let me quote from a letter dated March 4th, 1977 and this will serve to illustrate what we're up against in this State. So and so, so and so, such and such - and if you don't mind, sir, I won't use proper pronouns here. I don't think it would serve a good purpose. But the letter is here

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for you to attest to. "My dear sir: This is a letter from the State of Connecticut, Liquor Control Commission dated March 4th and it's signed by John F. Healey the Chairman and one Anna Mae Swistaski, Commissioner.

It says, My dear sir - favorable consideration will be given to the issuance of your restaurant liquor permit for the premises at such and such an address in such and such a town, when the Commission is in receipt of the following:

1. evidence that the delinquent liquor bills of the previous permittee - of the previous permittee - so and so - have been paid.
2. Written notice that you will actively engage in the such and such business and that you will assume the duties of permittee on a full time basis. Your new permit may not be picked up at this office unless prior arrangement to do so are made by telephone."

And I read the office. Can you conceive, Members of the Circle, the power of the Commission that says you must pay somebody's else's debt before we will consider giving you your application when all other standards outlined in this book have been met? If that's the kind of control we want in this State, if that is democracy, if that is free enterprise, then we have it - then we have it. Ask yourselves, why should the State of Connecticut and that's what we're talking about - why should the State of Connecticut be a debt collection service for the special privileged wholesaler? And no one in good conscience in this Circle can answer that they should and if they should, and if that's what we want, then let's do it for every other businessman in every other sector of business in the State of Connecticut.

I've yet to hear in all of these discussions since last November, I've yet to hear one person in this State, Mr. President, tell me or anyone else what the explanation is of how that got there and why it's still there. Maybe somebody in this Circle can enlighten me now, Mr. President, and I invite a response

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to that question.

THE CHAIR:

Senator Miller.

SENATOR MILLER:

Mr. President, I also oppose this Amendment. It's my understanding that the wholesalers pay the tax to the State of Connecticut, whether they collect the money or not and I think it's a good law to make sure that the State of Connecticut collects their taxes.

THE CHAIR:

Senator Morano.

SENATOR MORANO:

Mr. President, I'm sure that there are many businessmen in this State who prepay taxes before they sell their wares. I could n't agree more with Senator Houley when he says that the State is a collection agency for the wholesalers. In that letter that he read to us, which names he did not mention, it's sure enough proof that the State Liquor Commission, acting as a collection agency, for whom? Not for the State, but for the wholesaler; for the protected few who run the liquor business in this State and it's about time we do something about it. I couldn't agree more with Senator Houley and I'm sure in each conscience we all sit there thinking - everyone of you - lawyers, dentists, insurance brokers, bankers, Mr. President, counsellors, that you have a lot of money on your books and a lot of accounts receivable. I know I do and I sure wish that someone would collect mine in thirty days. We are passing bills here daily on open end accounts, charging the consumer 18 percent and here we're not charging the liquor wholesalers anything. He gets it done for nothing by people whom the

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taxpayers of this State pay daily, pay annually, as Commissioners. They're a collection agency and I couldn't agree with Senator Houley more.

THE CHAIR:

Senator Morano, you forgot one category, automobile dealers.

SENATOR MORANO:

Yes, they don't collect for auto dealers. If they did, I'd be glad to give them ten percent.

THE CHAIR:

Senator DeNardis.

SENATOR DE NARDIS:

Mr. President, I do not rise to defend the practice that Senator Houley decries but he asked a question and that raises a question in my mind when he said - is there any other business that features this particular position whereby the retailer must pay within a certain specified period of time the wholesaler by State statute or State law? It seems to me and I don't know the answer and I really don't know who to ask this question. Obviously, not Senator Houley because he knows of no other business. Maybe Senator Cutillo but he's not in the Chamber. Perhaps some other Senator - it seems to me that the same practice applies to the tobacco industry, by virtue of State law. Should anyone know the answer to that question, I would appreciate hearing it.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, let me try to respond. That if someone buying cigarettes decides that he does not want to do business or can't do business or hasn't paid his bills to a wholesaler of cigarettes, and is shut off, that's a business

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arrangement. It's very common. But there is no State law that says you can't buy cigarettes anywhere else in the State and yet, in the booze industry, you are posted and I invite anyone in the gallery who might be involved in the industry to deny that. It's not anything that anyone can deny. It's a terrible situation when you stop and think about it. Where a segment of business; where a segment of business can so own the State that they never have to worry about their accounts receivable. They are absolutely guaranteed. Wouldn't it be wonderful if we were all in a business - the attorneys in this Circle - if you never have a ledger saying accounts receivable? It would be marvelous. You could release two or three members of your staff, possibly, if you're large enough, cut your overhead way down and be more efficient and not worry about whether or not you're going to be able to pay your bills because the people that owe you some money take thirty days, sixty days, ninety days. Where else in the State, where else is there such a beautiful sweetheart deal that was put on these books over 43 years when me and you and our predecessors in the House and in the Senate never knew what was in this book, never asked, still don't know and still aren't asking?

Finally, we're waking up and we're saying we got to do something about this. We've got to understand a little bit better and that's what these debates are about today. I don't expect to reform the industry. No one does. But we're waking up to the sad fact that we have in Connecticut, a monopoly that can, over a period of years, come in the halls of the capitol and get the kind of deal that this Amendment addresses itself to which is absolutely unique and I ask anyone to tell me what other business has this privilege? And it's time we got rid of that privilege and we're not going to hurt the ma and pa which is on everybody's minds. We're going to make the wholesaler do business

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like every other business in the State.

THE CHAIR:

May I say to Senator Houley - of course, under the Rules, the gallery cannot respond. We'll proceed further. Senator Miller.

SENATOR MILLER:

Mr. President, I would like to say that if the Appropriations Committee also puts this in that study, we'll study this one too. ~~Some~~

THE CHAIR:

Senator Putnam.

SENATOR PUTNAM:

Mr. President, I'd just like to rise to support Mr. Houley. I would like to say two things. There was an earlier statement that in the cigarette side of our business that there may be the same fault and it's always been a statement that two wrongs don't necessarily make a right. So I don't feel this is a reason for continuing on this thirty day pay in the alcohol. I would also like to say that in a committee that I was on in this capitol, we discussed making the State pay its bills at a more rapid pace and this was well over two months and we were told that this was totally impossible. If the State organization that we manage or legislate about, can't pay its bills on time and this is not considered a wrong, it seems to me that the alcohol industry should not be forced by us to pay on time. So I support this.

THE CHAIR:

Will you remark further? If not, the Clerk will make the usual announcement of a Roll Call.

THE CLERK:

An immediate Roll Call has been ordered in the Senate. Would all Senators

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please be seated. Immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

A Roll Call has been ordered on an Amendment, Schedule B, offered by Senator Houley. The machine may be opened. Please record your vote. The machine is closed. The Clerk will tally the vote. The result of the vote:

TOTAL VOTING	36
NECESSARY FOR PASSAGE	19
YEAS	19
NAYS	17

The Amendment is adopted. Senator Houley.

SENATOR HOULEY:

Mr. President, I move for Reconsideration of the previous Amendment.

THE CHAIR:

Motion is for Reconsideration.

SENATOR HOULEY:

I move that when the vote be taken, it be taken by Roll Call.

THE CHAIR:

Since everyone is now present, well, make the announcement first, please.

THE CLERK:

Immediate Roll Call in the Senate. Would all Senators please be seated. Immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

SENATOR HOULEY:

Mr. President, I call for a no vote on Reconsideration.

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THE CHAIR:

The machine is open. The machine is closed. The Clerk will please tally the vote. The result of the vote:

TOTAL VOTING	36
NECESSARY FOR PASSAGE	19
YEAS	16
NAYS	20

Reconsideration is lost. Senator Houley.

SENATOR HOULEY:

Mr. President, I believe the Clerk has LCO 8326, Senate Amendment C.

THE CLERK:

Clerk has Senate Amendment C, File 710, Substitute for House Bill 5253, LCO 8326, offered by Senator Houley.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Since everyone has copies of the Amendment, Mr. President, I would ask the waiving of the reading.

THE CHAIR:

The reading is waived, unless there's objection. Proceed with same. Senator Houley.

SENATOR HOULEY:

Thank you. Mr. President, let me say that I'm delighted with the action on the last Amendment. I did not anticipate that. I'm just delighted. I'm really delighted because now, sir, we've done away with at least one argument that let's not amend the Bill because it's got to go back to the House and if

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it goes back to the House we'll loose the Fair Trade. We don't want to loose the Fair Trade. I don't want to and no one in this Circle wants to. We want to improve on it. Proceeding with C - C deals with another unique situation in the liquor industry in the State of Connecticut. It deals with the special privileges of the industry. This Amendment would prohibit, through the suspension by the Liquor Control Commission, of permits - any agreement or action that establishes restrictive market areas for the sale of any brand of alcoholic beverages at the wholesale level.

At the present time, Mr. President, there are about twenty distributors that control all of the alcoholic wines, beer, beverages that are sold at retail in the State of Connecticut. Many of them, in my opinion, have been in the process over a number of years, of carving the State into exclusive marketing areas for their particular product. That is to say that if you're a liquor retailer in let's say Putnam, Connecticut, and you want to buy to sell JB Scotch liquor, you can only buy that JB Scotch from one single distributor - Hartley and Parker - in Stamford, Connecticut; the other end of the State. That's because they have an exclusive geographical distributorship for that product and their market area is the whole - all of the State of Connecticut.

Mr. President, that single distributor sells JB scotch to everyone that chooses to drink JB scotch who will buy it throughout the State. JB will not let anyone else sell that product. This is simply a monopoly - a monopoly. Mr. President, I believe that it already violates the law - the anti-trust laws, but that's a determination that could take years of Court procedure. And what we are doing today is identifying that and asking you to pass judgment on whether or not you feel the State of Connecticut ought to be carved up; carved

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up by the industry itself with the total understanding and agreement of the State of Connecticut's Liquor Control Commission. It's clearly anti-competitive. We don't need to wait twenty years or two years or six months to find out what the Federal Court feels about this violation of anti-trust. We can do it today, if we choose. We can cutoff liquor permits to those that would subvert competition in the wholesale liquor market.

Mr. President, if this Amendment is enacted, it is liquor retailers - let's identify those mas and pas that we're talking about - they will be able to shop around for the best price for a given product and the wholesalers will, for the first time, since prohibition, have to compete and offer the better deal, the better price, the better service as best they can instead of - instead of the fixed price situation that we have today and that includes in my opinion, unquestionably and I will document it through these Amendments, a fixed, guaranteed return on every dollar. And let me repeat, is there another industry in Connecticut, business - are any of us guaranteed a percentage of every dollar that we handle? And the answer is no.

I believe Connecticut and the consumers and, indeed, the retailers would benefit from wiping out the restrictive market statutes and this Amendment does that and I urge a yes vote.

THE CHAIR:

If Senator Houley has completed, any further remarks? Senator Miller.

SENATOR MILLER:

I oppose this Amendment also, based on the fact that we're going to study the whole thing.

THE CHAIR:

Thank you. Will you remark further? Senator Bozzuto.

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SENATOR BOZZUTO:

Mr. President, if there's one issue which Senator Houley has touched on I must say that I am in total agreement with his viewpoint and that these restrictions, these intrusions by the State of Connecticut are unconscionable but I think what we must consider is as he has said, that it has been done by the agreement of the State of Connecticut. We, this Legislature, essentially, has interposed those relationships. We have built this monstrosity and frankly, I don't think it's fair that we tear it down overnight. I think the time has come for this kind of Legislation. I think that it's time that we sent a warning that something's going to be done. But I think to do it now; to do it out of hand; to change the entire market structure of that industry, although this affects primarily the wholesalers, we're probably going to be coming to those that affect the retailers and it would be a monstrous action on this State. Although I agree with the intention, I think that we first must deliver some warning so that actions can be taken to accommodate this change in economics.

THE CHAIR:

Will you remark further? If not, the Clerk will make the usual announcement on a Roll Call. Senator Houley.

SENATOR HOULEY:

Mr. President, with reference to a couple of the remarks, so far I've heard three rebuttals that said basically to study it. Let's look at it. Ladies and gentlemen of the Circle, if something is wrong, it's wrong. Studying it doesn't make it less wrong. Changing it a little bit only makes it a little less wrong. Now, if you want time, okay, amend this Amendment. We'll wait.

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I'll ask for a recess. Amend it to a date certain. It might create chaos. I'll grant that point. It would. Then let's amend it. Let's say on a date certain, eighteen months hence, that allows everybody to get rid of their inventory; to make their new plans; to woo all the accounts that are out there; the eighteen hundred package stores and the hundreds of restauranteers. If we're for it, we can lick it. We can do something about it. But let's not study it. Should we fail at any of those options all right, let's study it but hear the words well because the citizens of the State are hearing them well and they're watching our votes today and many of them can be explained legitimately. I'll grant that right from the very beginning. This is not a simple black and white issue. It's a complicated, complex issue. But how many of us have taken the time to even look at that book? I've been here ten years and I didn't look at it until last November and I sat here, through many a Session, and whoever the Senate Chairman of the Liquor Control was, said it's a good Bill and it ought to pass and I voted for it. And shame on me. When we wanted women at bars, who brought it out? Liquor Control. Who asked the question? The President challenged that, not on the basis of the booze question, but rather on the question of whether women belonged in bars at all. When we say let's extend hours, let's have the booze on election day, yes or no. Whatever we do, is there anybody in this Circle or in the other House, now or ten years ago, or for forty years that said what is this about? We're doing it today, Mr. President and I'm proud of this Chamber because we're doing it.

THE CHAIR:

Senator Bozzuto.

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SENATOR BOZZUTO:

Mr. President, I believe the answer to the question has gone far afield if Senator Houley intends to offer an Amendment to LCO 8326. I think the necessary item is that we consider the date that he suggests as an inclusion in that particular item.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, my good friend Senator Bozzuto is terribly capable of asking and he knows the procedure for a date certain for a further Amendment to amendment C if he chooses. He knows the issue as well as I do, in fact, he's in favor of it so let us not, in the course of our discussion and debate today, I hope, suggest that since one does not do something one, therefore, is opposed. So that if Senator Bozzuto wishes for a recess, if that's in order, to further amend to a date certain, the whole area of restrictive marketing areas, I would be very pleased, sir.

THE CHAIR:

Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, it was my impression that Senator Houley was suggesting that this in fact, would bring chaos to the industry and I feel certain that it would. It was his offer for an Amendment and if he feels he is agreeable to an Amendment, I'm simply asking what sort of time element he would like to put on an Amendment and if so, I would in fact, ask for a recess for us to review that situation.

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THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, sir.

THE CHAIR:

This colloquy will terminate soon, I hope. Proceed.

SENATOR HOULEY:

Thank you. That's a difficult decision whether twelve months is adequate whether now, whether eighteen months. Certainly, for thirty six people including myself someone else ought to think in terms of a year, eighteen months, twenty two months, thirty six months, if necessary. I have no date certain. I bring this Amendment to you and I feel it can be done effective signing, if indeed the Bill is signed, in such a fashion that there would be a minimum of displacement. If others feel a longer period of time is required, then please let them offer the Amendment.

THE CHAIR:

The Motion before this body is Amendment Schedule C and a Roll Call has been suggested. Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, being then that Senator Houley is not in favor of amending this for a date certain, the Amendment before us as it reads shall immediately suspend, it seems to me this would take effect immediately with passage of the Bill if it were to be again amended and passed in the House. I am certain of the righteousness of Senator Houley's cause but I'm all the more certain that this is going to bring chaos to the industry in Connecticut. I'm concerned

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about those dealers. I think the Amendment should be refused.

THE CHAIR:

The Clerk will make the usual announcement of a Roll Call.

THE CLERK:

An immediate Roll Call has been ordered in the Senate. Would all Senators please be seated. Immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

The machine is open. Please cast your vote. The machine is closed.

The Clerk will please tally the vote. The result of the vote:

TOTAL VOTING	36
YEAS	11
NAYS	25

The Amendment is defeated. We have further Amendments. The Clerk will proceed.

THE CLERK:

Clerk has Senate Amendment, Schedule D, File 710, Substitute House Bill 5253, LCO 8325, offered by Senator Houley. Copies are on the desks.

THE CHAIR:

Senator Houley. We are proceeding on time but we may avert of course, but please proceed.

SENATOR HOULEY:

Thank you, sir. I appreciate your patience and that of the Circle and it shant be long, I assure you. I'm getting near the end here. D, LCO 8325, Mr. President, deals with a Bill that this Chamber passed less than two weeks ago, unanimously. And basically it has one line change. You have the written

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Amendment, and what it says is that a person in Connecticut is innocent until he's proven guilty through due process. Can you imagine regulations which we didn't want to talk about, a regulation that says that if permittee X is charged with speeding, that he shall be called in for a fine and/or suspension and conceivably both? Is that due process? Positively not. Somehow, Mr. President, this Bill which is now an Amendment that passed this Chamber unanimously and on Consent, and without debate, that I suspect both caucuses agreed, mysteriously has been recommitted in the House of Representatives on Consent, with no debate.

I don't understand that, Mr. President. I don't understand that or do I understand it? Or do I understand it? Perhaps some of us understand it. This Amendment simply asks for due process of law, nothing more, nothing less and I shant debate the Bill longer. We've discussed it in both of our caucuses. We passed it unanimously, ladies and gentlemen of the Circle and let's do it again.

THE CHAIR: *(Senator Strada in the Chair.)*

Senator Rome.

SENATOR ROME:

I rise very briefly to support the Amendment. I think for the reasons that Senator Houley suggested. It's a very simple Amendment, very easily understandable. We did pass it and I urge you to pass it again.

THE CHAIR:

Senator Johnson..

SENATOR JOHNSON:

Mr. President, I rise in support of this Amendment and I would like to urge the Circle to pass this Amendment today. In New Britain, we have had a very

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very serious complicated period of redevelopment and highway building. It has been torturous to some of our small businesses and it has shown to me the way in which this section can be used to harass a person who is under tremendous financial strain and pressure and take someone's liquor license away because he was stopped for speeding when really, you're just looking for ways to make his life miserable because he's had a very tough time meeting schedules, is to me absolutely unconscionable and the State is being perceived as a party to that kind of behavior and I can't urge you strongly enough to pass this which would require a conviction before a liquor license can be used as a weapon.

THE CHAIR:

Senator Dinielli.

SENATOR DINIELLI:

Mr. President, I rise to support the Amendment and congratulate Senator Houley for thinking of this.

THE CHAIR:

Any further comments? Will you remark further? If not, the Clerk will please announce a Roll Call.

THE CLERK:

There will be an immediate Roll Call Vote in the Senate. Will all Senators please take their seats. There will be an immediate Roll Call Vote in the Senate.

THE CHAIR:

The machine is open. Please record your vote.

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The machine is closed. The Clerk will please tally the vote. The result of the vote:

TOTAL VOTING	36
NECESSARY FOR PASSAGE	19
YEAS	36
NAYS	0

The Amendment is adopted. The Clerk has a further Amendment.

THE CLERK:

Clerk has Amendment, Schedule E, File 710, Substitute House Bill 5253, LCO 8802, offered by Senator Houley. Copies are on the desks.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, I waive the reading, of course. There are copies on the desks. It's a very, very simple Amendment. It deals with minimum markups at the retail and the wholesale level - the minimum selling price and it has everything to do with pricing. It's the biggest problem we have in Connecticut dealing with liquor control. The bottom line of this Amendment is prices. This is the heart of the discussion. The Bill before us - the main Bill, in my opinion, does very little for the consumer. It is and remains, the main Bill, price fixing and let me at this point ask each Member of this Circle two rhetorical questions that they may respond to privately. I ask each Member of this Circle to ask themselves one question and then the second. And the first is - is there price fixing in the liquor industry in Connecticut? Is there price fixing in the liquor industry in Connecticut? And the second question is - is price fixing good or bad? The Bill and the Amendment, the

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so-called Fair Trade provision, leaves the minimum markup at both the wholesale and the retail levels, and the minimum consumer resale price provisions remain in the main Bill and that's where the action is and if we want to talk today about repeal of Fair Trade, in our minds we are saying that we want to give a competitive situation to the people of the State of Connecticut so they can buy where they choose at a reasonable price, we're not going to do it with repeal of the main Bill or rather with the main Bill, but we are going to do it with this Amendment.

The last two parts of the law are left untouched with the main Bill before us. They account for three quarters - three quarters - seventy five per cent of the increase in liquor prices from the manufacturer to the consumer. Repeal of the main Bill that is Fair Trade, according to the estimate by our own Tax Commissioner will reduce liquor prices in Connecticut by some seven to eight percent, maybe, maybe. I doubt if it's that much. If we keep the minimum markup and the minimum consumer resale price, and let me ask a third rhetorical question that each can answer - do we know what these are? Together, we'll continue Members of the Circle, to inflate liquor prices by thirty three and one third percent above true costs. Only complete repeal of price fixing in Connecticut - this Amendment, coupled with Fair Trade Amendment, will bring liquor prices and the cost of living down in the State of Connecticut significantly. The Fair Trade Repeal Bill does not do that job, does not do that job. Let's not pretend that the main Bill before us is going to save an awful lot of money for any of our constituents because this will not. Let's debate - let's debate the special privilege of the issue that we have today. Question - why should liquor wholesalers and retailers have a State guaranteed percentage of

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every dollar? Should they? If so, then let's be fair to other businesses equal in this State and let's make certain that every dollar that an insurance agent handles, that he's got a fixed percentage that is his; that he can take off the top and let's go right through all of our occupations and wouldn't it be great in the business world if everytime we punched a cash register and took in one green dollar, that a part of it was guaranteed to be ours. And that's what we do in Connecticut and all of the liquor industry.

I just want to rephrase a question. What is so special, what is so deserving of the wholesaler and the retailer that they are exempt - that they are exempt from having to compete - that everyone in this Circle and every citizen of the State of Connecticut save those in liquor have to do? Nobody in this State guarantees anybody anything except for forty three years the General Assembly, through again its laws and its regulations, has managed to select out the liquor industry and say you are exempt. Two years ago when we repealed Fair Trade, why didn't we do it for liquor? Why didn't we say to the GE dealer, the Maytag guy, the Bulova watch guy and everybody else that you can't practice this Fair Trade because it's wrong. It's price fixing and we in this General Assembly are not going to allow that except you nice people in the liquor industry, whatever your level is.

We are loosing \$4 million minimum annually in alcoholic taxes because our prices are so high that Connecticut residents and everybody in this Circle knows someone, a friend or a relative or a neighbor or maybe even we, on occasion, have snuck over to New York or up to Rhode Island or into Massachusetts and conceivably, if we are fortunate enough to have vacation spots in the monopoly states of Maine, New Hampshire and Vermont, we accommodate a neighbor and

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bring him back a jug or two and ourselves a couple. And if we dare, on occasion, we bring back a case under a blanket and so do other people in this State. Let's not misunderstand something. I'm not standing here today saying if we do this or that we are going to beat the price structure of the monopoly states of Main and New Hampshire and Vermont. No, sir. No siree, not at all, unless we want to go into the monopoly and accept their marketing practices which I think we'll concede is not realistic. So let's not try to compete with Maine, New Hampshire and Vermont because we can't. But we certainly can compete with Massachusetts, where they have a Fair Trade statute incidently, and I invite debate, Mr. President, that is not enforced and has not been enforced and yet we heard all kinds of testimony at hearings that Massachusetts has Fair Trade.

And we've looked at 977 price comparisons. Yes, posted prices - actual prices, no. Go to Sturbridge. Go to West Springfield. Go to Massachusetts. Go to New York. Look at your newspapers. Those of us that represent Eastern Connecticut that abuts Rhode Island or those that are close to Fairfield County and can go into Portchester, go down and watch the specials on wine. Do you know something? Do you know that the ma and pa retailer in our State of Connecticut today, can go to Massachusetts, Rhode Island and New York and he can buy retail in those States, a case of beer - honest to God - for less than he pays wholesale in his own State. Now, I invite debate on that point from the distinguished Chairman of Liquor Control. I invite debate on that point from anybody in this Circle. That's a fact. That's where we're at.

Let's go back to that tax loss. Why should the State of Connecticut, every one of us here, Republican, Democrat, male, female, House, Senate, every

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single person in this General Assembly this year is going to get big lumps in their throat and swallow hard at budget time. We're going to have to make some very tough decisions and just think what a lousy \$4 million could do in programs. I'd like it on Appropriations I'll tell you. We might have gotten a budget out a little earlier if we had had a mere \$4 million more on the revenue side. We can get that money back. Why should our merchants, our ma and pa stores, our people that pay good money in the State of Connecticut to be in business, to do business, be penalized and loose volumes and loose dollars across the line because it's cheaper? We ought not to be. We have got to put a stop to it. It's an artificially inflated set of prices. Mr. President, why do we want to wait for more study and that's going to be the question - we're going to study it in the interim. There's a Bill in Appropriations and if we get the Bill, we're going to study it and you're free to write it into the Bill. Why? Why do we need that? If minimum prices are good and if we understand them, let's repeal them or agree that they're good and keep them. That's our option. We don't need more study. We know that prices are high, individually, irrespective of all the studies that have been done and that will be done and all the documentation that you will see from the industry - all you have to do to prove the case is step outside of that beautiful State of Connecticut and go to any of the three abutting states and price any brand of wine, beer or liquor and you'll make your own honest to God comparison, whether it's one bottle or three bottles or a case.

Let's totally repeal that, with this Amendment. All of the price fixing laws on liquor - let's restore to Connecticut a free market. Let's restore the competition that we ask of every other business person in this State and

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which, incidently, all of us profess to believe. There is no one in this Circle that does not believe in free enterprise and yet we have been and maybe will be or continue to be party to a price fixing scheme. And we can put an end to it. If we do this, we'll reduce prices to the consumer very substantially. This is the Amendment which really should appeal to Members of both parties. My Republican colleagues in this Chamber told me many, many times about the virtue of the free enterprise system and competition. That's what this Amendment is all about. My fellow Democrats have a history of opposition to special privileges and a history of support for working people and the consumer and that is what this Amendment is all about. It deserves our support. Let's debate it, Mr. President. Challenge me on any statement I've made. If I'm wrong, I'll apologize. I've been wrong before and no doubt I'll be wrong again, but I don't think I'm wrong basically on what I'm saying today. And I think most people in the State of Connecticut generally agree, not because I said it but because they feel it. And they are your constituents and my constituents and there's very few things in this State that we in the General Assembly can do anything about. We can't affect gas taxes except upwards.

We have no control over the free market of goods but we sure can control that twelve ounce can of beer that the guy wants at the end of a long day or the sip of wine that that person wants before her meal or the drunk if he wants it. That isn't what it's about. It's about being fair to our own people. Let them shop. Let them buy where they will. Let's not try to kid the people of this State that if we repeal Fair Trade, the main Bill, that we've done something for them because what we have done is we have taken right out of the pocket, right out of the pocket of the ma and the pa that for three months

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we've talked about and been concerned about, because the main Bill takes every penny of saving right off the top at the retail level, right out of the pockets of the ma and pa and it does not touch the distiller. It does absolutely nothing for the wholesaler. Let's get rid of the whole system here and now.

THE CHAIR: (Senator Strada in the Chair.)

Senator Fauliso.

SENATOR FAULISO:

Mr. President, I wish I had more knowledge on this subject. I certainly don't have it as my distinguished colleague, Senator Houley, has. First, I don't drink liquor and, therefore, I am not as conversant, but I did have a grandfather who drank wine all his life and when he died we thought of cremating him and then changed our minds because he would have burned for five days. I want to tell Senator Houley that the debate has been like a soliloquy and it's been most enjoyable. Winning too, is an achievement. But my concerns, Mr. President, are rather serious. We made allusion to the fact that the Democratic party and those who are Members of the Democratic party have deep concern for people and I'm sure the Republicans share that too. Not all the time, but at times. And Mr. President, it would seem to me that our concern actually is the consumer. And that transcends all other considerations. And you know I salute Senator Houley. I think he has conducted a one man crusade. He has focused attention on injustices and inequities. I respect him for that. And truly he has sounded the clarion call and all of us admire him for that. And I think it's timely and appropriate that we do something about it. I disagree, however, that we should do this with one stroke. Mr. President, of course we want to be in competition with adjoining states. We want to be competitive. We want to make certain that the consumer in our State is able to

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buy liquor in our package stores at a competitive price. Mr. President, while that transcends all other considerations, we must put in balance, however, certain equitable considerations. 2,000 package stores, the many employees in the package stores - how will this affect all of these people? What kind of disruption would take place economically? I come from Hartford. I really don't know what the statistics are, how many package stores there are. But certainly we do know that there are two thousand package stores. How many people are employed in those package stores? And what this would mean to these people, of course, we all know. You know, we all talk about jobs and yet sometimes we forget it in a debate or in a particular issue. This is what it's all about - jobs. I am not prepared, Mr. President, with one stroke, with one action today, to strike out all of these protective measures that protect the investment, the interests, not only of the package store owner, but his employees. Think for a moment what it would do in an urban area.

In Hartford, we have the burden of a tax rate which is 82 mills. Think for a moment if you will, the disruption. Many of these package store owners have leases. Many of them perhaps are operated by a single person, maybe the head of the household. Or perhaps his wife or that place which does a little more business perhaps, perhaps has one employee, maybe two employees on a Saturday. Think what it will do; what the consequences are. Immediately you strike out all of these pricing statutes and then what do you create? You create on the other hand, another monster, a chain store, a supermarket that has a facility to buy in larger quantities and then who will be able to control pricing?

So you can't have the best of the two worlds. It happens in any event.

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While you treat it here now, you're certainly going to be facing it at another time in another place. I'm not prepared, Mr. President, to sacrifice some 2,000 package store owners, the employees who are employed, the disruption that will take place in the economy of my city, the number of landlords that will have vacancies, the number of buildings that will be boarded up, as if we don't have enough. Taking these properties off the tax rolls will mean an added burden to the already burdensome problems of the taxpayer.

Now, Mr. President, I agree with everything that Senator Houley says. I believe that we have to treat this problem but Mr. President, I don't think that you can do it here, this moment, these Amendments and say that this is the solution. Mr. President, I think that a Legislature dealing with this problem deliberately and with some wisdom and prudence, can bring a Resolution. We do have a file copy, passed by the House. And I think we ought to adopt that. And Mr. President, the Chairman of the Appropriations Committee, Senator Houley, has a Bill. Now he dealt a little bit in semantics. He says that Bill study concerns itself with investigation. Well, if it takes the changing of a little word, or if it takes adding a little word, we can put study. So Mr. President, I think this particular subject matter ought to be dealt with calmly, dispassionately and truly we can consider the concerns of all these people and more particularly, the consumer. Mr. President, all these people that got permits, got them at a time when these laws were imposed, these laws were in existence. And Mr. President, it seems to me that we, as Legislators, have been responsible in some measure, for the laws that are on the books and they bought it with these conditions - they secured and obtained a permit with these conditions and all at once we wipe these conditions away and we put them

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in a different light. Mr. President, to say that I am not for the consumer would be wrong. I'm for all the things that Senator Houley is in earnest about. His pursuit of a cause - the establishment of the truth are meritorious. Mr. President, I think he indicated in one of the arguments - I'll give you time - if you need a recess take it. Let's have a time certain. That was indicative, Mr. President, of one little weakness in the argument that he advanced. It is an admission, a tacet admission, that time, perhaps is essential and nothing should be done with haste. This does not require that kind of dispatch. This does not require a meat ax approach. It requires a deliberate body; a body that will deal with this problem on all sides. It requires truly, consideration of all these people and we have to put all of the equities in balance. The issue that is transcended seems to be, again the consumer. That to me is central in this issue but we cannot, Mr. President, ignore all the other equitable considerations and I repeat the considerations namely of the package stores, the little operator, the mom and pop whom you have alluded to and for whom you have deep concern.

Mr. President, I can think of no measure that has brought about more emotion than this measure that we have before us and I caution this body not to do anything wrecklessly; that there are people out there that look to us, that beg for consideration some 2,000 some thousand people that came and attended this meeting, a hearing in the Hall of the House. What do you suppose they were thinking about? Yes, they were thinking about a livelihood and they were telling us, Mr. President, please don't wipe us out. They expect, Mr. President, they expect us to do something about the pricing statute. We know that the industry perhaps has had a field day, to use the vernacular. And Senator Houley is right that we have a body of laws; that we have a myriad

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of regulations. No one really took the time to analyze or scrutinize them. The time certainly is appropriate for us in a more deliberate moment to take care of the situation and all of the injustices that he has pointed out. Thank you.

THE CHAIR:

Senator Morano.

SENATOR MORANO:

Mr. President, when Senator Houley demonstrated whose pockets the money would be coming out of, he pulled out his pocket and I want you to know that some of the money came out of his pocket because I found fourteen cents on the floor.

Mr. President, my very good friend, the President Pro Tempore, Senator Fauliso, just made a remark that - he said, who do we expect us to do something? These people expect us to be fair. Thousands of retail liquor store operators who were here four or five weeks ago - and I don't think we're going to be fair by mentioning or telling them that we're going to remove Fair Trade and the minimum price - the product they sell, unless we do something about the wholesaler who has the built in, guaranteed, above costs on liquor of eleven percent. Now, we're taking away a percentage markup from the retailer, dropping it five and a half percent, from 27 to 21 1/2 percent, but we're doing nothing about the built in, eleven percent on liquor for the wholesaler. He enjoys that luxury. He also enjoys the luxury of the twenty five percent markup, guaranteed on the floor, markup on beer, twenty five percent on wine. Now, how can the retailer be competitive with this sort of thing? We take it out of one hand and do nothing about the other. So that means that the wholesaler has his hand in your pocket all the time. And there are other added costs such

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as split case charges. If a small mom and pop wants to buy three bottles of Vandermint because he can't afford to buy twelve, he can buy three, but he pays an extra charge for it. So the wholesaler is doing very, very well. Now, I think if we're going to consider any minimum pricing, we've got to not burn the candle at one end. We've got to be fair and make adjustments on both ends. Thank you.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, let me just conclude because the hour is getting late and there are just two very quick Amendments. It's a ~~strange~~ thing when you hear in this Circle that I agree with everything that Senator X or Y has said. I agree with everything Senator X or Y has said, except - except, I disagree. That's what we heard. It's good, it's terrible - we have before us an opportunity to do something about the situation that most people in the State of Connecticut are unhappy with and that more and more have come to recognize. There was a weakness in my presentation, I am told, because I yielded that it was complex or yielded until a date certain. Well, the next couple of Amendments will test that. There were a thousand people, Mr. President, at a hearing and one would believe that all of those thousand people were going to starve to death if we touched one single part of the liquor laws of this State or the regulations. And that is not so. And the suggestion was made that where were the people that wanted these changes because they weren't there? Only the thousand people that were frightened were there. Well, we, as experienced Legislators, understand a couple of things; that while, indeed, the liquor lobby was there, sir, with their shops closed, sorry - be back at 2:00, knowing that

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when they come back, they wouldn't have lost one bottle of booze sale because they're the only people that can sell it. The other guy was kicking a foot press somewhere in some factory. That's why people weren't at that hearing, because they were working.

The hour is late. We can decide this very quickly. I simply want to publicly tell the people of the State and Members of this Circle if indeed, they're not familiar with it, what we're talking about at retail, and wholesale. Twenty one and a half percent, twenty eight percent on cordials, thirty three and one third percent on wine, twenty three percent on beer and at the wholesale level, which is the bottom rung - maybe I should have reversed these, because the wholesaler takes a little bit and he moves it on to the guy in the package store that sells it to us and they take a little bit. I'll be glad to document this. Domestic alcoholic liquor, not bottled in Connecticut - now what does that mean, not bottled in Connecticut? It means that we've got another statute that said if it's bottled in Connecticut, there's still a greater percentage. How did that get there?

Mr. President, I call to your attention in the center aisle, with the receding forehead, whose name I don't know and I wish to inform you, Mr. President, that he just made a gesture to me and I want to record it as being objectionable, sir. You.

Continuing, at the wholesale level, Mr. President, we have eleven percent. We have eleven percent on imported alcoholic beverages and I'm sorry I got a little bit rattled there, but in ten years in the Senate, I've never seen anybody that represents an industry that has come in here and made a gesture to any Senator in this Circle and I don't know who you are, but I guarantee, I

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intend to ask your name, sir, after this discussion because you were rude. Mr. President, I've concluded everything I have to say on this particular Amendment. Thank you.

THE CHAIR:

We discussed this over the past two weeks - the Lieutenant Governor has - and unfortunately, I did not see the gesture. However, I take the Senator's word for it and if it does happen again, we'll call the Sargent-at-arms and the State Police or anybody we have to, to have that person removed. So, a word to the wise, let it be sufficient and hope that it ends. Senator Bozzuto.

SENATOR BOZZUTO:

Mr. President, this is an issue where emotions are high. I should like to address two questions that Senator Houley posed at the very beginning of his message. He said is there price fixing in Connecticut? The answer is yes, there is price fixing in Connecticut. And he said is this right? And the answer is no, it is not right. It is a crime. Mr. President, if it is in fact a crime, the State of Connecticut and this Legislature is an accomplice. Because we forced this on that industry. We had had the opportunity, we had sat here - this is not the first year this has been introduced. It's been introduced for years and disregarded. So now, we're suggesting that we can take action against those 2,000 people; that we can take an indiscriminate, indeterminate action immediately and force many of them to lose their livelihoods. This business is profitable. Senator Houley says it's very profitable at the retail level and I agree. There is no competition. I agree. But pick up your local newspaper and you'll find liquor stores for sale in every one of the towns in this State and if it's so profitable, why aren't they being snapped up? And the problem is that by our regulations, we have forced an

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uncompetitive distribution system of liquor and we now have 2,000 stores and most of them have an average age in excess of 55 years and most of them were people that were disrupted from running that foot press that Senator Houley talks about. They were disrupted and put their savings into a liquor store because it was (inaudible). They could see a future and they found out that it isn't necessarily a future; that twenty three percent on a very small volume doesn't not in fact produce a living, but they're stuck and he's right. We should be doing something about it. And what we should be doing is what we're doing in this Chamber. We should be telegraphing our punch that, yes, we are going to deal with this, but give them an opportunity to salvage their life's savings, because that's what they've got locked up in that store. Not just hard liquor, but money. And when money is involved, that's when people get involved in rude gestures. That's when we loose our tempers. Yes, this Amendment may be right in every aspect and it may be so that we tell Senator Houley that we agree with him. But we do not agree with the time. Let's telegraph our punch to the industry and let's do it right. Reject this Amendment now.

THE CHAIR:

Will you remark further? Senator Madden.

SENATOR MADDEN:

Thank you very much, Mr. President. I rise in support of this Amendment. I haven't been here for as long as many others, but I have heard the phrase telegraph a punch before. I heard the phrase telegraph a punch when it was associated with the Bottle Bill which has been with us eleven years and we're still attempting to get the same in the State. I can't believe that Members of

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this Circle have been sitting here since January thinking that they're not going to have to come before the President of this Chamber and their colleagues to vote on this issue. It's been uppermost in our minds. You've talked to consumers in your districts, it's uppermost in their minds and they're very interested in what we have to do here today. I believe that we have the opportunity at the outset of discussion on this Bill, to propose that we study the issues to telegraph the punch. Members of this Circle turned down that Amendment overwhelmingly. Therefore, I think that we ought to go to a vote on this Amendment. I urge you all to vote yes on this Amendment.

THE CHAIR:

Will you remark further? Senator Gunther.

SENATOR GUNTHER:

Mr. President, very briefly, I stand to oppose the Amendment. I heard a lot of dialogue here about how this is going to - if this passes, how it's going to save the people in the State of Connecticut substantial money and very frankly, I'd like to have somebody show me on a chart, what substantial is because I don't think that we can really substantiate that great amount of money. I think if we, as individuals, that wanted to take and save money for people buying liquor, we would have taken a hard look at a tax on liquor because the 47 percent of tax drove the people up to New Hampshire and any statement in here that people in the State of Connecticut are going to go out in the State of Connecticut after the passage of this particular Amendment, and buy liquor for what they can in New Hampshire, I think that's a real hoax because we know that's not true. I know if we're paying 47 percent of the liquor price is tax, certainly there must be at least 25 percent for the cost of product and we're

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splitting up the balance in between. I would love to support this Amendment if I'm sure, for that man on the end, the retailer, wasn't going to take and be annihilated and a lot of them - I've seen some statements that have been made prior to us getting this Amendment here on the floor how sure - there were mom and pop stores and retailers that would go out of business but I've seen statements that there's too damned many of them anyway and I bring to your attention we have two thousand but every day we're getting more. They still license liquor stores and just within the past couple of weeks they licensed one in my home town and God knows, we've got more than we need there now. So that I think to pass this without having a good assurance on my part that we're not going to put that little guy out of business, I don't mind taking and hit that lower end, but I hate to swipe it out with this Amendment. As far as I'm concerned, that total control, I think I would like to have the assurance that the whole line is going to take and be looked at and that retailer who is making it - I've talked to many of them since this thing has hit the deck - that is making six to ten percent profit on his investment, even though his minimum is, I believe, some twenty or twenty one percent markup, but it's costing him anywhere from ten to fourteen percent just for the key in the door and his overhead. So that I say that I would like to have somebody take a good look at this. I'd like to have somebody do it in an orderly basis that I'm assured that that retailer is going to be protected. But if you're going to pass this Amendment, Mr. Chairman, then I'm going to ask for a recess, because I'd like to draft a Bill or an Amendment that went on to the Bottle Bill because we've got a new area here in the State of Connecticut that we look at in law because when we pass laws now, based on what this Circle did on the Bottle Bill, if

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we're going to put anybody out of business by the actions we take, then let's subsidize them to the tune of eighty percent for two years and I say I believe you supported that Amendment, Senator Houley and by God, if we're going to do it for the bottlers, then let's do it for the retail liquor people. No - please, none of that stuff. We had enough of that in the last couple of weeks. Anyway, let's put an Amendment like that on there. If we're going to do it for one, let's do it for all and if this passes, I'd like a recess where I can draft that.

THE CHAIR:

Will you remark further on the Amendment? Senator Schneller.

SENATOR SCHNELLER:

Mr. Chairman, Point of Order. The Amendment that we're looking at, is that LCO 8802 or 8803?

THE CLERK:

8802.

SENATOR SCHNELLER:

Mr. Chairman, I'd like to briefly remark on the Amendment. I honestly believe that we should repeal the minimum markup laws in our State because the consumers of this State are subsidizing this industry. But I also feel that if we are going to repeal a set of statutes that have been on the books for forty three years, and that have, as we've heard today, involved a great many people who have put their life's savings into these operations, then we should also consider a method of fazing out these minimum markup laws. I think to do this in one fell swoop is certainly unfair and unrealistic and while I am reluctant to vote against an Amendment that would eliminate the minimum markup laws, I think the manner in which this is done compels me to vote against this Amendment.

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THE CHAIR:

Will you remark further? If not, the question is on adoption of Senate Amendment, Schedule E. Will the Clerk please order a Roll Call Vote?

THE CLERK:

Roll Call has been ordered in the Senate. Would all Senators please be seated. Immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

The machine is open. The machine is closed. Will the Clerk please take a tally.

NECESSARY FOR PASSAGE	19
TOTAL VOTING	36
TOTAL VOTING YEA	9
TOTAL VOTING NAY	27

The Amendment is lost.

THE CLERK:

Clerk has Senate Amendment, Schedule F, File 710, Substitute House Bill 5253, LCO 8803, offered by Senator Houley.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, I waive the reading. It's a very simple Amendment. We've had a very lengthy discussion on the previous Amendments. This is exactly the same Amendment, precisely, except it is repealed effective 1, October, 1978. We heard discussion that it's wrong. It's a terrible thing we're doing. If

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I only had time, I'd like to be for it, but I can't be for it. This Amendment offers that opportunity to those that feel concern - Senator Gunther, for example. He's concerned with the little guy that you're going to put out of business. This allows a period of time for him to dispose of his inventory, to make plans to recapture at least a portion of his investment, if not all, depending if he can sell out to a competitor. There are no State statutes that I am aware of that says that you can't sell out. And since we have statutes which we don't enforce, but they are there, that say that you can have two outlets, then perhaps one person can consolidate into two locations into a large store. There's a lot of things that can be done. We talked about phasing out. This is a phase-out. If someone else feels that that's not time enough, let them amend it to a date certain beyond that. But let us address the question. What have we heard for two hours today? That that's right. That's a good point. It's a rip-off, somebody said today. Maybe that was me because it is. And I'll take the credit for that. And it's a rip-off in this sense - not because the ma and pa are getting rich, because many of them are not, but it is wrong for the State of Connecticut in one area only to say that price fixing is okay and you have before you a device that will allow the time necessary for a phase-down.

Will some people go out of business at the retail end? Yes, they will, unfortunately. A hundred? Two hundred? Three hundred. Let's extend that to people that do anything less than \$120,000 in volume and let's draw the line there and say that those persons would go down and that represents four hundred and ten of the eighteen hundred and twenty nine. And what you balance that against, Mr. President and Members of the Circle, is - is it fair to ask the people of this State - is it fair to ask them to continue to subsidize in

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part, the wholesaler and the retailer? Is it fair for us to lose \$4 million minimum in tax revenue? Is it fair to the borderline operators that know they lose business over the line because they cannot legitimately compete because they are told by us, the State of Connecticut, that they're going to sell at no less than a given price?

Now, we've identified this issue and all of have learned something. And if we haven't, let's make it our business to educate our constituents and ourselves about what this is all about because, ladies and gentlemen of the Circle, forty three years you've never heard this kind of a debate. Forty three years - the oldest Member of this Circle, whoever it may be, cannot say that this kind of an issue has been openly discussed because it was all okay until suddenly we decided, we, us, the Legislature, that we were going to do the right thing for people and we were going to repeal all those terrible price fixing business mechanisms called Fair Trade that existed except cigarettes and booze.

Let's have a pang of conscience. We could go on and we could tell you stories and we could read files. We could go and give you all kinds of information. You have it all. You're familiar with it. If you're not, please make yourself familiar with it. Read, if you will, get from the Liquor Control Commission, the book entitled "Liquor Control Act and Regulations". Ask members of the Liquor Control Committee, including the distinguished Senator, to do something over the interim. Are we going to sacrifice a bad practice that affects all of the people of the State because it may effect - because it may effect 200, 300? And if it does, let's pass a light-type statute that says that when the biggies in the gasoline industry squeezed the little operator that's working those same kinds of long hours for pennies, and towing my car

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and yours and changing tires and making it very difficult to exist. We don't care when he goes out of business. We just don't care. Because we say that's free enterprise. Tough luck, buddy. You paid for the franchise. Things didn't go well. That's life. You lost your investment. We don't have any laws protecting those persons that do that. Not one. But we do it for the people in the liquor industry.

Let's talk about it in the next couple of months. Let's think about it. Let's educate ourselves as to where the action is. Let's not let a handful - literally a handful of people - that have been effectively, for forty three years, coming into these halls and telling us what kind of laws we ought to have. Let's for once, in forty three years, going back to prohibition, for once, let us do it. Let us fulfill our responsibility and understand what's in here. I have one more Amendment and I'll conclude. Thank you.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule F. Senator Fauliso.

SENATOR FAULISO:

I think Senator Houley has certainly showed great wisdom when he indicates all this should be done in the interim and that in the coming months we ought to give this serious consideration and I certainly, as a Member of this particular body, would consider it a dereliction of duty if we didn't resolve this very serious question before - in the next Session of the Legislature, pending the report or study. Thank you.

THE CHAIR:

Will you remark further on the Amendment? Senator Hudson.

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SENATOR HUDSON:

Yes, Mr. President. I rise in support of this Amendment. I've remained silent throughout the debate until this point. One of the major concerns that we've heard discussed is the smaller package store owners. And I understand that there was an attempt to not give permits to anymore package dealers in the State and that failed. And Senator Gunther informed the Circle a few moments ago that people are still getting permits. And I find that astonishing, quite frankly. Knowing the kind of debate and the kind of issue this has been for this Legislature. We talk about telegraphing our punches to give people time. I don't think they believe us. Because the longer we delay action on this, the more package store owners we're going to have in the State of Connecticut. And the more people we're going to hurt. Because they don't believe us. I think if you're really going to telegraph your punch, you'll pass this Amendment, because it says that they have until 1978. If you want to open a package store, you're going to know that the minimum pricing is going to come off. I also find it incredible that the retailer is the one that is going to be hurt by the Bill. But those retailers are protecting the huge profits that the wholesaler makes. They don't make those kinds of profits. The war is going to exist, not between wholesalers, but between all the little package store owners. Those are where the cuts are going to be made, among the retailers and I've spoken to some retail package store people and most of them are afraid, I have to admit, but there are some that are not. There are some that say they really don't care about the minimum pricing going. They're going to use all the market knowledge they have; all the creative kind of marketing expertise, loss leaders, whatever they need, special wines, to attract people to come to their stores and they aren't afraid of this. There is still the convenience of

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a local person you know in your small town and if it's a matter of a few dollars, you are not going to go miles away and pick it up cheaper someplace else. The retail appliance stores, when we took off the Fair Trade of GE appliances and Maytag, all of them, there was not one word spoken about the impact on those small appliance stores or hardware stores. They have survived. I haven't heard anyone say that the repeal of Fair Trade has wiped out the small appliance hardware store. Some of them might have been wiped out, but I didn't hear about it.

I think most of the people are responding to a fear of the unknown. When that wholesale price comes off and it is going to come off some day, I don't see the dire consequences that some of the people are predicting in this Circle are going to happen. I think this is a good Amendment. It does telegraph our punch and I think it ought to pass.

THE CHAIR:

Will you remark further on the Amendment? Senator Beck.

SENATOR BECK:

Mr. President, I just wanted to say that I personally would be willing to co-sponsor with Senator Gunther not an identical, but a very similar kind of Amendment to the one which was appended to the Bottle Bill and I wanted to say secondly, that I believe that actually the problem with going across the border is not the tax rate and if you compare us to other States, you will clearly see that, but it is the price level and I have had retailers come to me and tell me that they cannot compete across the border and that in fact, I believe that we would ultimately be able to reduce that tax and increase our revenue if we could expand our sales.

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THE CHAIR:

Remark further or are you ready to vote? The Clerk please call a Roll Call vote.

THE CLERK:

An immediate Roll Call has been ordered in the Senate. Would all Senators please be seated. An immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

Question is on adoption of Senate Amendment, Schedule F. The machine is open. The machine is closed. Will the Clerk please take the tally.

NECESSARY FOR PASSAGE	19
TOTAL VOTING	36
YEA	10
NAY	26

The Amendment is lost.

THE CLERK:

Clerk has Senate Amendment G, File 710, Substitute House Bill 5253, LCO 8237, offered by Senator Houley. Copies are on the desks.

THE CHAIR:

Sanator Houley.

SENATOR HOULEY:

Mr. President, the hour is very late and I want to thank you and this Circle for their indulgence and I apologize for taking so much time and yet, I don't. This is the last Amendment and we'll be back to the main Bill. Very simply, if you look at it, we've heard a lot of discussion, a lot of concern, honest concern, all this Bill does is say that at the wholesale level, the minimum is repealed. You can sell it for whatever you want. If you want to

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sell it at a hundred percent market and the retailer wants to buy it, good luck to you. If you want to sell it at two percent, but you will compete. You will no longer have price fixing at the wholesale level. Now, what we've said for hours today is that we're concerned about the people that have made investments at the retail end. I think we're equally concerned about those that made investments at the wholesale end. But they're big boys. They got into this. They're in business. Let them compete. Repeal the eleven percent at the wholesale level and you'll have, combined with Fair Trade something that we can walk out of here today and say we didn't solve all the problems but we solved some of them and we're getting better and next year we'll resolve them.

THE CHAIR: (The President Pro Tempore in the Chair.)

Will you remark further? We've come to the end. The Clerk will make the usual announcement.

THE CLERK:

An immediate Roll Call has been ordered in the Senate. Would all Senators please be seated. Immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

The Roll Call is on Amendment, Schedule G. The machine may be opened. Please record your vote. Senator Gunther.

SENATOR GUNTHER:

I guess I'm so used to voting no that mine went no again. All right. Thank you.

THE CHAIR:

The machine is closed. The Clerk may tally the vote.

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The result of the vote:

TOTAL VOTING	36
NECESSARY FOR PASSAGE	19
YEAS	18
NAYS	18

The Amendment is defeated. Senator Miller.

SENATOR MILLER:

Mr. President, maybe this could be sent over to the Consent Calendar without any more debate.

THE CHAIR:

Are you making a Motion?

SENATOR MILLER:

Yes, sir.

THE CHAIR:

Hearing no objection, so ordered. Senator Houley.

SENATOR HOULEY:

Mr. President, I'm sorry. I did not hear the Motion, sir.

THE CHAIR:

There's objection, obviously. We'll proceed with the Roll Call. Please remain in your seats.

SENATOR HOULEY:

Mr. President, I just did not hear the Motion.

THE CHAIR:

The question was he wanted to move to place it on Consent. You have objections?

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SENATOR HOULEY:

(inaudible) all afternoon, sure I would object.

THE CHAIR:

Thank you. We will proceed. Will you make the announcement of a Roll Call please.

THE CLERK:

An immediate Roll Call in the Senate. Would all Senators please be seated. An immediate Roll Call has been ordered in the Senate. Would all Senators please take their seats.

THE CHAIR:

The Motion now is for adoption of the Bill as amended by B and D. Senator Houley.

SENATOR HOULEY:

Point of order, sir. Mr. President, I'm not as familiar as you are, sir, with the Rules, but just let me ask a question. In the instance of a tie vote, sir, on an Amendment, does the Presiding Officer cast a ballot or not? Or is indeed, as you ruled, the Motion is declared lost? Could I ask please, for a ruling on that, sir?

THE CHAIR:

The Rule is that as a Member of this body, I have the right to participate in the vote. The Motion is 18 to 18 and, therefore, the measure was defeated. Senator Miller. are you moving now for adoption of the Bill as amended by B?

SENATOR MILLER:

Yes. We're ready to vote because we've wasted about three hours already.

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THE CHAIR:

Call for the Roll Call please. Everybody in their seats? The machine may be opened. Please record your vote. The machine is closed and the Clerk will tally the vote. The result of the vote:

TOTAL VOTING	36
NECESSARY FOR PASSAGE	17
YEAS	36
NAYS	0

The Bill is adopted. Senator Lieberman.

SENATOR LIEBERMAN:

Mr. President, I'd move for a Suspension of the Rules to allow for immediate transmittal to the House.

THE CHAIR:

Hearing no objection, so ordered.

SENATOR LIEBERMAN:

Mr. President, it would be my hope that we would continue on and complete the Calendar that we've marked for action today so as to avoid the necessity of coming in on Friday. Mr. President, on page five, Calendar 574, we had previously marked passed temporarily. I would at this time, like to move for Recommittal of Substitute for Senate Bill 456 to the Committee on the Judiciary.

THE CHAIR:

Hearing no objection, so ordered. Senator Morano.

SENATOR MORANO:

Mr. President, speaking on recommitment, I have discussed this matter after successfully defeating Recommittal yesterday on the presumption that at

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MR. SPEAKER:

The motion was withdrawn for reference for appropriations.
Representative O'Neill from the 34th.

MR. O'NEILL (34th):

Mr. Speaker, I move that we pass the item temporarily.

MR. SPEAKER:

The questions on passing this item temporarily. Are there any objections? So ordered.

THE CLERK:

Calendar 560, substitute for H.B. No. 8003, file 440, An Act Concerning the Authority of the Real Estate Commission To Impose Fines For Violatin Of Mobile Home Park Laws, Favorable Report of the Committee on Insurance and Real Estate.

MR. SPEAKER:

Gentleman from the 34th.

MR. O'NEILL (34th):

Mr. Speaker, may that item be referred to the Committee on Finance.

MR. SPEAKER:

The questions on this item being referred to the Committee on Finance. Are there any objections to the motion? So ordered.

THE CLERK:

Page three of the Calendar. Calendar no. 471, substitute for H.B. No. 5253, file 372, An Act Repealing the Fair Trade Pricing

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Statutes On the Sale of Alcoholic Liquor, Favorable Report of the Committee on Liquor Control.

MR. SPEAKER:

Representative Giordano of the 99th.

MR. GIORDANO (99th):

Mr. Speaker, I move acceptance and passage of this bill and also there is an amendment, I'd like the Clerk to please read?

MR. SPEAKER:

The questions on acceptance of the Joint Committee's Favorable Report and passage of the bill. The Clerk has in his possession L.C.O. 7357 which shall be designated as House Amendment Schedule A, would the Clerk please call the amendment.

THE CLERK:

House Amendment Schedule A, L.C.O. 7357, offered by Representative Giordano of the 99th district.

MR. SPEAKER:

Would the Gentleman care to move adoption and ask permission of this chamber to summarize?

MR. GIORDANO (99th):

Yes, Mr. Speaker, I move adoption of this amendment.

MR. SPEAKER:

The questions on adoption of House Amendment Schedule A and the Gentleman asks for permission to summarize, is there any objections? Would you please summarize sir.

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MR. GIORDANO (99th):

Mr. Speaker, this amendment merely clarifies the bill that we have before us to repeal a fair trade. It removes the words minimum and inserts the word suggested and I feel it is a good amendment, Mr. Speaker. I move its passage.

MR. SPEAKER:

The questions on adoption of House Amendment Schedule A would you remark further? Representative Shay

MR. SHAY (147th):

Mr. Speaker, I would like to ask the introducer of this amendment if he could explain and summarize line 53 to lines 89 of this amendment. If you could tell us what this part of the amendment does?

MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Through you, Mr. Speaker, section thirty dash sixty three.

MR. SHAY (147th):

Yes, Mr. Speaker, that is correct.

MR. GIORDANO (99th):

Lines 53, through you, Mr. Speaker.

MR. GIORDANO (99th):

53 through 89, I wonder if he could explain what that part of the amendment does.

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MR. GIORDANO (99th):

Through you, Mr. Speaker, the effect of this bill as it would be amended would be to allow the purchasers of alcoholic liquor who are buying this liquor at a package store to be the beneficiary of a lower price at a level because the price competition which would be in effect among package stores. The bill would allow such competition because package stores would no longer be required to sell at a price set by a manufacturer or the wholesaler as they now are required to do so. That's what I believe that section does, Representative Shays.

MR. SHAYS (99th):

Thank you, Mr. Speaker.

MR. SPEAKER:

Would you remark further on House Amendment Schedule A? Representative DelPercio.

MR. DELPERCIC (127th):

Mr. Speaker, under the rule I would like to remove myself from a possible conflict.

MR. SPEAKER:

The Clerk please note. Would you remark further on House Amendment Schedule A? If not, all those in favor will signify by saying aye. Opposed? The amendment is adopted and ruled technical. Would you remark on the bill as amended by House Amendment Schedule A? Representative Giordano.

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MR. GIORDANO (99th):

Mr. Speaker, the issue of fair trade has been brought to our assembly this year with very much controversy and very much talked about issue. I only can express to the members of this General Assembly that it is a very complicated issue. An issue that the liquor control Committee has taken a great deal of time to investigate and we have some sort of a report to try and clarify some of your probably many questions. Presently fair trade as it stands now, the manufacturer or wholesaler sets a minimum consumer retail price for his product below which the retailer can not sell at a product legally at. Which is this. Fair trade is a price that is set by the manufacturer. It is not and should not be considered aligned with minimum markups. There are two specific pieces of legislations here. Minimum markups start out like this. The manufacturer which shipped the product to the wholesaler, he would now by state law be required to mark up that bottle a minimum of eleven percent. After he has marked up that bottle by eleven percent, he now must distribute it to the retailer, the package store owners. They must mark up that product by state statute of a minimum of 21 and a half percent on liquor. After these two mark ups are imposed which are considered minimum mark ups, then the word fair trade comes into play. This is when say after the two markups of a specific bottle, the price of the retailer now stands him six dollars. The manufacturer can come in with a fair trade price of say seven dollars which means all package store owners must sell that product at seven dollars. No one may sell it below.

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(rec.13)

So fair trade is the elimination of the manufacturers rights to come in after the mark ups that the State has designated as legal and binding, to allow the manufacturer to come in and impose an additional mark up. This is what fair trade is. This is what we are repealing. This is why I feel it is the first step and only the first step in allowing the liquor industry some sort of competition among themselves. This would allow package store owners now the right to sell that specific bottle at a price of say six fifty, six seven-five, it also would allow them to sell that bottle for more. So basically this is what fair trade, the repeal of fair trade would do. The mark ups would still be there but it would allow some sort of competition among the retailers and I believe that through this type of competition which would be healthy for the industry that the people in the State of Connecticut would see between a seven and eight percent reduction in the price of liquor in our state today.

MR. SPEAKER:

Representative Shays of the 147th.

MR. SHAYS (147th):

Thank you, Mr. Speaker. There are two elements to legislation and dealing with liquor control. One is fair trade which we are dealing with at this moment and the other is minimum mark up which was described by the Gentleman previously speaking. I have an amendment which I would like to offer, its L.C.O. 7185. Mr. Speaker, I request that the Clerk read this amendment.

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MR. SPEAKER:

The Clerk has in his possession L.C.O. 7185 which shall be designated as House Amendment Schedule B, would the Clerk please call and read.

THE CLERK:

House Amendment Schedule B. L.C.O. 7185, offered by Representative Shays of the 147th district, after line 139 add a new section four as follows: "Sec. 4. Notwithstanding any provisions in title 30 to the contrary, it shall be unlawful for any wholesaler to make any agreement with any manufacturer, wholesaler, out-of-state shipper permittee, retailer or any other person concerning the territory in which such wholesaler shall sell alcoholic liquor. The liquor control commission shall adopt, in accordance with the provisions of chapter 54 of the general statutes, any regulations necessary to enforce the provisions of this section."

MR. SPEAKER:

Representative Shay

MR. SHAY (147th):

Mr. Speaker, I move adoption of this amendment and I request a roll call vote and I request that it be printed in the journal.

MR. SPEAKER:

The question is on the adoption of House Amendment Schedule B and that this amendment be printed in the journal and then when

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the vote be taken, it be taken by roll call, all those in favor of a roll call signify by saying aye. More than twenty percent have answered in the affirmative and a roll call is in order.

Representative Chris Shay

MR. SHAY (147th):

Thank you, Mr. Speaker, this amendment does one simple thing. It says in the State of Connecticut we can not allow franchises and total territories in which only one distributor can provide his good to the retailers in that market.

MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Mr. Speaker, I'd like to speak against this amendment. Since sometime in early January we've been dealing with this issue of fair trade, territorial boundaries, credit restrictions, minimum mark up and today I see before me an amendment offered to deal with territorial boundary ships. The rights of one distributor to cross into different lines and sell liquor in different parts of the state. I must admit, Mr. Speaker that at this time a Liquor Control Committee has more than adequately come out with facts that we are planning this summer and during the interum to investigate and study the entire liquor industry of this state. We've also had numerous public hearings and executive sessions dealing with this matter which I have before me right now on territorial boundaries. We've also have had numerous legislaturers come before the

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Committee and try to explain why they were for or against this type of specific legislation. I'm sorry to say that the Representative from the 147th district has never come before the Liquor Control Committee and spoke to any one or specifically spoken to me about this matter and I would like to just re assure the members of this General Assembly that the Liquor Control Committee has all intentions of dealing with this issue this summer during the interim. And we do see the ramifications of a bill of this matter being passed by the legislature. But right now, we're going to try and perform a study for you people here so that we can come back in 1978 with legislation that will be clean, clearly thought out, and legislation that you can all vote all and go back to your districts and be proud that you did have some thing to do this. Now what I'm stating is if we're going to hold this investigation, I would like you people in holding the industry in tact for us. It's going to be a much harder task to deal with the question of territorial boundaries from wholesalers if they're repealed now and we have to deal with them while they're in the process of this new legislation and they're in the process of enacting it. I just move that I think this legislation does have some merits to it but I think its coming at a date that's a little bit too late to bring up. It's poorly, has much poor time to it and I would ask all members of this House to vote against this amendment.

MR. SPEAKER:

Representative Julian.

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MR. JULIAN (52nd):

Mr. Speaker, I rise in strong support of this amendment. And I do so with all due respect to the Chairman of the Liquor Committee but I find it incredible that an industry has allowed to partition the state of Connecticut and restrict the sale of certain products in certain districts. I don't know of any other business, certainly not my own or anyone else's in here that is allowed to operate in this fashion. And while there is talk of an investigation and new regulations for next session, I've heard that about many things in the past, I think we have a problem at hand, a very clear problem and as one legislator, I do not intend to wait another year and allow an industry to have such incredible rights and incredible powers over really a restraint of trade in certain districts in Connecticut. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Eugene Migliaro.

MR. MIGLIARO (80th):

Mr. Speaker, I rise in support of the amendment and I also would like to make it known here that I didn't think it was a policy of any member of this floor have to go see a chairman of any Committee before he had to submit any type of an amendment. I think that the chairman of the Liquor Commission is really out of order in that respect. I think also that the facts that have been stated here in regards to being down the price of liquor, fair trade what have you, I think these are very important areas,

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the wholesale area. But I think because of an (inaudible) who have quite an monopoly on it, I think this is probably something that's creating the high prices. You're talking about letting free enterprise and let the prices follow and let things fall as they may. But we should attack it right at the root and that's in the wholesale distributor. I think this amendment is a good amendment, I think it will be a long way, going a long way in being the prices down in the liquor traffic. Therefore, I urge support of this amendment.

MR. SPEAKER:

Representative William Scully.

MR. SCULLY (75th):

Mr. Speaker, I rise against this amendment. For one basic reason, this will be a start of a willy-milly way of changing all our liquor laws and all liquor statutes. The Liquor Committee, the Appropriations Committee have both talked about the best way to do this and we feel the best way to do this is as a whole unit. Not one little piece at a time, changing it here, changing it there, put new laws here, put new regulations there. If we start doing this now, we'll have this industry in such turmoil that it will take us years to straighten out. We're asking for some short nine, ten months to try and come back with some kind of legislation that will readable, unstandable and be fair to everyone in the State. Not with the consumers, but the package stores, restaurants, and the

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wholesalers. This is what we're asking for today. A chance to do it correctly.

MR. SPEAKER:

Representative Emil Benvenuto.

MR. BENVENUTO (151):

Mr. Speaker, because of a possible conflict of interest, may the record show as far as the amendment and the bill that I wish to be excused from this chamber.

MR. SPEAKER:

Will the Clerk please note: Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, I rise against this amendment. I served on the Liquor Committee and in the Liquor Committee I was against bringing out any bill that had to do with the repeal of fair trade, the repeal of minimum mark up while we sat and try to investigate the entire industry. The industry is based on the twenty first amendment. It's the only substance in the country that has it's own special amendment. We have problems even trying to find out how we've come up with the aberration price. The Commission itself has problems as to where the aberration price comes from. The price that the wholesalers tell us yes indeed we are getting the cheapest wholesale price in the country. And without questions and answers to these questions, they should come in this coming year, I can't see how we can sit here and pass judgement on an industry

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that we know so little about.

MR. SPEAKER:

Representative Allyn of the 43rd.

MR. ALLYN (43rd):

Mr. Speaker, I rise to support this amendment. As one of those who testified here in the hall of the House before the Liquor Committee in favor of numerous changes in the liquor laws in the State of Connecticut. I think a couple of points have been well made. We just had comments that they don't know how these prices are derived. Well there's not a rational explanation of how some body comes at a price, that means they just pick it out of the sky. I think that this is the way that the liquor laws are being, liquor prices are now being set in the State of Connecticut. I think this bill without the amendment does nothing to encourage competition in the liquor industry. It makes a token decrease in the price of liquor that has to be charged. But does nothing to encourage competition between the, or even allow competition between your different retailers or wholesalers. They still must charge the same minimum price mark up on their liquor. So I don't see how this is going to help competition at all in the State of Connecticut. I think if we really want to see competition in the liquor industry then one of the things that we must do is adopt this amendment. Thank you.

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MR. SPEAKER:

Would you remark further? Representative William Collins of the 140th.

MR. COLLINS (140th):

Mr. Speaker, Representative Palmer correctly referred to the twenty first amendment of the U.S. Constitution which allows the sort of liquor laws that Connecticut has to exist. And the same similar liquor laws exists in some of the other states of this county. Many states however, have gotten rid of liquor laws such as ours because of their obviously effect in legalizing restrainer trade. Aside from the cigarette industry which has some similar laws, liquor industry in our state is the only one that can legally enter into the restrainer trade and control the price of its product. Last year in this assembly, upstairs we passed a repeal of fair trade for all other commodities that are sold in this State. I think its obviously long over do that we understood what Representative Giordano's bill does. Repealing fair trade for liquor. However, it isn't quite that simple as he's pointed out. Fair trade in liquor deals with the retail price and will cause some pain to the local package store owners and I think there's no question about that and if the liquor industry, the problems in the liquor industry are to be curred, some pain unfortunately is due. And there's no simple way to get around it. I think this particular bill provides minimum pain and gets us in the right track. However, we've been lying on the package store owner in public for

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a long time so that's where the real cobra is. I don't think the real cobra is necessarily a package store owner. In Representative Shay's amendment, happily gets to what in my mind is the part of the liquor industry that's been hidden from public view for too many years. Very few people understand the arrangements that liquor wholesalers have and the package store owners have no opportunity to shop around for the items that they want to buy to resell to the public. If this action we've legalized for liquor wholesalers were to be tried by the wholesalers of any other commodity in the State, they'd probably be prosecuted or taken to court for civil action. We allow it by law in this state. I think the amendment that Representative Shays has proposed will be a help to the package store owners and offset some of the costs, that will be costing them by the basic bill. I believe there's still another amendment yet to come which will further help the package store owners allowing them to shop around for the products they sell to us or those of us who choose to make use of his product and I feel that this amendment is a marvelous addition to this bill. I would point out in due respect to the chairman that he is doing an excellent job this year, that the purpose of the liquor control committee has been to perform this very type of investigation throughout all its years in existence. And we're fortunate this year that the State Tax Commissioner starting arresting people coming back from New Hampshire and that some of the local media picked it up. Otherwise I doubt that there would be enough interest in this bill to go as far as we've al-

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ready gone. I think that the iron is hot right now to cure some of the wrongs in the liquor industry. Representative Giordano's bill is a good start, Representative Shays amendment is a good continuation. I urge passage of the amendment and the bill.

MR. SPEAKER:

Representative Rapoport.

MRS. RAPOPORT (73rd):

Thank you, Mr. Speaker, I'd like to ask a question sir to the proponent of the amendment. I believe it was Mr. Shays that made a statement suggesting that there is no other industry wholesaler, distributor, retailer or business and I believe that was backed by Mr. Julian and I'd like to ask a question to Mr. Julian in regard to that statement. Is it not so, Mr. Julian that, through you, Mr. Speaker, that there are other commodities in the State that have selected territory and that there are other profession in the State who are given selected territory and that there are certainly other franchises in the State who are given other selected territory namely many of the fast food restaurants have selected territories to establish themselves in, namely aluminum ware and those individuals who wholesale and retail certain aluminum ware can only sell it in a certain portion in the state at a fair trader price and no sale price can be put on by a retailer unless it comes with permission of the wholesaler and certainly many of the professional can only sell whatever merchandise or service in certain territories for the state. Through you, Mr. Speaker.

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MR. SPEAKER:

Representative Julian.

MR. JULIAN (52nd):

Mr. Speaker, through you, (inaudible) and I will try to answer that. But I should say it was more of a statement than a question. I would simply say in answer to that question, the only other commodity that I know of that is restricted like alcohol is tobacco and the other things that were mentioned are restricted by contract or (inaudible) not by law and that's the difference. Thank you, Mr. Speaker.

MR. SPEAKER:

Would you remark further? Representative Moynihan from the 10th district.

MR. MOYNIHAN (10th):

Mr. Speaker, I think that's exactly the point. Mr. Shays' amendment would begin any contracts that have been made between wholesalers and the manufacturers. What in effect he'd so is wipe out franchises. We have franchises, insurance agents have franchises with the companies they represent. Soft drinks, the bottling industry, they all have territory franchises. This is very common. Ford Motor company, General Motors, the entire structure of our industry provides provision for territorial agreements between manufacturers, wholesalers and in many cases the retailers that they supply. That's not to say that the time isn't right for great change in the area of the liquor laws and I think

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the bill that we have before us is the start and the proper start of the change in laws that are very complexed and at vast very poorly understood. I'm amazed at my colleagues at this date that don't know the difference between fair trade, minimum mark up and some of the other more complexed terms within the industry. I would strongly urge you to reject this amendment. I think it would create enough evil which would not be appropriate for the orderly change that is coming and it comes today in the form of a liquor law, fair trade bill that we have before us. I strongly urge you to reject the amendment before us.

MR. SPEAKER:

Would you remark further on House Amendment Schedule B?
Representative William Collins speaking for the second time.

MR. COLLINS (140th):

Yes, Mr. Speaker, I wouldn't normally do that except that I'd like to respond to Mr. Moynihan: the difference between the example he raised and the liquor industry. It's true that a motor company say the Chevrolet Motor Company will only give perhaps one franchise in a given town. But if I as a consumer decide I don't want to buy my Chevrolet from the dealer in Norwalk I can go to the dealer in Stamford and buy it. Your local package store operator can't do that. If he doesn't like the price he's getting from the distributor who has Norwalk in his territory, he can't call up the distributor in Danbury or Hartford and say what will you sell it to me for. That distributor outside of the

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local package store operator's area is prohibit from even selling to someone outside his area. And I think that's a critical difference and the same is true with life insurance. If the Aetna Life and Insurance Company decides to franchise one life insurance salesman in my town, true I might not be able to get a competitive price in my town but I can always go to the next town and shop for it. In the liquor industry that's not true. These are exclusive territories and you're not allowed to shop outside your territory. To me that's a critical difference, Mr. Speaker and one reason why we ought to cure this defect and go with the amendment.

MR. SPEAKER:

Would you remark further? Representative Moynihan from the 10th district.

MR. MOYNIHAN (10th):

Mr. Speaker, speaking for the second time. I think the previous speaker made an excellent point except the amendment we have before us does not direct itself to the point he raised whatsoever. That is the question as to whether package store owners should be able to buy in a territory other than that serviced by themselves. It says here very clearly and it speak to the question of exclusive franchises, owned and purchased by the distributors, it says it shall be unlawful for any wholesaler to make any agreement with any manufacturer. It does not talk about the relationship of package store to wholesaler, it's exactly my point. It's an

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industry which is not understood very well. Have of the comments today on this amendment have not even been directed to the issue spoken of in the amendment. I think you've made a further case for rejection of the amendment. Thank you, Mr. Speaker.

MR. SPEAKER:

Would you remark further? Representative Giordano, speaking for the second time.

MR. GIORDANO (99th):

Mr. Speaker, I'd just like to make a brief statement and try to clarify this a little bit more. I'm not asking any member here to vote against the actual concept of this here amendment, because so far the liquor control Committee this year has been runned on a very unbiased manner. As a matter of fact, the bill that's before you today, there were numerous bills on fair trade before our committee and the bill that's before you today was introduced by Representative Phyllis Kipp. This representative worked very hard on our committee and that's why we reserved this number and we're bringing this out towards her work. But what I'm trying to say to you people here right now is that it's a good concept but it's poor timing. It's very very poor timing and all we're asking as a committee is the right to review this during the interim and bring you people back good clean legislation that you can go back to your constituents with and vote down this amendment.

MR. SPEAKER:

Would you remark further? Representative Chris Shays, speaking for the second time.

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MR. SHAYS (147th):

Mr. Speaker, thank you, speaking for the second time, I would like to read what Representative Moynihan read the amendment and just emphasize a different word which he didn't emphasize. Notwithstanding any provision in title 30 to the contrary, it shall be unlawful for any wholesaler to make any agreement with then it says manufacturer, wholesaler, out-of-state shipper, then it says retailer or any other persons concerning the territory in which such wholesaler shall sell alcoholic liquor.

MR. SPEAKER:

Would you remark further? If not, will members please take their seats, the staff please come to the well of the House, the machine will be opened. Have all the members voted and is your vote properly recorded? If so, the machine will be closed and the clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Total number voting	141
Necessary for Adoption	71
Those voting Yea	58
Those voting Nay	83
Those absent and not voting	10

MR. SPEAKER:

House Amendment B fails. Representative Christopher Shays of the 147th.

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MR. SHAYS (147th):

Mr. Speaker, thank you, Mr. Speaker, I have a one more amendment that I would like to introduce into the House, it's L.C.C. no. 6982. I request that I might be able to summarize this amendment.

MR. SPEAKER:

The Clerk has in his possession L.C.C. 6982 which shall be designated as House Amendment Schedule A, would the Clerk please call the amendment.

THE CLERK:

House Amendment Schedule C. L.C.C. 6982, offered by Representative Shays of the 147th district.

MR. SPEAKER:

Does the Representative care to move adoption of the amendment?

MR. SHAYS (147th):

Mr. Speaker, I move adoption of the amendment.

MR. SPEAKER:

The question is on adoption of the amendment and permission to summarize, are there any objections? If not, please proceed sir.

MR. SHAYS (147th):

Thank you, Mr. Speaker and members of the House, this amendment would repeal the minimum mark up from the wholesaler to the retailer. That's all it does. Presently the minimum mark up of liquor to the wholesaler is eleven percent. In wines its thirty-six percent in State and twenty percent out-of-state, beer is

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twenty percent. What this would do is say that the wholesaler does not have a minimum mark up price that he sells to the retailer. One of the things that has amazed me the more I've looked into this issue is that, excuse me, I've summarized the amendment.

MR. SPEAKER:

Please proceed sir.

MR. SHAYS (147th):

Mr. Speaker, I'd like to request a roll call vote, I would also request that this amendment be printed in the journal.

MR. SPEAKER:

All the amendment are automatically printed in the journal but we have a request for a roll call, all those in favor of a roll call on this amendment which is House Amendment Schedule C signify by saying aye. More than twenty percent have answered in the affirmative and a roll call is in order.

MR. SHAYS (147th):

Mr. Speaker, remarking on this amendment, one of the things that has amazed me is that I always thought the cobra was the retailer. He always called me up and said if you knock out my minimum mark up, I'm going to go out of business. And there's no question that many of them are marginal operations. I never realized until I looked into this issue that the wholesaler as well has a minimum mark up. He's guaranteed by law a minimum mark up and that's what I wish to repeal.

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MR. SPEAKER:

Would you remark further on House Amendment Schedule C?
Representative Kipp.

MRS. KIPP (41st):

Mr. Speaker, thank you. If anyone's checked the board on the last amendment, they'll notice I voted no. And when we do this, I'm going to vote no on this one. But maybe not for the reasons that some of you might think or guess. I happen to feel very strongly the only way to get fair trade repeal this year is to leave the bill as is with the first amendment House A. Now let's be realistic. A senator on the third floor could not get nineteen names on an amendment to petition some of this very subject matter out, that has to tell us something about how any change in the bill is going to do, up on the third floor. Furthermore, it seems to me the Governor has said she would veto a bill with these kinds of amendments. Now there isn't anyone in this building that wants this whole business straightened out including this amendment and I really do want it, but I also want to be realistic and I've also been up here enough years to know that the only way to get anything done, unfortunately, is to start with a very small ship. Well I'll take that very small ship, I will not be happy with it but I will accept it. I am on the Liquor Committee and believe me when I tell you, I trust John to do what he says he is going to do, I have put my faith in him, almost my personal reputation on the line, standing here making this statement here this

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afternoon because the record is very clear in my area how I stand on these amendments. But I don't want to lose fair trade. I, therefore ask that you reject the amendment and hopefully we'll save the bill. Thank you.

MR. SPEAKER:

Would you remark further on House Amendment Schedule C? If not, will the members please take their seats, staff and guests please come to the well of the House, the machine will be opened. Have all the members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Total Number voting	140
Necessary for Adoption	71
Those voting Yea	46
Those voting Nay	94
Those absent and not voting	11

MR. SPEAKER:

House Amendment Schedule C fails. Representative Shays from the 147th.

MR. SHAYS (147th):

Mr. Speaker, thank you. Speaking on this bill as amended I would just like to say that it does have my support. It is a

step in the right direction. I think it's important to point out however that Representative Giordano has made some pledges to this House and I believe he's going to live up to them, but they exist and we're going to have to see some real improvement next year. We're going to have to see a number of bills come before us that will do more than just fair trade.

MR. SPEAKER:

Would you remark further? Representative Giordano.

MR. GIORDANO (99th):

Mr. Speaker, I would just like to move acceptance and passage of this bill and let's vote.

MR. SPEAKER:

The questions on acceptance and passage of the bill, would you remark further? If not, will the members please be seated, staff and guests please come to the well of the House, the machine will be opened. Have all the members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Total number voting	139
Necessary for Passage	70
Those voting Yea	136
Those voting Nay	3
Those absent and not voting	12

MR. SPEAKER:

The bill as amended is passed.

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THE CLERK:

Total number voting	142
Necessary for Passage	72
Those voting Yea	136
Those voting Nay	6
Those absent and not voting	9

MR. SPEAKER:

The bill is passed.

THE CLERK:

Cal. 1134, substitute for S.B.1173, file 902, An Act Concerning Compensation for Metropolitan District Commissioners, Favorable Report of the Committee on General Law.

MR. SPEAKER:

Representative O'Neill.

MR. O'NEILL (34th):

Mr. Speaker, I move that this item be referred to the Committee on GAP.

MR. SPEAKER:

You've heard the motion that this item be referred to the Committee on GAP. Any objections? So ordered.

THE CLERK:

Page nine of the Calendar, Cal. no. 471, substitute for H.B. No. 5253, files 372, 710, and 980, An Act Repealing the Fair Trade Pricing Statutes on the Sale of Alcoholic Liquor, as amended by House Amendment Schedule A and Senate Amendment

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Schedules B and D, Favorable Report of the Committee on Liquor Control.

MR. SPEAKER:

Representative John Giordano.

MR. GIORDANO (99th):

Mr. Speaker, I move that we reject Senate Amendment Schedule B.

MR. SPEAKER:

Would the Gentleman first move passage of the bill?

MR. GIORDANO (99th):

Yes, Mr. Speaker, I move passage of the bill.

MR. SPEAKER:

The question is on passage of the bill as amended by House Amendment A and Senate Amendment B and D and would you remark sir?

MR. GIORDANO (99th):

Mr. Speaker, could the Clerk please read Senate Amendment B?

MR. SPEAKER:

Will the Clerk please call Senate Amendment B?

THE CLERK:

Senate Amendment Schedule B, L.C.O. 8801, offered by Senator Houley of the 35th district, after line 187 insert the following section, section five, sections 30-49 & 30-50 of the General Statutes are repealed.

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MR. GIORDANO (99th):

Mr. Speaker, I move rejection of the Senate Amendment.

MR. SPEAKER:

The question is on rejection of Senate Amendment Schedule B and would you remark?

MR. GIORDANO (99th):

No, Mr. Speaker.

MR. SPEAKER:

Would you remark further? Representative Shays.

MR. SHAYS (147th):

Mr. Speaker, I'd like to at least have the benefit of the Gentleman's request for why we should reject this amendment?

MR. SPEAKER:

The Gentleman has no further remarks sir.

MR. SHAYS (147th):

Through you, I would like to ask the Gentleman why should we reject this amendment?

MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Yes, through you, Mr. Speaker, I feel that as this amendment is drafted, it does nothing to repeal the 30 day credit restriction.

MR. SHAYS (147th):

Through you, Mr. Speaker, because? Could the Gentleman explain why?

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MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Through you, Mr. Speaker, the amendment repeals section 30-49 and 30-50 but says nothing to section 30-48.

MR. SHAYS (147th):

I thank the Gentleman and I just feel that the House should be aware of the reason why we are rejecting this amendment and I would concur it.

MR. SPEAKER:

Representative DelPercio.

MR. DELPERCIO (127th):

Mr. Speaker, under the rule, I would like the journal to note that I am abstaining due to possible conflict on the amendment and the bill.

MR. SPEAKER:

The journal will so note sir. Representative Balducci.

MR. BALDUCCI (27th):

Thank you, Mr. Speaker. Mr. Speaker, I will be very brief. I also rise to oppose this particular amendment. I think it poses a burden upon one group of distributors as to whether or not they're going to be able to collect funds. They can not I suppose, live with the idea that we will pay you in the future. Right now, there is a 30 day limit and expected (inaudible) within that 30 days. I don't think in the bill itself that there's any clarity as to when a limited set and I think it

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poses an extreme burden on these people and I therefore ask your support in defeat of the amendment. Thank you.

MR. SPEAKER:

Representative Kipp.

MRS. KIPP (41st):

Mr. Speaker, thank you. I do not support rejection of this. I think one of the problems is that nobody's read it or looked at the General Statutes book however the votes have been counted and I understand where they stand. I would therefore please call for a roll call when the decision is made on this amendment. Thank you.

MR. SPEAKER:

The question's on a roll call vote. All those in favor of a roll call indicate by saying aye. More than 20 percent have answered in the affirmative and a roll call is order. Would you remark further on the motion to reject Senate Amendment Schedule B? Representative William Collins.

MR. COLLINS (140th):

Mr. Speaker, I'm not a great expert in liquor law I must admit. It's always puzzled me why the State of Connecticut must serve as a collection agency for liquor whole salers when we don't offer that free service to other businesses in our State. I think the Senate Amendment is appropriate. I think it would be fine if we got out of that business of providing free service for

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liquor wholesalers unless of course we intend to provide it for all other businesses in the State. I don't think this amendment is central to the bill however and I wouldn't care that much one way or the other whether this amendment was in there. It just happens to be basically, I think, a good idea. The affect though as I understand it in rejecting Senate A would be to put us in a posture of disagreement with the Senate and I think this is the real goal of rejection and I think that the first step towards being some equity to our liquor laws being a fair shake to the consumer that we tentatively took a couple of weeks ago when we passed this bill and which the Senate essentially concurred in would go down the drain if we reject this amendment. I think these two amendments are both good ones. They're not major but I think they're fine and I'm a little sorry that the Senate put them on. I think they crowd the issue. I wish the Senate had just passed the bill and give the consumers a break for those who buy alcoholic beverages. The Senate choose to put these on and I think if we want to continue our goal which I hope we will want to continue providing some reform this year to the liquor laws, then we ought to accept this amendment and the other one. Not only because they're basically good amendments which I think they are but because to reject them I'm afraid will send this bill into limbo and we'll never see it again this year, the bill will fail and we will have done nothing to reform one of worst liquor laws I feel in this country.

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MR. SPEAKER:

Representative Mazza.

MR. MAZZA (115th):

Mr. Speaker, I too rise to oppose rejection of Senate Amendment B. I think an unfair burden is placed on the retailer with the sanctions of 30 days. I think by removing this language in the bill and with the repeal of fair trade, I think we can give some added protection to the retailer. So therefore, I'd like to oppose rejection of Senate B.

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, this bill had been discussed in committee. The Committee did not see fit to draft the bill and it was boxed. It was boxed because it's a bad bill, the amendment, well it was a bill at that time. Defaults in late payment reflect upon the shelf price of an item. Extending credit means more defaults, more late payments, therefore a higher price to the consumer. I also wondered if this bill would not allow wholesalers to start controlling retailers more. The more credit extended, the more control. I've been told that some retailers could buy and pay cash, pay earlier than 30 days and therefore possibly acquire a cheaper price. Possibly, but would they pass it on to the consumer? I think not. Now we have to also look not only at package stores but at taverns. A tavern gets a delivery of beer

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every other day. 30 day credit now, 14 or 15 deliveries of beer. I don't think it's asking too much to have them pay in 30 days. Also, if we repeal these two sections without adding new sections to the law based on passed custom and usage, we would still have a thirty day credit. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Leary.

MR. LEARY (37th):

Mr. Speaker, I rise to support this amendment. I just can't understand why we are treating this industry differently than anybody else. Why are we acting as a bill collector for the liquor industry when we don't treat any other industry like that? A person who runs a clothing store or runs another kind of a store takes the risk that he's not going to be paid, that his bills aren't going to be collected and then person who sells it to him takes the risk that he's not going to be paid. Now why in God's name are we treating them differently? Why are we acting as bill collectors? I think it was a good bill when it passed and I think the Senate Amendment made it an even better bill. I hope we support it.

MR. SPEAKER:

Representative Alan Mazzola.

MR. MAZZOLA (49th):

Mr. Speaker, thank you. I would also rise in support of this amendment and for many of the reasons that some of the pre-

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vicious speakers have told you about. I was a member of the Liquor Committee and am a member of the Liquor Committee and many of the bills that were introduced by Senator Houley and other members of this chamber and the chamber upstairs were considered by this committee. Some of them I agreed with and voted against, some I disagree with but this was one of the ones that was in the committee and I voted in favor of it. Now I think this amendment is a start to address the problem that you've probably have all gotten mail about. What are we doing either for or against the liquor industry in the State of Connecticut? Why is it possible for you to buy liquor more cheaply in other states then it is in Connecticut? Well there are a number of reasons. Some states have state owned liquor stores. Now there is absolutely no way that Connecticut is ever going to compete with those kind of prices and I don't think they should try. But I can't see any reason why the State of Connecticut should impose a 30 day restriction on a package store owner and say after that 30 day you're a bad credit risk, you don't get any more stock, any more supplies. Why? There is no other industry in this state that we do that for and if people ask you, if your constiguent ask you are we in fact subsidizing? Are we in fact helping this industry in the State of Connecticut? You can legitimately say no. However, if you vote against this amendment, you can say that you're helping every single wholesaler in this state. Not just small package store owners because this hurts him. This

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amendment will help that small package store owner. Without the inclusion of this amendment that package store owner can get no credit if he's two or three days late on paying his bill. Now I don't think that's fair. The State of Connecticut puts him on what's called the Black List. Now that sounds bad and believe me for that package store owner, it is because there is not one single wholesaler in this state that will touch him for being two or three days late. I urge you to look at this amendment and vote to keep it with the bill.

MR. SPEAKER:

Representative Paul LaRosa.

MR. LAROSA (3rd):

Mr. Speaker, I would like to be excused on this as a result of a conflict of interest under rule 19 please.

MR. SPEAKER:

The Clerk will please note. Representative Giordano.

MR. GIORDANO (99th):

Mr. Speaker, I'd like the members of the House to carefully hear the other side of Representative Mazzola's argument. This amendment, a question, through you, Mr. Speaker, to the Representative of the 49th district.

MR. SPEAKER:

Please proceed sir.

MR. GIORDANO (99th):

30 day credit restriction is the amendment we're speaking

to now, Mr. Speaker. What does section 30-50 of the Connecticut General Statutes do?

MR. MAZZOLA (49th):

I don't have 30-50 in front of me, Mr. Speaker. However it is my understanding that 30-50 repeals the 30 day credit restriction.

MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Through you, Mr. Speaker, what does 30-49 of the amendment do?

MR. MAZZOLA (49th):

Same thing in another form, through you, Mr. Speaker.

MR. GIORDANO (99th):

Through you, Mr. Speaker, does this amendment in any way affect 30-48?

MR. SPEAKER:

Representative Mazzola.

MR. MAZZOLA (49th):

Mr. Speaker, through you, I don't know.

MR. GIORDANO (99th):

Through you, Mr. Speaker, I do know. It does not. The amendment repeals sections 5, 30-49 and 30-50. Mr. Speaker and for the members of this House, under 30-48, it reads no permittee or backer therefore of any employee or agent of any such permit or backer shall borrow money or receive credit in any form for

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a period in excess of thirty days, directly or indirectly from any manufacturer, wholesaler permittee. And it also states, Mr. Speaker, that the commissioner shall revoke or suspend any permit for the violation of this section. Ladies and Gentleman of the House, I understand some of you people would like to repeal this section for the purpose of allowing the repeal of the 30 day credit restriction and what I'm stating to you is that under section 30-48, it clearly does not achieve this.

MR. SPEAKER:

Representative Al Mazzola speaking for the second time.

MR. MAZZOLA (49th):

Thank you, Mr. Speaker, first of all there is a legitimate question as to whether Representative Giordano's comments are correct. There was a legitimate question between the first two speakers. Representative Giordano who believes it doesn't repeal and Representative Balducci who believes it does. I would refer to the Gentleman from the 99th to section 30-49 where section c refers back to section 30-48 and consequently it's a definite repealer.

MR. SPEAKER:

Would you remark further on the bill? Representative Matties.

MR. MATTIES (20th):

Mr. Speaker, thank you. A question through you, if I may sir?

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MR. SPEAKER:

Please proceed sir.

MR. MATTIES (20th):

Mr. Speaker, through you, Representative Giordano, this is I have to admit that we have not heard, I have not heard from my constituents on this question. Could you tell me in your committee deliberations of public hearing, who requested this repeal from the public, the retailers, the wholesalers or anyone else?

MR. GIORDANO (99th):

Through you, Mr. Speaker, I believe they were introduced by other Legislatures and I don't specifically know the names. One was I believe Senator Houley. I believe there could have possibly been House members that introduced legislation to this affect.

MR. MATTIES (20th):

I'm sorry, Mr. Speaker, through you again, I wasn't clear enough. Have you had, have you witnessed a human cry from the public for the repeal of the 30 day credit?

MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Through you, Mr. Speaker, no sir.

MR. MATTIES (20th):

One more question, through you, Mr. Speaker, I've been advised that there is a Federal regulation that might take

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precedent if we repealed the 30 day that basically says that you can not extend credit beyond 30 days. Are you familiar with that?

MR. GIORDANO (99th):

Through you, Mr. Speaker, yes.

MR. MATTIES (20th):

Through you, Mr. Speaker, so that if we did repeal the state's 30 day restriction, the federal would take affect. Is that correct?

MR. GIORDANO (99th):

Through you, Mr. Speaker, I don't actually know how that would work but I can relate that in the United States presently there are only four states that have unrestricted credit limits and there are no states that have credit restrictions over 30 days.

MR. MATTIES (20th):

Thank you and thank you, Mr. Speaker.

MR. SPEAKER:

Representative Moynihan.

MR. MOYNIHAN (10th):

Mr. Speaker, I think first of all I urge rejection of the Senate Amendment that we're discussing and I think Representative Matties and Representative Palmer had hit the nail on the head. First of all, all the aspects of the revision of the liquor laws, this is the one about which I have heard no supports

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from anyone, including the retailers who as Representative Mazzola would suggest would be the great beneficiaries of this. I think this has been perhaps one of the more commendable aspects of the liquor laws and that it has brought stability to the industry and I think that you're dealing with a product where the cost of goods sold is the substantial portion of the selling price. I think the temptation would be great in the absence of credit with that cash flow for some of our smaller retailers to run into credit difficulties if we did not have the constrains of a 30 day law. I might add the State is not the collection agency. On the other hand, the State does have the industry as the collection agency for the taxes which I might add I think is proper. I think a further problem first of all I don't think that we're looking for reform in the liquor laws. I think this is probably the least desirable or certainly the least important of the liquor law changes that we heard discussed and it certainly would give no benefit to the consumers at least nobody's made a case for that and I can't imagine how it would. I think it would cause disruption among our smaller permittees and I think there a further problem that even if you were for this amendment, we have an amendment that's improperly constructed in that it only dealt with a portion of our liquor statutes in terms of repeal. So I think that's it's faulty in construction and I think it's probably also faulty in attempt and I would urge the support of the rejection.

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MR. SPEAKER:

Representative Clyde Billington from the 7th district.

MR. BILLINGTON (7th):

Mr. Speaker, I would like to absent myself due to a possible conflict of interest.

MR. SPEAKER:

The Clerk will please note. Representative Grande.

MR. GRANDE (79th):

Mr. Speaker, I rise to support rejection of the amendment. I think all too often we look at some of these particular amendments and say well maybe we should let it go through just so the bill will not die. But as Representative Giordano explained before and I was looking myself at some of the figures and some of the statistics that I have in front of me, there are 26 states that required COD on all of the purchases of the retail liquor establishments. There are some 11 states who require more stricter regulations than the 30 day period that we have in the State of Connecticut. I've done a little bit of work on this, not too much to be truthful with you and I understand the wholesaler's do indeed collect the taxes ahead of time. This is guaranteed taxes that go to the State of Connecticut. In as much as if they did extend credit for more than 30 days, this could go for a longer period of time without getting paid. I would like to ask the chairman, Mr. Speaker, through you of the committee if there was any testimony before the committee when this bill was brought forth to the committee by liquor retailers objecting to this particular bill when it was a bill?

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MR. SPEAKER:

Representative Giordano.

MR. GIORDANO (99th):

Through you, Mr. Speaker, yes there was. The Connecticut package store associations spoke out against it, the whole saler association spoke out against it, those are the only two that I can remember right about now.

MR. GRANDE (79th):

Through you, Mr. Speaker, I'd like to clarify that if I might. Did the Chairman indicate that the liquor associations spoke against this particular bill when it was in a form of a bill before the committee or for it?

MR. GIORDANO (99th):

He spoke against it.

MR. GRANDE (79th):

Thank you very much, Mr. Speaker. Well I would suggest here why should we here be passing legislation when the people that it's effecting on both sides of it really object to it as far as I could get through the chairman of the Liquor Committee. Therefore, Mr. Speaker, I urge the support to rejection of the Senate Amendment.

MR. SPEAKER:

Representative Kipp.

MRS. KIPP (41st):

Thank you, Mr. Speaker, speaking for the second time, I would like to make one correction right now and call it to Re-

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representative Grande's attention, that maybe they did object to the time but today and for many many days the same retailer association has been supporting this amendment, ever since it came down from the Senate. So there is support for the amendment. I just want to make that correction. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Scully.

MR. SCULLY (75th):

Mr. Speaker, in reference to some questions that Representative Matties made, I have the pleasure of being chairman of the Liquor Control Committee for some two years and the pleasure of serving once before that. We received approximately 30 letters if my memory serves me correctly from people requesting revision of this particular law to extent it to some sixty odd days. We took the opportunity to check with the Liquor Commission to see how many of these permittees were in violation of their payments. We not only found out that most of them were in violation but were constant repeaters. People who never paid their bills on time. In fact, three of them subsequently went bankrupt because of their inability to pay bills. As the second part, I question now if we relieve this part, if we take this part of the law off the books, whether it would allow every wholesaler in the State to go into all the minimum package stores, those small package stores and say to them look it, we're not going to extend you 30 days credit any more. We're going to require that everything you buy from us is COD. We know dare

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well that if that happens that many of them will not be able to survive but will have to close their doors. If there was some kind of protection where they could extend credit to them, I say fine but we don't have it within this particular amendment and I think it would do harm to the people in the State of Connecticut.

MR. SPEAKER:

Representative Collins from the 140th.

MR. COLLINS (140th):

Mr. Speaker, for the second time, I'd just like to point out to those who are concerned about the position of the Liquor industry both wholesale and retailer, I'm not convinced that our job here is to pass legislation for the benefit of the Liquor industry. I think we're here to pass legislation for the benefit of the people in the State of Connecticut and in this particular industry, I think it's time we looked out for the consumers. Rejecting this amendment places the whole bill in great jeopardy. I would urge you to vote no on rejection, make a good bill better.

MR. SPEAKER:

Representative from the 15th.

MR. FERRARI (15th):

Mr. Speaker, thank you. Mr. Speaker, I rise to support rejection. The reason I do so is because I must admit firstly there's a little confusion in this matter but it seems to me what we're doing is we're repealing sections 30-49 and 30-50. In doing so we're leaving in effect a portion of 30-48 which basically outlaws credit over thirty days. But as I mentioned earlier, we're

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repealing 30-50 and I think that's very important and I think the members should realize that 30-50 is the section which allows the Liquor Commission to give relief to a package store owner who's caught in a situation where because of some sort of natural disaster, he can not make his payments, it allows the commission to suspend the 30 day requirement for payment. So by doing what we're doing here today, we would leave in the law that provision that payments have to be made within 30 days. At the same time, we are taking out of the law the provision which would allow the Liquor commission to go in and give relief to a package store owner if he had a fire, if he had a flood, if he had some other natural disaster, which put him in a position where he couldnot make his payment within 30 days. Mr. Speaker, I think this was perhaps a hastily drawn amendment. I think it is a bad amendment. I do not think that it does what the proponents of it would have it do. However, I do think that it could be very detrimental to small business people in the State of Connecticut who catch themselves in a situation where because of some unforeseen act of God, flood, hurrican, whatever, are stuck and would be out of business because there would be no place where they could get relief from the provisions of this law which would still exist. Thank you.

MR. SPEAKER:

Representative VanNorstrand of the 141st.

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MR. VANNORSTRAND (141st):

Mr. Speaker, I want to associate myself with the remarks of Representative Moynihan. I think he was right on the money. This is a special industry. The nature of the substance involved is special. I think the reverse of COD requirements is likely to follow. I think what we're more likely to see is the wholesaler who has enough financial backing string along more marginal retailers and hence have more credit going out through an industry which I don't think concerning the nature of the substance that's exactly what we want to do. I think earlier on in this session when we first addressed this bill, Representative Giordano made a number of promises to the members of this Assembly about things that are going to be looked at in the future and I think a number of people said they're going to be looking for him to keep those promises. I think he should be given that chance. This is one element of what will be a industry wide study presumably. We took a first step towards reform. The Senate has seen fit to add two amendments. We shall see how we dispose of both of those amendments. I believe frankly we should reject both of those amendments, say to the Senate, we stand for reform, repeal of fairtrade now and sent it back to the Senate and see if they stand for reform. There'll be other days when we will worry about the tactics of whether a bill can be saved before the end of this session. We've had one example already. I think it's time to stand on what we said, continue to make an investigational over the remaining aspects of the industry and get reform that we

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originally intended.

MR. SPEAKER:

Are you prepared to vote? No, Representative John Groppo.

MR. GROPPPO (63rd):

Mr. Speaker, I rise in support of the amendment. Mr. Speaker, I could tell you and the bodies of the members present here what I know about the liquor industry, is very little. But as I sit here and listen to the arguments back and forth, all I can see is the scuttling of the bill to repeal the fairtrade. We've heard arguments back and forth that you're protecting the retailer, you're protecting the distributor, you're protecting wholesaler. I have a business and if I don't pay within 30 days I'm charged interest in my business. Why should the State of Connecticut be in the business of collecting bills? And let me share a story with the members here. A few years ago there's this individual who spend thousands and thousands of dollars to remodel his business. He applied for a liquor license and adhere to all the regulations, did all the remodeling that he had to do and he waited. And waited and waited and waited. He was paying interest on the loan that he borrowed to remodel. He called it to the attention of his legislator. Went over to the Liquor Commission and the Liquor Commission said well there's a bill pending from the prior owner of some \$2,700. and until that bill is paid, this individual will not get his liquor permit. Now is that fair? This was the bill that was generated over the past years by another individual, had nothing to do with this individual, he was not a backer, he had nothing to do with the industry at all.

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I happen to be a witness to this conversation and they said until that bill was paid, this individual will not get his liquor license. At that point, we said well if the State of Connecticut is in the collecting business for the liquor industry, I am going to go to the press. And you know what happened? The next morning this individual got his liquor license. The argument I've heard here is if they don't have the money, they won't be able to pay the bill. But what do they do now in 30 days? They have to pay the bill in 30 days or their shut off completely. A few weeks ago this was a hot issue. We've heard it on radio, television, newspapers and everywhere else. Until the passage of this General Assembly that we have and we all live with it day in and day out, we let the bill lay on the Calendar for the right time. Today is the right time to defeat this amendment so that we'll have to create a committee compromise and you know as well as I know that unless this bill goes forward as it's amended by the Senate and those amendments can't be that bad, that the bill will die. You know we all say there's something wrong with the system. Well when we reject the amendments like this, we make the systems continue to be wrong. I just can't understand when it comes to an issue like this and the pressure in the halls are on a lot of you, for some reason or another, nobody bothers me. Nobody tried to twist my arms. Only the poor, the blind and the deaf. But when the lobbyists that want to make some real bucks for some reason or another, they don't know me. And I say that we should do the right time today. Accept the amendments as amended by

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Senate and vote the bill out of here as amended. You have a chance to do something. Do it and do it now and get on with the business. Thank you, Mr. Speaker.

MR. SPEAKER:

Will you remark further on Senate Amendment B? If not, will the members please take their seats? Staff and guests please come to the well of the House, the machine will be opened. Have all the members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take tally. The Clerk will please announce the tally.

THE CLERK:

Total number voting	136
Necessary to reject	69
Those voting Yea	44
Those voting Nay	92
Those absent and not voting	15

MR. SPEAKER:

The motion to reject Senate B fails. Senate B is adopted. Will you remark further on the bill as amended? Representative Giordano.

MR. GIORDANO (99th):

Mr. Speaker, will the Clerk please call L.C.O. 8325?

MR. SPEAKER:

The Clerk has in his possession L.C.O. 8325, Senate Amendment Schedule D, will the Clerk please call?

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THE CLERK:

Senate Amendment Schedule D, L.C.O. 8325 offered by
Senator Houley of the 35th district.

MR. SPEAKER:

Does the Gentleman seek permission to summarize?

MR. GIORDANO (99th):

Yes, Mr. Speaker.

MR. SPEAKER:

Is there any objection to Representative Giordano summarizing Senate Amendment Schedule D? Please proceed sir.

MR. GIORDANO (99th):

I move rejection of the motion, Mr. Speaker.

MR. SPEAKER:

The question before the chamber is rejection of Senate Amendment Schedule D. The Gentleman has asked for permission to summarize Senate Amendment Schedule D. Is there any objection? Please proceed sir.

MR. GIORDANO (99th):

Mr. Speaker, members of this House, it is my opinion that under this amendment, it would prohibit the Liquor Control Commission from calling a permittee in for a hearing for suspension or revoke of his permit until he has been convicted. Presently, if a permittee of a restaurant or a bar establishment has been arrested for an illegal act, he can be called up before the Liquor Control Commission for a hearing. This amendment would not allow this action to take place by the Liquor Control

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Commission and I would move rejection of this amendment.

MR. SPEAKER:

The question's on rejection of Senate Amendment Schedule D and would you remark further? Representative Collins.

MR. COLLINS (140th):

Mr. Speaker, I'm sorry that Representative Tulisano is not with us to give us his standard speech on the difference between arrested and being convicted because he's very eloquent on that subject and I enjoy hearing him whenever he deals with that subject matter. He could explain it much better than I. It strikes me that if the Liquor Control Commission now has the authority to question someone's life and perhaps remove it because he's been arrested before he's been convicted, I think Senator Houley has found another good amendment. I wish we had found it when it was here. It's probably again not one of the most important things that we could be doing in the liquor laws. Sounds to me again as though it makes a good bill better and in any event to reject it would have the same effect as rejecting the first amendment would of had, to be place us in posture of disagreement with the Senate and seriously endanger the whole bill. And I don't think this amendment one way or the other is important enough to warrant that endangerment and as far as I can see, it's a fine amendment because I hate to see somebody lose their license because they've been arrested for something prior to conviction. I recommend to the body that we again vote no.

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MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, thank you. What supposedly makes a good bill better seems to be in my eyes a horrible amendment. An amendment aimed against the big cities of the State of Connecticut. These permittees be them tavern permittees or package store permittees apply to the Liquor Commission, not to the Courts for their permit. We are saying we are going to remove responsibility from the Legislative branch and we're going to place it in the Courts now. Big cities, getto areas, it's the taverns or the illegal numbers or prostitution, dope can be sold from and we can't close them down. Ladies and Gentleman of the House, you know what our Court dockets look like. You know how backed up they are. This amendment came to us in a form of a bill and was recommitted. To get fair trade, it seems the Senate will push anything down our throat. Two, three years, this tavern, this seller of illegal numbers, drugs, can stay open while he waits to come to trial. He can get arrested for the same offense three, four, five, countless amount of times and where our hands are tied. We can do nothing. This is one of the worst pieces of legislation I have seen this session. I hope we have wisdom enough to reject. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Mazza.

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MR. MAZZA (115th):

Mr. Speaker, a question through you to Representative Palmer please.

MR. SPEAKER:

Please proceed sir.

MR. MAZZA (115th):

Mr. Speaker, through you, Representative Palmer under the present statutes if I were to work in a civic organization or a club as a bartender and I was arrested 50 miles away in the State of Connecticut. And I was arrested for speeding but not convicted, immediately following my arrest, would the license of my club be subject to suspension under the present rules?

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, through you, you would be subject to a hearing. I'm not saying that we did not address the problem we should have. We probably should have limited traffic violations. There should have been a bill like this, that spoke to this, that came out of that committee. It did not. But this bill is not the answer.

MR. SPEAKER:

Representative Mazza

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MR. MAZZA (115th):

Mr. Speaker, through you, based on the answer from Representative Palmer, it would seem to me that we ought to support this amendment. Based on Representative Collins mentioning of Representative Tulisano's eloquent remarks about our system of juris prudence. I think that before one is found guilty, he ought to be convicted. And I think, Mr. Speaker, that we ought to reject the motion to reject Senate Amendment D and pass the bill as it is before us.

MR. SPEAKER:

Will you remark further? Representative Moynihan.

MR. MOYNIHAN (10th):

Mr. Speaker, I rise to support the motion to reject this amendment. This bill was before us. It was on our calendar and was on our calendar for several days. We took close scrutiny of this file as we try to do with each and every file that comes before this House. And I might add that's true on both sides of the isle. This bill, the more we looked at it, the more we looked the more we looked at the implications of it, became a great concern to us and we recommitted it. There was no objection from the members of this chamber for the recommitment. Those who say you're innocent until proven guilty would further have you believe that a liquor license is a constitutional right but it's not in the State of Connecticut. It's a privilege. It's a privilege within a very closely regulated industry. The holder of a license, the permittee or his agent and I don't believe that extends to the

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bartender that gets arrested for speeding 50 miles away, I don't think that is what the commission concerns itself with. I think their track record is very clear in this area. We talking about the permittee who through his lack of supervision of this premises whether it be personal, whether it be his own arrest, or that of others, or the taking part of illegal activity upon his premises, those are his responsibilities to see that they don't happen and those are the conditions under which he was issued a license. And I believe that the Liquor Commission has a proper responsibility to concern itself with arrest that takes place on the premises which has been given the right to sell alcoholic beverages. Just three weeks ago, we rejected this very bill be recommitting it to the Committee on Liquor and I would urge you to support the motion, to reject this amendment, and to reject this idea once again. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative John Julian.

MR. JULIAN (52nd):

Thank you, Mr. Speaker, I rise in support of the amendment and I'd like to address myself to a couple of remarks made by the last speaker. It was indicated that the bill was recommitted and that many of us looked at it and decided at that point to recommit it. Many of the bills that are recommitted but not objected to out of courtesy to leadership and committee chairman to which a bill be recommitted, that does not mean in any way that we agree that they should be recommitted or that we studied them in any

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great length. Secondly you indicated that a person does not have a right to have a liquor permit. It seems to me a person has the right to conduct a livelihood and it's unbelievable to me that the Liquor Commission has the right to restrict a persons livelihood without due process. And I can support an employer having the right to ask a potential employee for his arrest record but this goes far beyond that. This is a good amendment and I strongly support it. Thank you.

MR. SPEAKER:

Representative Leary.

MR. LEARY (37th):

Mr. Speaker, a question to Representative Palmer.

MR. SPEAKER:

Please frame your question sir.

MR. LEARY (37th):

Do you believe that a person is innocent until proven guilty?

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, through you, we're talking about a substance that has it's own legislative committee, has it's own committee and we're talking about someone being arrested time and time again for the same violation. I would answer that probably, Mr. Speaker with a question and say did the permittee apply to the Courts for

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his license?

MR. LEARY (37th):

Mr. Speaker, I'm still waiting for an answer to my question. Do you believe an individual is innocent until proven guilty?

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Yes, Mr. Speaker, I do.

MR. LEARY (37th):

Then what possible affect can an arrest have if he's innocent until proven guilty?

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, through you, I believe we all know what our courts look like. If we have, I think the town of Ansonia not too long ago had a tavern that was closed up because of prostitution. How long would it have taken that man to come to court, to come to trial, to be convicted, how much longer could he have been in business? We are not here in the Legislature, I hope, in the business of condoning the illegal acts and making them easier to continue.

MR. LEARY (37th):

Mr. Speaker, I think this brings clearly to the floor

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a problem that we've been faced with more than once here. We either believe that a person is innocent until proven guilty or we don't. If we do believe it, then we should act like we believe it. What possible effect could an arrest have other than an accusation. A person could be found innocent and what would be the effect? He would have lost his license. Now I know a number of cases where an individual has been arrested for objecting verbally to the arrest of another, and then the charges have been dropped. Now is he going to lose his license? Now an arrest is nothing more than an accusation. It is not a conviction. And quite frankly I'm tired of hearing people say that they favor the concept that a person is innocent until proven guilty and then just acting the opposite. Now I think it's a good bill. I think it's important that we get it through. And I hate to see it defeated for a reason like this.

MR. SPEAKER:

Representative Tulisano from the 29th district.

MR. TULISANO (29th):

Thank you, Mr. Speaker, first to make the record straight, I am here to hear the debate and also to participate, although I will not, I thank you for describing my words in the path of being eloquent, I won't speak as long this time but do wish to support the comments made by Representative Collins, and also the last speaker, Representative Leary, that one is innocent until proven guilty. Now to reiterate once again, the mere accusation is not sufficient and it does my heart well that after two years

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of debate, we have won so many converts to our talks who were not with us two weeks ago. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Kipp.

MRS. KIPP (41st):

Mr. Speaker, yes, thank you. I must purpose the remarks to this amendment for the other one and all I can say is boy I'm glad I was wrong and I'm absolutely delighted. I am in total support of this amendment and therefore must strongly oppose the rejection called for by the chairman of the Liquor Committee. And I'm very sorry that I must stand here and do all this disagreeing today but I've also been here like everybody else in January and I've seen bill after bill that was voted out of that Committee recommitted. I did object to one recommit because I wanted a roll call vote. I was discouraged enough not to particularly challenge the other ones. I could not agree more with the words of Representative Groppo. I frankly wanted to say the exact words myself but admitting for the second time, I was so discouraged at what I considered to be the posture of this bill, I said very little. So I publically thank him for standing up and saying it. Sometime, the liquor industry in the State of Connecticut has gotten to be straightened out and I consider that some time to be today so this may then be forwarded to the Governor and hope for signature. Every single year, I have put these bills in, year after year after year and every year, year

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after year, they've been boxed, they've been killed. But this year, thank goodness we have to thank the tax commissioner for his arrest record. We got the presses attention and they finally printed what some of us have been saying for more years than enough and that was that industry needed straightening out and it needed to be attacked and it needed to be done now. I can only urge each and every one of you, most sincerely because thank goodness I don't think a glass of beer or indeed a vodka highball or what have you is a partisan product. I think it's totally non-partisan and I'm hoping this vote today will be as totally non-partisan and when this vote is taken, Mr. Speaker, I would strongly request that it be by roll call. Thank you.

MR. SPEAKER:

The question is on a roll call vote. All those in favor indicate by saying aye. More than 20 percent have answered in the affirmative and a roll call is in order. Will you remark further on the bill? Representative Mastrianni from the 104th.

MR. MASTRIANNI (104th):

Mr. Speaker, in order to keep the record straight, it wasn't Ansonia and it was not a tavern. It was Seymour and it was a club. Thank you, Mr. Speaker.

MR. SPEAKER:

Representative Pawlak.

MR. PAWLAK (105th):

Mr. Speaker, I just want to say to my colleague, thanks alot.

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MR. SPEAKER:

Will you remark further on the bill? If not, will the members please take their seats? Staff and guests please come to the well of the House, the machine will be opened. Have all the members voted and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Total number voting	137
Necessary to reject.....	69
Those voting Yea	29
Those voting Nay	108
Those absent and not voting	14

MR. SPEAKER:

The motion to reject Senate Amendment Schedule D fails. The amendment passes. Will you remark further on the bill as amended by Senate Amendment B and D? And House A. Representative John Giordano.

MR. GIORDANO (99th):

Mr. Speaker, I'd like to moe acceptance and passage of the bill as amended by House Amendment Schedule A, Senate Amendment Schedule B and D.

MR. SPEAKER:

The question is on acceptance of the bill as amended by House Amendment Schedule A and Senate Amendment Schedule B and D and would you remark sir?

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MR. GIORDANO (99th):

Yes, Mr. Speaker, I think that the House is clearly demonstrated it's choice in this matter. I totally accept it and appreciate all the work that everyone has done on the bill. Now let's send it on to the Governor and pass it.

MR. SPEAKER:

Representative Palmer.

MR. PALMER (120th):

Mr. Speaker, thank you. Mr. Speaker, what we have done now is we have in fact repeal the 30 day credit because section 30-48 that had been alluded to and tossed around speaks only to special permits, Jai-alia, special racing facility, some 30 day credit is gone. We've taken away the power of the Liquor Commission to regulate and control what goes on in liquor establishments and all this to bring home fair trade. Sorry. Line 33 through 42 of the fairtrade bill speak to a suggested schedule that the wholesaler shall supply and this shall be by brand trade name capacity, contain the nature of contents, suggested consumer resell price, line 41 through 42 says such prices shall be uniform throughout the state. You have repeal 30 day credit, you have taken powers away from the Liquor Commission but you have not repealed fairtrade. Thank you, Mr. Speaker.

MR. SPEAKER:

Are you prepared to vote? Will the members please take their seats? Staff and guests please come to the well of the House, the machine will be opened. Have all the members voted

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and is your vote properly recorded? If so, the machine will be closed and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

Total number voting	137
Necessary for Passage	69
Those voting Yea	132
Those voting Nay	5
Those absent and not voting	14

MR. SPEAKER:

The bill as amended is passed. Representative O'Neill

MR. O'NEILL (34th):

Mr. Speaker, if there are no other announcements, I move that we pass retain all double starred items not reach on today's calendar. I understand the Clerk has further business to read in. When he is done so, I will adjourn until tomorrow until 1:00 p.m.

MR. SPEAKER:

You've heard the motion to pass retain all double starred items that have not been reached today. Is there any objection to the motion? So ordered. Business on the Clerk's desk.

THE CLERK;

Favorable Report of the Joint Standing Committee on Appropriations, S.B. 332, An Act Concerning Technical Assistance for the Operators of Commercial Airports.