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GEN. ASSEMBLY  
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## 1981 GENERAL ASSEMBLY

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HB 7405, AN ACT CONCERNING THE ELIMINATION OF MINIMUM  
MARKUPS ON LIQUOR SALES, as amended by House Amend-  
ment Schedules A, C, E, F and H.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Mr. President, I move acceptance and passage of  
House Bill 7405.

THE CHAIR:

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, on a Point of Order, I would move  
House Bill 7405 to the Foot of the Calendar. I do so,  
Mr. President, with some reluctance, but I think, I  
earnestly believe, that it's the wisest course of  
action that we can take today. Emotions on this issue  
are very high and I think that it's time to step back  
and look at this issue and see if an accommodation can  
be reached with all parties concerned. That's really  
the way most tough issues that have a lot of emotion

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attached to them are best resolved. I think this issue needs some further discussion with the industry, with the retailers, with legislators. I make a commitment to all who are here today, that placing this item on the Foot of the Calendar is not the end of this issue. As the Senate Majority Leader, speaking for the Democratic caucus, we make a commitment that this item will come back before this Chamber. But I think we would do the people of this State a disservice if one last attempt was not made to bring all the parties together and see if an appropriate accommodation can be reached.

I therefore move, Mr. President, that this Bill be placed on the Foot of the Calendar.

THE CHAIR:

Senator Morano, the Chair invites limited debate.

SENATOR MORANO:

Mr. President, with all due respect to the Majority Leader who is a dear friend and one that has cooperated

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with me many times in the Minority, I rise to oppose placing this matter on the Foot of the Calendar. Mr. President and members of the Circle, this Bill was passed last week. It's a Bill that's been before many of us who have been here in the past. We are familiar with all of the pros and cons. The issue that bothers me, Mr. President, is that for the past week, many of the owners of the package stores have been up here every day speaking to their Senators, their House Representatives, and after the House took its action, in the manner in which they did, after the Bill was killed in Committee and certified out of Committee for action on the House floor, it indicates to me, sir, that the leadership downstairs, as well as upstairs, knew what was going on or they wouldn't have signed a certification.

Now, that we have it before us today, I think we're all ready to act. I think everyone of us knows how we feel. I think everyone of us knows the meaning of the Amendments, but one thing you don't know is that the people

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here today have come from long distances; many of them have had to pay to have someone guard the store, watch the shop. Many of them have been here two or three times. Many of them thought we would be taking it up yesterday and we are with the Order of the DAY being placed on the Foot of the Calendar. I don't think this is fair. I don't think this is right and I think we should take up the matter today.

THE CHAIR:

Will you remark further? Senator Michael Skelley.

SENATOR SKELLEY:

Yes, Mr. President. With all due respect to my good friend, Senator Morano, I happen to think that the Foot is just that on the Calendar, to do additional research and work out pieces of legislation that need further work. I do not believe that this Chamber should in fact, change the way it does business by utilizing the Foot to work on this legislation further. We don't change the way the normal course of events in moving the Calendar to accommodate any special interest group and I

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happen to think that the motion is proper. It's in order and it's the right way for us to go.

THE CHAIR:

The motion before the Chamber is to place at the Foot. Will you remark further? Senator Mustone.

SENATOR MUSTONE:

Mr. President, as Chairman of the General Law Committee, I fully agree with this procedure. It is not a means of postponing this very important decision. It is for the means of sitting down again with the Chairmen of the General Law Committee, with leadership and with the industry to see if we can't come up with a better way to serve the people of Connecticut and I fully agree with the footing.

THE CHAIR:

Will you remark further? Senator Morano.

SENATOR MORANO:

Mr. President, I move for a Roll Call vote.

THE CHAIR:

There is opposition and it would have been called,

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but that's a good reminder, nevertheless, Senator Morano. Will you remark further? Senator Beck.

SENATOR BECK:

Mr. President, indirectly, this is a small revenue Bill and in addition to the many other ramifications of the legislation, revenue is a consideration. I think that it's necessary to try to reach the ability to make a change in a rational and reasonable way and I concur with the motion to Foot.

THE CHAIR:

Will you remark further? Clerk please make an announcement for an immediate Roll Call.

THE CLERK:

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

THE CHAIR:

Question before the Chamber is a motion to place on

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the Foot advanced by Senator Schneller, Calendar 185, House Bill 7405, File 223. The machine is open. The machine is closed. Clerk please tally the vote.

The result of the vote:

27            YEA

8             NAY

The motion is passed. The Senate will stand at ease. The Senate will come to order. All conversations please cease. Any conversations they should be carried outside the chamber. We're ready to proceed with the business on the Calendar. Mr. Clerk, proceed with the Calendar.

THE CLERK:

AT the top of page three of today's Calendar, Calendar 116, File 70, House Bill 5968, AN ACT CONCERNING PARENTAL FINANCIAL LIABILITY FOR AFDC CHILDREN AGED EIGHTEEN TO TWENTY ONE YEARS AND IN SCHOOL FULL TIME. The Clerk has an Amendment.

THE CHAIR:

Senator Martin.

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starred item under Reconsideration will be taken up. Turning to page twenty four, all items on the page, the items for reconsideration as well as the two Resolutions will all be taken up. On page twenty five, all the Resolutions on page twenty five will be taken up. As will all the Resolutions on page twenty six and the one remaining three starred item on page twenty seven under Resolutions will also be taken up.

Mr. President, turning to page twenty eight of the Calendar, an item that had previously been placed on the Foot of the Calendar, Calendar 185, House Bill 7405, AN ACT CONCERNING THE ELIMINATION OF MINIMUM MARK-UPS ON LIQUOR SALES, Mr. President, I would move at this time that that be removed from the Foot of the Calendar and placed as the first item on the Agenda to be taken up today.

THE CHAIR:

Motion before the Chamber is to remove this from the Foot. Any objection? All those in favor? Senator Zinsser.

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SENATOR ZINSSER:

I could be mistaken and maybe Senator Schneller could correct me if I'm wrong, but it seems to me and it's been reported to me that when this item was placed at the Foot of the Calendar, that Senator Schneller made the statement that he would give adequate time or at least a ten day time period before this would be back on the Senate floor and I wonder if he could remark to that.

THE CHAIR:

Question before the chamber is to remove this from the Foot.

SENATOR SCHNELLER:

Mr. President, in response to Senator Zinsser, at the time I did ask that this item be placed on the Foot of the Calendar, I did indicate that adequate time and notice would be given before I would ask that this item be removed from the Foot of the Calendar. The Co-Chair-people of the General Law Committee, as well as members of the leadership have been working with representatives of the liquor industry, representatives of the package

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store owners, the wholesalers, the manufacturers, for the past several weeks and I think it's been quite well known that we were prepared to ask removal from the Foot of the Calendar of this item some time this week. I think it's rather obvious from the representation that we have in the galleries today that we're pleased to have, incidentally, that ample notice has been given that today would be the day that this item would be removed from the Foot of the Calendar.

I don't think that we need to stand on technicalities. I feel comfortable within my own mind that we have not surreptitiously just removed this item from the Foot of the Calendar. I think ample notice has been given and I think my commitment has been fulfilled.

THE CHAIR:

Will you remark further on this? Senator Morano.

SENATOR MORANO:

Mr. President, I rise to support the action to remove the minimum price Bill from the Foot of the Calendar. It

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was I who objected to placing on the Foot of the Calendar the last time it was before us. I think the time has come when we should air it. I think the time has come to stop worrying our guests who are here today who own package stores. I think they want action so today I hope we will give them the action that they desire.

THE CHAIR:

Will you remark further? All those in favor signify by saying aye. Those opposed, nay. The ayes have it. The matter is removed from the Foot. Senator Schneller.

SENATOR SCHNELLER:

Mr. President, as part of that motion I further request that the item, House Bill 7405 be placed as the first item on the Calendar, on the Agenda today.

THE CHAIR:

Thank you. Ready to proceed, Mr. Clerk?

THE CLERK:

The Clerk has Emergency Certification Bill 7405, AN ACT CONCERNING ELIMINATION OF MINIMUM MARK-UPS ON LIQUOR SALES, as amended by House Amendment, Schedules A, C, E, F and H and the Clerk has some Amendments.

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THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Mr. President, I move acceptance and passage of the House Bill as amended by A, C, E, F and H.

THE CHAIR:

And the Clerk has several Amendments. Just a minute Mr. Clerk. Have all the Amendments been distributed?

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, while these Amendments are being distributed, Senator Skowronski has asked for a Point of Personal Privilege and I'd appreciate it if you'd recognize him.

THE CHAIR:

Proceed, Senator Skowronski.

SENATOR SKOWRONSKI:

Thank you Mr. President. Mr. President, at this time I'd like to yield to the Senator from Fairfield, Myron Ballen for purposes of a Point of Personal Privilege and

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Clerk please call the first Amendment.

THE CLERK:

The Clerk has Senate Amendment, Schedule A, LCO HB 7405 7351, 7351, offered by Senator Mustone. Copies have been distributed. They are on the Senators' desks.

THE CHAIR:

Senator Mustone. Do you wish to move for adoption and waive the reading? Without objection, you may proceed.

SENATOR MUSTONE:

Thank you, sir. This Amendment, ladies and gentlemen, is the culmination of eight weeks of deliberation with the package store dealers association, with the liquor wholesalers, with the beer distributors, with the distillers, with the brewers and with the wineries. It represents a package which we believe will be of benefit to the small package store owner. The major point in the Amendment, Mr. President, is a five year moratorium at which time no additional permits will be issued. This in effect, is known, in some states, as the Gold Key. It

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will certainly increase the value of that permit and of that small business. The package store association has asked that we include in this Bill, a one person permit up to 2500 people. In other words, at the end of the moratorium, any municipality which has grown in size, by 2500 people, would have one additional permit if it had grown by 5000 it could have two additional permits. And that is at the request of the retailers association.

The one day permits has been abolished. The one day permit is a permit which is requested by the Liquor Control Commission by organizations, churches, athletic groups, at which time they can buy liquor wholesale, have an outing and very often they buy it in great quantities. We have changed this section of the Bill to read that no more one day permits would be allowed except for beer sold in kegs. That too, was something that the package store dealers had requested.

Under the Bill or under the Amendment, the retailer can now go out of his district to purchase alcoholic liquor. If the product is not available from his distributor or the price is less. This again was a very

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important point. Border affirmation on the bordering states, initially in the file copy, we asked for total affirmation. We have compromised and have put beer affirmation on border states only. This will mean that no one can sell at a greater amount to the State of Connecticut than they do to our bordering states of Massachusetts, Rhode Island and New York.

The posting of prices within the three day period will also be of benefit to the retail store owners. Presently, wholesalers must list their price with the Liquor Control Commission by the 15th of each month. There will be a 3 day period in which the wholesaler can review what the other prices are and he can scale his price down to the lowest price that is posted. This indeed, the savings again will be passed on to the small shop.

The Bill or the Amendment, would repeal beer and liquor as of July 1, 1981. The repeal of wine would commence July 1, 1982. This will allow the package store dealer to keep the product which he makes the most profit at the present time--there's a thirty three and a third

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percent markup on wine and the small package store dealer can raise that price even more and there is no question that wine is the best profit maker for package stores.

The retail association asked for no quantity discounts. Indeed, it would be difficult for a small mom and pop shop to compete and to make large investments through cooperative buying or through quantity so we did not include that in it.

There is a 9:00 closing for beer, grocery store beer permits. This morning I was approached by the representative of the retail association and this was a blanket 9:00 for the package store dealers as well as the food stores. He said this would be devastating to our people. How about the 72 year old man who has to work 70 hours a week. I sat down, talked with him. I said I would consult with the other sponsors of the Amendment and we did take out the package store dealers, at the request of the package store. I understand now there seems to be some confusion that they now feel that they would like to be put

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back in. This Bill certainly does build in safeguards for the package store owner. We know they're scared. We know that they feel that they may be forced out of business, but we feel that the safeguards in this Amendment would certainly insure that they can stay competitive. The State of Connecticut owes this to its consumers who are going out of the State to buy liquor commodities.

I do believe that it isn't a fiscal Amendment and I would not in any conscience stand here and say because Connecticut needs money to balance its budget, we are going to put the little guy out of business. This Bill has been before the General Law Committee. It has been before the Liquor Committee preceeding the General Law Committee for many sessions. It's a Bill whose time has come and I do believe that there is support for this, even amongst the package store dealers. I have made several visitations to package stores, talking to them, getting their views. One which I visited is a party to the suit in Bridgeport, against the State of Connecticut that was

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recently ruled on and incidentally which is being appealed. I would like to quote to you that aside from cigarettes, there is no other industry so controlled; no other industry is guaranteed a return on its dollar by the State. Why then, in a free enterprise economy is the liquor industry granted such special treatment? This measure of price fixing is anti-competitive. And anti consumer. The State of Connecticut has always been in the forefront in protecting the consumer and yet in this case we are sorely irresponsible.

This measure hurts business. Studies by the Hartford Court, the Office of Legislative Research and the Office of Fiscal Analysis all indicate that consumers are buying their liquor in other states. Connecticut has always been in the posture of trying to improve the business climate and yet the Fiscal Analysis claims that 16 percent of liquor consumed in the State of Connecticut is purchased out of state, for a loss of revenue to retail business of between \$40 million and \$50 million a year. Again, according to Fiscal Analysis, minimum price markup is costing

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the State between \$2 million and \$4 million a year. Commissioner Dubno claims that the State is losing between one and \$2 million a year.

Two years ago, when the State of California Supreme Court struck down the State's minimum price law for alcoholic beverages, two things were supposed to happen; liquor prices were supposed to fall and so were thousands of small liquor stores, bankrupted in dog eat dog price wars with big chains. The profits were pretty much on target about the prices, but several months after the ruling they plunged, a fifth of Old Crow whiskey that had been sold for \$5.69 went to \$3.99. A six pack of Budweiser dropped to \$1.44 from \$1.78.

As far as the small dealers closing, many of them were still nursing a hangover and some were muttering that if doom wasn't lurking around the first corner, it surely would be in the next. I know that there are several Amendments so therefore, I urge the Circle to support this one so that we can make Connecticut a competitive market and do a service to our consumers, at the same time protecting our small mom and pop shops.

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Thank you Mr. President.

THE CHAIR:

Do you wish to remark further on Senate Amendment, Schedule A? Senator Morano.

SENATOR MORANO:

Mr. President, first I'd like to compliment Senator Mustone for her very clear explanation of the Amendment. And now I rise to oppose the Amendment, and for the purpose of clarification, I would like to bring to the attention of the Circle, that there does not seem to be a hundred percent agreement on this Amendment since I have before me a copy of a letter from the representative of the Connecticut Package Stores that indicates that the members of the Retail Package Stores do not support the repeal of the minimum markup laws and since the Amendment is the Bill, I hope I am germane as I relate to it.

The changes being presented for the repeal of the minimum markup are designed to take everything from the small retailer while leaving the wholesaler and manufacturer alone. Mostly all regulations are also being retained on

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the retailer. Retailers have attempted to be flexible in dealing with the leaders of the repeal movement. The Amendment being presented retains the conditions which could provide competition in the entire industry.

Now, what has happened to these small stores? Well, let me tell you. I've been here 21 years and there hasn't been a term that I've been here that we tried to repeal the minimum markup and perhaps some day it will come, but I don't think the time is now. Just a couple of years ago, we passed a Bottle Bill, a Bill that I supported because my constituents wanted it and I'm sure they regret it now, and I'm sure that these small mom and pop stores have been the beneficiary of inconvenience, of storage problems, roach problems, bug problems, cost and added cost to them to spray their stores and keep them clean; a problem with disposition of the bottles and cans and just yesterday, we passed an unincorporated business tax that's going to reflect on their business. They are faced with leases with their landlords. They are faced with unemployment, some who are eligible for

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unemployment compensation because of previous jobs and some who are not and some of them might end up on welfare. I don't want to be any part of this. I hope you will reject the Amendment.

THE CHAIR:

Will you remark further? Senator Skelley.

SENATOR SKELLEY:

Yes, Mr. President. Thank you. I have to commend the work that the Senate and the House Chairmen have done on this particular Bill. It's been long and exhausting and of course, something that many of us in the Circle feel is long overdue. There's no justification to continuing minimum markup. The fact of the matter is that we've probably given the Package Store Association and those owners, far more than we really should have. There is no justification for maintaining minimum markup and the public knows it. The public has gone across the borders and buying their booze and we want to turn around and we have, a couple of years ago, put out spies to see how much booze they buy in Massachusetts, pinch

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the consumer and then claimed that we were doing it because we entertained free enterprise? No. We don't entertain free enterprise. We guarantee them a profit. Mom and pop grocery stores, mom and pop pharmacies, mom and pop clothiers, mom and pop cleaners, mom and pop hat shops, mom and pop massage parlors all go out and earn a living on a fair market basis.

But one industry is guaranteed a profit. Mom and pop pharmacies can stay open 24 hours a day but mom and pop package stores close at 8:00. Mom and pop pharmacies can have large windows in front of their establishments, but we have to have certain regulation windows for package stores and we haven't fooled the public one bit. We haven't fooled anybody but ourselves.

We have more package stores per capita in this State than we do in any other State in the union. Now, I don't think anybody wants to go out and put anybody else out of business and I have to say that the Amendment that was offered by Senator Mustone who we all know and respect in this Circle, has been thought out and worked out and

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agonized over. It allows for a five year moratorium. There are protections. There are additional incentives and I think it's a good Amendment.

It's probably not as strong as I would have liked, but it's an Amendment that I can accept and I hope the majority of this Circle accepts. Thank you Mr. President.

THE CHAIR:

Will you remark further? Senator Knous.

SENATOR KNOUS:

Thank you Mr. President. Mr. President, I too, would like to commend my good colleague for her hard work and I know the Committee put in a lot of time pertaining to this particular Bill. I've arrived at a decision where I feel that philosophically perhaps, it's time for minimum markup to go. However, I feel that the timeframe that this particular Amendment has established is not agreeable with me and I would prefer a stretched out time period to provide more adjustment and that will be in a future Amendment, hopefully this Circle will consider it. Mr. President, I did have one question I'd like to direct to Senator Mustone, through you if I could.

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THE CHAIR:

You may proceed with your question.

SENATOR KNOUS:

Senator, I know you've worked very hard with several groups and Senator Morano mentioned one group at least, the Package Store Association is not supportive of this particular Amendment. Of the groups that you were dealing with, can you give me an overview of where the concensus came from; what groups are in support other than legislative.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Through you, Mr. President, Senator Knous, in my opening remarks I said that the Committee or the sponsors of this Amendment had worked and in General Law Committee, for eight weeks, deliberating. I did not say that this Amendment had the support of all of the industry. No, we did not. I think anyone who negotiates any kind of a contract, you have to negotiate; you have to compromise

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and our intent was to try to build in as many safeguards into this. I think that, as I said, also in the outline, I think that the beer distributors kept their territories only because of the Bottle Bill, Senator Knous. There was no other way that we can monitor. The wholesalers, they didn't get everything they wanted either. It's very difficult. The wine affirmation did not go in. They're not happy. Certainly the brewers are not happy with borderline affirmation so indeed no. I think in any reasonable contract, it has to be compromised and one seldom sees unanimity.

THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Thank you. Thank you Senator for your response. I'd just like to pick up on a few comments pertaining to this particular Amendment. As I said before, I've come to a point in time where I think that even though now the court has ruled in Connecticut that in fact our minimum markup is in fact legal and fair, I feel that the timeframe that

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we should consider in terms of this phaseout should be an extended one and, as I mentioned before, I'll offer an Amendment which would phase out beer as of January 1 of '82 and then liquor and wine as of '84. I think Senator Morano made some good points. We just the other day passed an unincorporated business tax which is going to impact many of these individuals and they are in kind of a double jeopardy position and I feel that we should give them every consideration in terms of giving them an opportunity for them to adjust and for them to be able to, if they wish to, to sell their businesses or to be able to make those adjustments so they can remain competitive and remain in business and I think this orderly phase-out would be more appropriate than the more abrupt one that this Amendment offers.

Mr. President, I thank you and that's all I have.

THE CHAIR:

Senator Serrani.

SENATOR SERRANI:

Mr. President, just some questions through you, sir,

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on some aspects of the Amendment. It's a lengthy Amendment and I really don't have that much time to look it over. Could we go a little more in depth, an explanation of the reason why we're not removing the territories, through you sir, to Senator Mustone.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Through you Mr. President, in 1963, Senator Serrani there were 36 liquor distributors, or wholesalers rather, in the State of Connecticut. Presently we have only six. We tried to build into that section of the Bill, the ability for the package store dealer to go outside of the district if the price were cheaper or the product not available. It just seemed good sense to keep intact and again, there are many package store dealers who like the security of having their own wholesaler, so we didn't think that was that restrictive and, as I answered the question before on the beer, it's highly impractical to open up territories with the bottle bill.

THE CHAIR:

Will you remark further? Senator Johnson, followed by

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Senator Ciarlone.

SENATOR JOHNSON:

Thank you very much, Mr. President. I'd like to commend Senator Mustone for coming out with a very responsible, well thought through compromise; a compromise indeed, usually makes no one completely happy, but I think the fact that when we go in the halls we still hear complaints from all sides, probably lends to the credibility of the compromise. I know this is the result of many, many hours of negotiations, a great deal of thoughtful consideration and I personally believe it's a very responsible compromise.

This is not a new issue before us. This issue goes back and has been the subject of intense, legislative battle in this Circle in past years and always, in the midst of that battle, there has been general agreement that this is somehow a bad law. But we haven't been able to deal with the fact that bad laws have to be changed. Because a bad law is in place doesn't justify its perpetual existence. It doesn't justify immortality. To withdraw immortality is indeed painful. There's no question

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but that making a change from a highly structured to a less structured market is going to be painful, but we cannot any longer--we cannot go on any more years saying that while it's not a proper market structure; while it's not a good law, we can't change it because it hurts. It is a bad law. We must change it and what Senator Mustone has done here is to change it compassionately and I support her in that effort and I commend her on her hard work.

Senator Skelley has alluded to and mentioned the relationship between population and package stores in the State of Connecticut. I think it's significant that the relationship is almost double. One package store for every fifteen hundred. In other states, the surrounding states, Rhode Island, one to almost every 4,000 population. New York, again, one to almost every 4,000 population. Massachusetts one to every 2,600. And I ask you to relate that--those figures, and the fact that Connecticut's population-store ratio is one to 1,500, roughly 50 percent of the regional ratio to the fact that we are also the only state that consistently

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and rigorously enforces minimum markup. There is no coincidence there. There is a very clear relationship between the affect of enforcing minimum markup on profit and the ability of our state to support double the number of package stores per population of any other state.

Furthermore, the question is often raised who wants elimination? I can tell you in a poll that I ran this session, ninety five percent of my constituents want elimination of minimum markup but almost more significant I can also tell you that as I've gone door to door during campaigns in the small commercial areas of New Britain and in between campaign times as I have circulated among those retailers and asked them, off the record, one to one, what do you think about minimum markup, there are just as many who want to see it go so they can do business on more equal footing with other industries and where they can exert their own leadership, their own initiative as there are those stores who want the safety and

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protection of a highly structured market. So it isn't just the consumers who want the elimination of this. There are also small stores out there, not the big guys, but the neighborhood guy who are ready for it to go, who want responsibility and space for their own commercial development.

I think it is important that in New Jersey where they implemented this kind of change recently that at this point, having implemented this in March of 1980, a comparative shopper, and we all know that that's different from going down to the corner drug-store and buying--the corner package store and buying anything you want, a comparative shopper can save forty percent. What that says is that elimination of minimum markup allows flexibility and it allows a range of consumer choice that our market does not currently allow.

And to close with one very specific example of the action of minimum markup on our market structure, I have before me, the invoices of a store owner who

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bought some cases of a certain kind of liquor at \$7.24 a bottle. At that time, the minimum resale price was \$10.98. He had enough so it lasted him quite awhile and twelve months later, he was required, by State law, to sell what he had bought for \$7.24 a bottle for \$17.37 a bottle. He was required by law to increase his prices to his consumers way beyond a reasonable profit. The minimum markup laws in the State of Connecticut have--

THE CHAIR:

Please give your attention to the speaker. Senator Johnson is speaking and I expect absolute quiet. Please again, terminate your conversations. Carry them on outside the chamber. Senator Johnson.

SENATOR JOHNSON:

The minimum markup laws in the State of Connecticut have built a rigidity into our market which is no longer a fair burden on the consumer nor a fair burden on the retailers. This is a fair compromise with protections, with help, with some support

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during the period of transition and I would urge the Circle's support of it.

THE CHAIR:

Will you remark further? Senator Ciarlone.

SENATOR CIARLONE:

Thank you Mr. President. I rise to oppose this Amendment. As I hear the debate here this afternoon I am betwixt and between. I'm not sure whether we're trying to protect the package store owner or the consumer. It is my judgment if this Amendment is geared to protect the package store owner, I think we're kidding ourselves, because the proponent of this Amendment says we believe that this Amendment will benefit the small store owner. We're not even sure. We believe we're helping the consumer and I have my reservations about that also. It is my judgment that if we abolish the minimum markup within two years you'll see that the beverage that you're purchasing today will be increased. I think that for those of you around the Circle that have been here for some time, we went through this charade when we abolished minimum markup

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in drugs and in drugstores. We said that if we abolish markups on drugs and on prescriptions, the consumer would be paying less for their prescriptions. I ask each and every one of you to go back to your hometowns and ask those people two years later, three years later if they are, in fact, paying less for that particular prescription.

I submit to you this is another way of us trying to help the consumer and in fact, in the long run, we will not. For those of us who say that the marketplace should determine what the price of a particular beverage should be, I say this is fine, if you're selling ice-cream, if you're selling fuel or if you're selling gasoline, but let's not forget here folks, we're selling a drug. Alcohol is a drug and we talk about here, we're concerned about accidents on our highways; we're concerned that there are large amounts of accidents related to alcohol abuse it is my judgment if we make this any easier to buy drugs, to buy alcohol, I'm sorry, I think we'll have more highway accidents. So when

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we're considering abolishing minimum markup, I think you've got to take into consideration all the implications that go with it. It's my judgment that by abolishing this minimum markup, you're not going to be helping the consumer. The price is going to go up and we are seriously going to be affecting many, many small package store owners who make a living at this. I don't think that the public is concerned, contrary to what many people say around this Circle.

I represent two-thirds of the City of New Haven and I submit to all of you our local newspaper had an editorial supporting abolishment of the minimum markup. My name was in the newspaper and my phone number was there. I submit to all of you not one consumer called me and said, Tony, we want you to support abolishing minimum markup. Let me say to you ten years ago when my name was in the paper supporting an income tax, my phone rang 462 times. It appears to me that the consumer is not really concerned. We're concerned here about helping the consumer and everytime that I find,

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in my fifteen years here, when we go to help the consumer, two years later that same consumer unfortunately gets the butt end of this thing.

I ask you all to look at this thing objectively. I don't really feel that the consumer is going to benefit but we are going to hurt a lot of package store owners who raise their families in this industry. I urge you to defeat the Amendment.

THE CHAIR:

Will you remark further? Senator Mustone for the second time.

SENATOR MUSTONE:

Yes Mr. President. I urge the Circle to support the Amendment and when the vote is called, I ask that it be by Roll Call.

THE CHAIR:

The motion is for the adoption of Amendment, Schedule A. Senator Robertson.

SENATOR ROBERTSON:

Thank you Mr. President. Mr. President, I've been

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sitting and listening to the conversations, beginning with Senator Mustone and Senator Morano and the very able Senator Skelley and others and I rise because I certainly agree that we want free enterprise, we want competition. Everything that's been said, I certainly agree with all. There's just one thing that's in the back of my mind and as a general question to everyone in the Circle, as I made the same general question to my caucus today, and that I'm asking you to help me. Because these people that have gone into the small liquor store business have gone into that business basically with a contract. They know, whether it was right or it was wrong, they know that the State would protect them to some extent and now we're removing that protection.

Now, I'm not a lawyer and I don't think it's a violation of a legal contract, but it's certainly a moral contract. And I can understand, I want an open competitive market. I favor free enterprise, but how about a moral commitment that we've made to the X number of hundreds of thousands of people who are in

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the business? And this is not a facetious question Mr. President. I truly wish that someone would rise and discuss that point and help solve that problem in my mind. Thank you.

THE CHAIR:

Will you remark further? Senator Schneller.

SENATOR SCHNELLER.

Mr. President, I would just like to briefly respond to the previous speaker because I think that the Amendment that is before us today does deal with a moral commitment if that's the proper term and it probably is, that the State has to the package store owners. As I've gotten into this issue, during the past three or four weeks, I've learned a great deal about this industry. It's an industry that has been controlled for thirty or forty years. And you just suddenly overnight, don't decontrol an industry and because of that problem as well as a moral commitment, certain safeguards have been built into this Amendment. There's a five year moratorium in which no additional

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package store licenses can be granted. Following that five year moratorium, the State will only grant a new liquor permit provided there is less than one package store for each 2500 people in the community. In one of the towns that I represent, Old Saybrook, with a population of approximately 10,000, I think we have 17 or 18 package stores. It will be the end of my lifetime and probably my grandchildren's lifetime before that ratio reaches one in 2500.

I think that's a very important safeguard and it will make it very difficult for package store owners to come in or package store operators to come in from the outside and open new package stores unless someone is willing to sell their package store at a good price. I think we've cleaned up the language dealing with two permit ownerships so that it's difficult, if not impossible for one package store to operate a chain of package stores. We've gone to border affirmation on beer. What we're saying is Mr. Beer distributor or Mr. Beer brewer, you're going to have to send your beer into

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the State of Connecticut at the price that is the lowest price at which you sell to any distributor in Rhode Island, Massachusetts or New York. We are not taking off minimum markup and making a totally competitive free enterprise situation. I think we're doing it in a way that provides a measure of protection to the individuals that the State of Connecticut has made a contract with.

Anytime you start to decontrol an industry that has been decontrolled, there are problems. There is no question about it. The question is do you want to decontrol the industry and if the answer is yes, how can we provide some built in safeguards to at least minimize the impact? I think that the judgment that we have to make here today is whether or not we feel it's important, necessary, advisable to decontrol an industry for the benefit of the Connecticut consumer, for the benefit of the Connecticut Tax Department. We know that a large number of sales are going outside the State. We know that there are other reasons for

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those sales but I think over a period of time, we have to address those too.

So again, in answer to Senator Robertson, yes, we're decontrolling an industry. There's going to be some dislocations but they're an awful lot of safeguards that have been placed in this Amendment to deal with that issue.

THE CHAIR:

Senator Skelley, you were up before or was it Senator Robertson. Do you want to be recognized?  
Senator Robertson.

SENATOR ROBERTSON:

Thank you Senator Schneller, I appreciate it. Thank you Mr. President. I guess my question now-- I'm not quite sold on the fact that a five year moratorium is protection if a person is no longer guaranteed that 22 percent markup on a case of beer or soda and so forth, the fact that he can get a lesser profit or be forced to seek lesser profit for a five year period--

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I'm not certain that that's a guarantee, but most of the other things, I did feel were very, very--sort of counteract the moral commitment.

I guess my last question and I'll ask this of Senator Mustone, what date would this minimum markup be eliminated and on what, through you Mr. President.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Mr. President, the effective date of passage, Senator Robertson, is July 1, 1981 on beer and liquor and on wine only, July 1, 1982.

SENATOR ROBERTSON:

If I may again, through you Mr. President--

THE CHAIR:

Senator Robertson.

SENATOR ROBERTSON:

Thank you. I'm wondering if Senator Mustone knows the percentage of business of the average retailer for beer and liquor as opposed to wine.

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THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

That varies, Senator.

SENATOR ROBERTSON:

An average.

SENATOR MUSTONE:

We have spoken with some package stores, small stores, who do 70 percent beer; others that do fifty fifty on wine and beer but the sale of liquor per se, has gone down tremendously so it really is--most of the larger sellers are wine and beer.

THE CHAIR:

Senator Robertson.

SENATOR ROBERTSON:

Mr. President, I guess my major and last concern two-fold. One, we're dealing with the Amendment which is really the Bill now, and we either vote yes or no now and certainly if we vote yes and this flies, I would

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imagine every Amendment which is to follow will be voted no because agreement has been made and therefore we don't tamper with that agreement. There are a couple of Amendments that I think are very important. One I believe to pull the rug out in six weeks is wrong, in my personal opinion. If we could delay it six months, eight months, four months, but six weeks, July 1, is a little bit too short to me, especially when some of the business, if we're dealing on a percentage of that, individual retailers business, of anywhere from, as Senator Mustone said, maybe fifty to seventy, seventy five percent. And that's my concern and I'm not voicing an opinion because I'm going to sit down and decide what to do. But I think that this Amendment is not well placed even though I guess it would have to be placed now.

I'm afraid if I vote no and a majority of us vote no, some of these Amendments which will follow, which I believe will make this Amendment better, what are they amending? Nothing. And so I'm concerned as to what in

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the world to do, Mr. President. Thank you.

THE CHAIR:

Senator Post hasn't said anything. Senator Post we'll recognize you. This is your first time.

SENATOR POST:

Thank you Mr. President. In a sense, through you, sir, to Senator Robertson, not in the form of a question, but just because I share his concern and am at the same place that he is, in my view, this issue presents two classic conflicting public policies.

And where we come out in the Amendment is which of those public policies in balance, seems to be the most important. On one hand we have the concept, as I see it, of free enterprise and whether or not government should regulate industry or whether we should let the marketplace dictate the price and the discounts and the hours and so forth. And because of that, I feel very strongly that we should be repealing the minimum markup laws because of my interest in that public policy of free enterprise.

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But conflicting with that is another public policy and that is that when a State sets up rules and lures people into situations, it becomes difficult to change those rules in mid-stream. Therefore, as I view the issue, it's a question of trying to balance those two extremely important, extremely valuable doctrines. My view, the more important of those two ultimately is the free enterprise concept. In my view, because we established those rules once, if we were to focus in on only the second public policy we would be locked into a system that may not serve us well over a period of time.

Therefore, in balance, as I recognize what Senator Robertson was saying about his concern over the changing of rules in mid-stream, it is that concern which makes me hesitate but on balance, I think we must move toward elimination of minimum markup and do what we can to soften the impact on those who were lured in under previous rules. I make no commitment that I will vote against future Amendments which may improve this balance, but I will vote for this

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Amendment because I think it is a step in the right direction, recognizing the concern we must have because we are changing rules in mid-stream. Thank you.

THE CHAIR:

Will you remark further? Senator Ciarlone and Senator Skelley. Senator Ciarlone.

SENATOR CIARLONE:

Thank you Mr. President. Just before the Circle gets to vote, I just want to leave one last thought. It was Senator Schneller who hit a sensitive cord when he said decontrol. I only remind the Circle here what some people said a few short years ago about the decontrolling of fuel. They told us when they decontrolled fuel our fuel prices would drop and so would gasoline. That's when gasoline was 75 cents a gallon. Now, it's \$1.50. I submit to this Circle that once we decontrol, if you will, the cost of beverages, the price has to go up. There's no other way for it to go. That person that's addicted to buying that alcohol, that booze if you will, they'll pay whatever the price might be. This

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will not be helping the consumer in my judgment. The big store owners will come in, set the price at whatever they see fit and the consumer will, in fact, be paying more. So I ask you all to think of that when you vote for this Amendment.

THE CHAIR:

Senator Skelley has been up several times and I think you're ready now.

SENATOR SKELLEY:

Thank you Mr. President. Yes, I'm ready. First of all, I would like to address the question that Senator Robertson posed to the Circle. If in fact the Circle chooses to vote for other Amendments after this particular thing, it should take into consideration that most of the proposals that were laid out by Senator Mustone are already in this particular Amendment. They are not built into other Amendments. Therefore, this Amendment would be adopted and then altered if the Circle so sees fit at a later date.

The second thing is to a point that Senator Johnson alluded to and that's the fact of competition. There are

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many package store owners in my particular district who actually yearn for the opportunity to compete. The Mayor of Vernon was telling me the other day that they're having trouble picking up the empty beer cans that are laid in front of the houses because they happen to be contributing more to a refuse load and that's from the simple fact that they're going across the border and buying beer and it's a very difficult position for them to be in when, as one of my package store entrepreneurs told me they're selling the beer cheaper at retail in Sturbridge than I can buy it for wholesale. It puts them in a very, very difficult position.

The other thing is that I watched some very enterprising people in my district do a great deal with wine. And their frustration at not being able to buy wine at a particular time and date and place and then turn around and hold it for a period of time and being able to pass that onto the consumer at a lower cost. Wine is a big thing, you know, and they still

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sell Ripple but they sell an awful--with the exception of the pops that still go for some heavy money and the thing is that it's about time that we allowed some of these people to honestly compete. If they want to run a special at Christmas on liquor, let them run the special on liquor at Christmas. In fact, I'm to the point right now, that if a customer comes in and you want to give him a Christmas present just like you end up--your barber gives you a Christmas present or anybody else at Christmastime, if he wants to give you a bottle of wine, I don't see anything wrong with that either. But the thing is they can't do this and this particular Amendment doesn't address that problem, but they can't do it. And there's no justification for it.

Now, Senator Ciarlone mentioned the fact that this is making liquor more accessible. That has nothing to do with making liquor more accessible. The fact is we should be much more concerned about liquor being sold to a minor from a marginal establishment than the

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ones that we should from a healthy one, because that's just what they are, marginal. We should be very concerned about that.

I happen to think that this proposal does an awful lot to loosen up an industry that is regulated. It was not regulated by anyone or the regulations were not imposed by anyone in this particular room and as far as I'm concerned, if we continue to perpetuate it, we are doing a disservice for those individuals that wish to be entrepreneurs in the business, that wish to go out and product their stocks, that wish to advertise. So again, I would urge the Circle's support.

THE CHAIR:

Will you remark further? Senator Serrani you have already spoken once. I'll recognize Senator O'Leary if you don't mind. Senator O'Leary.

SENATOR O'LEARY:

Mr. President, I'll speak briefly because I know that we have a heavy Calendar today. But I think that several Senators in the room have put their finger

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squarely on the issue. We are concerned that we have established certain conditions under which people could operate a business, but I think the fundamental thing to recognize is that since those laws were passed, regulating the liquor industry, a number of other basic assumptions have changed as well.

First of all, people's attitudes toward liquor and alcohol in general, wine, have changed considerably. Wine, for example, in many of the homes in my district, is very much a staple part of the meal. Secondly, assumptions about what is going on in other states have also changed drastically. I represent towns that border the State of Massachusetts. Because of changing conditions and laws in Massachusetts, liquor store owners in my district are starving to death slowly as a result of business fleeing to Massachusetts. I understand there's been some reciprocity in 18 and 19 year old Massachusetts citizens coming to our State.

Thirdly, there is some evidence that as our liquor store owners become increasingly marginal, they're sorely tempted to look the other way when youngsters

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come into those stores to purchase alcohol. A study was done in one of the towns in this State by the National Public Radio. They brought two sixteen year old youngsters to Connecticut. The youngsters went to package stores in that town and bought all sorts of alcoholic products. They went to 17 package stores. At the eighteenth package store, they were finally carded. They had \$250.00 worth of alcohol in the car, controlled by the National Public Radio out of Washington, D. C. The reporters for the radio went back to each package store and talked to the owners. Most of the owners of the stores didn't want to talk to them about it. Some said they thought that the youngsters looked eighteen. We don't know whether they did or didn't. The reports and the people running the survey said they thought they looked like any other sixteen year old.

But a number of package store owners simply admitted that they felt that they didn't sell the alcohol to those children, somebody down the street

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was going to do it anyway. And I think the reason that honest people and I believe the owners of these stores are honest people, have been forced into that position because we have set up a system, based on assumptions which were valid thirty or forty years ago, that have changed today and are no longer valid. This Bill is a reflection of what is happening in today's world and I think we've got to pass it and bring our system into conformity.

THE CHAIR:

Senator Serrani.

SENATOR SERRANI:

Thank you Mr. President. I'm going to speak against this Amendment for the reasons that--questions I had asked before about the territories. By maintaining those territories, I don't think we're making the Bill competitive and I'm very troubled by the fact that in line 428, we're providing an unfair competitive advantage to grocery stores in the sale of beer up to 9:00 and telling the liquor stores they have

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to close at eight. I think anybody who has been in the business, realizes that most of the sales, liquor sales, beer sales, that are made by a package store, are made between 6:00 at night and 8:00 at night and many of them close to 8:00. By allowing the grocery store to have this unfair competitive advantage we will be taking business away from those package stores that now provide that service.

I would agree with the many speakers who have opposed this Amendment. We already have that five percent unincorporated business tax on the businesses which we will be feeling shortly. We do have liquor permit fees that they pay and they're in the business for what? No one is becoming rich in these stores. 70 or 80 hours a week for what? Ten, fifteen, Sixteen thousand dollars a year? I think we're going to have some problems if we go along with this and I'd urge defeat of the Amendment.

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THE CHAIR:

Will you remark further? Senator Rogers.

SENATOR ROGERS:

Thank you Mr. President. I just would like to refer Senator Serrani to my proposed Amendment if we get there. It's LCO 6921 and it will answer some of his questions. Thank you sir.

THE CHAIR:

Thank you. Will you remark further? Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, I'm trying to read my writing, Mr. President. Mr. President, I've agonized over this issue for all the years I've been up here and Mr. President, I've heard free enterprise and I've heard antiquated law but Mr. President, this Circle and the chamber downstairs created that law over a long, long period of time. And as we created that law, we invited the so-called mom and pop to purchase the store and I've heard in this chamber that we have one package store and

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I think the figure was to every 2500 people and maybe that's right because our law encouraged, because our minimum markup encouraged a man to invest a few bucks that he had in a store front, a little, small store front, we're talking about now. We don't have large supermarket package stores. We've got little, small store fronts who are now having a big problem storing that horrible Bottle Bill's junk that we created, but that's what we're talking about.

And I heard Senator Skelley mention that we don't have the same thing for mom and pop grocery stores and mom and pop pharmacies and mom and pop clothing stores. No, we don't have it because we don't have the restrictive law. So we did not create an atmosphere for a man to put his twenty five or thirty thousand bucks that he probably earned in a shop kicking a foot press someplace and decided, gee, let me go out and buy that package store or let me get a package store permit from the Liquor Commission. And so we've created that. And we created all these package stores,

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through our law. I don't care whether it's considered welfare. It's our law. It's on our books and it creates an incentive for the person to open it. Now, in the so-called middle of the stream, we're going to say that we're changing the law now and we're going to try to do the best thing we can for you. We're going to create some of these so-called safeguards and they mention brewers, beer distributors, wholesalers, wine distributors and to my knowledge, I haven't been in on any of the discussions for this compromise package and I don't take anything away from Senator Mustone. She's agonized on it and worked hard on it. And it's a difficult question for a Senator that's been up here the short period of time that Senator Mustone has been here, and to have these different factions agonizing over what they've got to do, so she did a worldwind job in putting a package together.

But Mr. President, the person going to be affected by lifting this price is the retail package store owner. The brewer, the distributor, the wholesaler and the wine,

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my understanding is they are all in agreement with this particular package, but Mr. President, they're not going to lose a customer. They're not going to lose one customer because if this package store goes out of business, because he can't survive with the minimum markup removed, if he goes out of business, the guy next door that is surviving is going to get his customer and that distributor is going to ship the same amount of booze because we're still drinking, the same amount of booze and we're still using the same amount of booze so sure, they're for it. They're for it, but they're not for wiping out territories.

We're saying to that retail distributor, we're taking your nt away from you but we're still going to tie your hands back here because this is a regulated industry and we've got to approach this slowly. So we're approaching this slowly, from the back end, but on the front end, with this little retail guy, we're saying we're pulling your boots right off you, but we're going to look at the territories, but we're going

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to let the distributors keep their territories and then we're going to have a phase in on wine. Mr. President, I really agonized over this, the free enterprise position and I've told a lot of my friends, my dear friends who are package store owners, up until five minutes ago, walking into the chamber, I told them I hadn't made up my mind, but then when I looked at the package and again I want to compliment Senator Mustone, I looked at the package and I said to myself, and I agonized here and I heard the arguments about the law being antiquated, about marginal package stores. We're talking about that we have marginal package stores in the State of Connecticut. We're admitting they're marginal, so they can't be doing a lot of business.

If we've got so many marginal package stores, but they're hanging on and I think it was Senator Serrani that mentioned 14, 15 grand a year. That's what we're talking about, but we're not talking about him getting out of the 14 or 15 thousand--put him on welfare or what, we're talking about the guy's going to lose his

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business, the original thirty grand that he bought the key with or the original thirty grand that he opened the place with. He's operating on a lease in most places. I don't know many package store owners that own their building. They all operate with leases.

Why can't we, if we're going to it--we say we gotta do it; it's antiquated--why can't we just make it a little bit more legit? The package store guys say, give us--don't--they say yeah, you can go outside your territory, but you gotta go pick it up in your car and bring it back to your joint. Jesus, you're saving the distributor gas and oil, a delivery man. And you're saying to the little old guy that runs the store--and I'm serious about that--how many people in this room know package stores that have all kinds of help? They work every day. They go in at 9:00 and they close the store at 8:00. They have their yearly function, their yearly function, a dance. They throw it on Sunday because that's the only day

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the store is closed. That's the only day they have. And so we say to them, oh yeah, we're going to give you territory--we're going to wipe out the territories, use your own car, go pick your booze up. You need five, six cases of booze? Ten cases of booze? See if you can get your neighbor to let you take his car with his kids and run down and haul it back for you.

Mr. President, this is an unfair proposition, an absolutely unfair proposition and if there are any votes in here that were the same as I was, uncommitted, please take a good look at it. Five year moratorium, moratorium for what? You're going to give them five years to die. One day permits, what's that for? For the local social club that gets a beer permit for the summer for a little picnic? Now he's got to go buy it at the package store. He can't buy it from the wholesaler. Big deal we're giving them. Retailers, you can go outside, as I mentioned before, you can go outside the territory and pick up your booze. Beautiful.

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We're wiping out territories. Border affirmation on beer. We can't give them affirmation within the borders, but outside. Give them that affirmation out there on the edge because that'll stop the border people from running to New York to buy their beer. We've got to protect them. Why not protect the guys that are in the middle. How many package stores have we got on the border? We got a barrel of them in my town and we're nowhere near the border.

Mr. President, I have a client of mine, a business client of mine, who was the plaintiff in the Federal case. He was a plaintiff in the Federal case in which Gilroy Daly's decision came out and said there's a valid reason for holding minimum markup where it is and my client was a plaintiff in that case and I feel that I've got to vote against my client's views because I feel that this is an issue; this is a burning issue. We set up, when shops close, we set up a special fund to train those people that are going to be out of a job. We amended an unemployment Bill this week to say that if you're going to come in for a loan in the State of

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Connecticut, a small business loan or a development loan that you've gotta give these displaced persons first choice at the job in your factory. You can borrow our dough, but give those people in our State first shot, but here we're saying, well, Mr. Package Store Owner, we're going to whip you right out of business, but we're going to give you all these safeguards.

And again, Amelia, I know it was a tough job. I really do and I appreciate what you've done on it, but I just could not sit here, my mind was made up and I've got to tell you that if there's anybody in here whose mind was not made up and who was floating on the edge, vote for a poor, little mom and pop package store and that's what they are. Don't kid yourself that they're anything else but that and don't kid yourself into thinking that they're going to stay in business with these safeguards because they're marginal now and everybody admits it. Everybody that's torn down this Bill has admitted they're marginal, so

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don't think these safeguards are going to keep them in business. Keep them in business by keeping the minimum markup there and as we've all said at one time or another, they're going out of business slowly and let them go out slowly. Let them die a slow death. Don't kill them in one shot which is what this Bill will do.

So Mr. President, I would wish that if there are any shakey votes, they would vote against this Amendment. Thank you.

THE CHAIR:

The motion is for adoption of Amendment Schedule A. Will you remark further? Senator Mustone, is this the third time?

SENATOR MUSTONE:

Yes, sir, if I may have leave, very briefly, sir.

THE CHAIR:

With leave of the Senate, without objection, you may proceed.

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SENATOR MUSTONE:

Thank you, sir. I do agree with my dear colleague Senator Sullivan, that we have been luring people into the State of Connecticut to apply for liquor licenses. We have one per every fifteen hundred people and they're still being issued. There aren't many package stores closing so I do submit to you, members of the Circle, it is a lucrative business; perhaps there are some marginal ones, but they will be able to regroup, to learn new techniques. We could not really lift all the controls. This, I submit to you, are several hundreds of pages of regulations. If we were to just deregulate it, take all the territories off, that would surely put the mom and pop store out of business because they wouldn't know what they were going to next. They have got time to regroup now and learn new marketing techniques. Thank you very much.

THE CHAIR:

The motion is for the adoption of Amendment Schedule A. Is this your second time, Senator?

SENATOR KNOUS:

That is correct, Mr. President.

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THE CHAIR:

Third time. Second? You have all the privileges.

SENATOR KNOUS:

Thank you Mr. President, very briefly, I think we've had a spirited debate on this issue. I just wanted to touch on a couple of lines and add a question to the Chair, Mr. President.

There have been some arguments presented today to the fact that there are indeed, a large number of package stores per population here in Connecticut and I just was thinking of an article I read recently which also mentioned that Connecticut is unique in the fact that it has more probate courts per square mile than any state in the country. Mr. President, we could perhaps go on and find other unique situations here in Connecticut. The same thing my good colleague Senator Schneller mentioned Saybrook which is an adjoining town to my district with 17 package stores and Mr. President, if we were there and visited each and every bar in the town of Saybrook, I suspect that we'd find the number would exceed the 17 package stores the good Senator

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spoke to. Mr. President, the point of information I seek from the Chair is a procedural one. There are a series of Amendments, one which I had hoped to offer and I wanted to inquire of the Chair since it would have an affect on the vote certainly, will the--if this particular Amendment, Bill passes, will the following Amendments be allowed to be offered or is there a technical reason that would disallow them to be offered?

THE CHAIR:

Senator, we'll take them one at a time. The Amendment, Schedule A is the sole proposition before us. When we come to the next Amendment if there is a parliamentary inquiry, you may be permitted to do so at that time.

SENATOR KNOUS:

Thank you Mr. President. I think you've answered the question. Thank you.

THE CHAIR:

Senator Skowronski.

SENATOR SKOWRONSKI:

Thank you Mr. President. Mr. President, I'm

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concerned about the protections that have been suggested here and the Amendment and I would wish to pose through you, a couple of questions to Senator Mustone.

THE CHAIR:

You may proceed with your questions.

SENATOR SKOWRONSKI:

Through you Mr. President, to Senator Mustone, how does she propose to handle in the Amendment, the transfer of permit situation? I understand that under the Bill, no more than--there's a five year moratorium upon the granting of new permits and that thereafter no additional permits would be granted unless there were fewer than one permit per 2,500 people in the town. What about transfer of an existing permit? How is that covered in the Bill?

SENATOR MUSTONE:

Through you Mr. President, to Senator Skowronski, if a--the owner of a liquor store closes his store and retires his permit, the permit is gone. If he wishes to sell it and that would be more likely the case, he could sell it and transfer it to a new owner. He would

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be allowed to do that.

THE CHAIR:

Senator Skowronski.

SENATOR SKOWRONSKI:

So then the permit could be transferred to a new owner and presumably a mom and pop store could transfer.

THE CHAIR:

She has answered that in the affirmative and the transfer can be affectuated.

SENATOR SKOWRONSKI:

Thank you Mr. President. Okay. And secondly, on the two permit ownership, does that prohibition handle the situation, Mr. President, for example, where I form the ABC Corporation and ABC has two permits and then I form the DEF Corporation and seek two other permits, how is that covered in the Bill?

THE CHAIR:

Senator Mustone.

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SENATOR MUSTONE:

Through you Mr. President, presently in the statute, the two owner permit is presently on the books right now, but this would clarify it and it would not allow for a husband to own two, a wife to own two or allocate them to members of a family. The section that deals with it is Section 8 and it clearly clarifies the two permit owner and it also, and I won't read it, but it does apply to corporations and companies so that there would be no loophole for any corporation in other words, to have more than two.

THE CHAIR:

Senator Skowronski.

SENATOR SKOWRONSKI:

Mr. President, through you, is there anything in the Bill that would prevent the same group from forming multiple corporations almost like a holding company, Mr. President, forming multiple corporations but being the same group, each separate corporation of the same group owning two permits? Is there anything to prohibit that in the Amendment and if there

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is where is it?

THE CHAIR:

Senator Mustone. The Senate will stand at ease if Senator Mustone needs more time to look at the Bill or her notes.

SENATOR MUSTONE:

Yes, it's Section 8, Senator Skowronski, line 132 which talks about combinations of corporations or individuals. It extends to page five, sir.

THE CHAIR:

Senator Skowronski.

SENATOR SKOWRONSKI:

Thank you Mr. President. Rather than hold up the debate, I'll examine the section and refer to it and yield the floor.

THE CHAIR:

Thank you. Will you remark further? If not, the Clerk will please make an announcement for an immediate Roll CALL.

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THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the Senate. Will all Senators please be seated.

THE CHAIR:

The motion before the chamber is adoption of Amendment, Schedule A, LCO 7351. The machine is open. Please record your vote. Has everyone voted?

THE CLERK:

Roll Call is in progress in the Senate. Roll Call is in progress in the Senate.

THE CHAIR:

The machine is closed. Clerk please tally the vote.

The result of the vote:

19            YEA

16            NAY

The Amendment is adopted.

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THE CLERK:

The Clerk is now in possession of Senate Amendment, Schedule B, Senate Amendment, Schedule B,--

THE CHAIR:

Excuse me Mr. Clerk. Senator Martin.

SENATOR MARTIN:

Mr. President, is it too late to vote in the affirmative on this Amendment?

THE CHAIR:

You wish to be recorded in the affirmative, Senator Martin. It will be so recorded. Thank you. Will you call the next Amendment.

THE CLERK:

The Clerk has in his possession, Senate Amendment Schedule B, LCO 6757. That's 6757, offered by Senator Serrani. Copies have been distributed.

THE CHAIR:

Excuse me, Senator Serrani. Senator Murphy, could you approach the podium please?

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

Senator Serrani.

SENATOR SERRANI:

Thank you Mr. President. May I be allowed to summarize the Amendment, sir?

THE CHAIR:

Is there any objection to waiving the reading?  
Hearing none, proceed, Senator.

SENATOR SERRANI:

This Amendment, Mr. President, addresses the question of territories. Since beer wholesalers have not lost their territories, the retailer cannot buy outside of that set territory. We must assure that the retailers in one beer wholesaler territory can get the same price as a retailer in another beer territory. This Amendment would guarantee that price difference between territories would not be any different. The same way that we're insuring that the difference between the states is met. In some cases,

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beer will cost less from one wholesaler who serves an adjacent town than a retailer in another town can buy the same product. This is so, despite the fact that both will advertise in the same newspaper. We must assure, by this Amendment, that the affirmation required for surrounding states just put into this Amendment, in the past Amendment, will also apply to surrounding towns.

Again, this Amendment would require that each beer wholesaler in the same brand and item size, sold at the lowest price sold by any wholesaler to any retailer in the state. If we're going to make the industry competitive, let's go all the way.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule B? Senator Mustone.

SENATOR MUSTONE:

Sir, I oppose the Amendment. With the three day posting and with the wholesalers being able to view, it would appear to me that they, in an attempt to want to be competitive, that they would keep their price

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down to the lowest level and I think there's been another safeguard in the Bill that would address the same thing as Senator Serrani's Amendment which is that indeed the retailer can go out of the district to purchase liquor if he can find it at a lesser cost so therefore I don't see any reason for the Amendment and I'd urge its defeat.

THE CHAIR:

Will you remark further? Senator Skelley.

SENATOR SKELLEY:

Yes, Mr. President, just briefly. There is one very big disadvantage to that. If a distributorship is extremely successful, they could in fact, take a loss on the product for a period of time and driving the other price of other beers down and--so that the less profitable distributors would be driven out of business. Of course, there would be a reduction in competition at that point in time and it then would be increased. I too, would oppose the Amendment.

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THE CHAIR:

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

THE CLERK:

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

THE CHAIR:

The item before the chamber is Senate Amendment, Schedule B which is LCO 6757. The machine is open.

THE CLERK:

Roll Call is in progress in the Senate. Roll Call is in progress.

THE CHAIR:

The machine will be closed and locked. I believe Senator Gunther has left.

TOTAL VOTING	35
NECESSARY FOR PASSAGE	18
THOSE VOTING YEA	13
VOTING NAY	22

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The Amendment is defeated.

THE CLERK:

The Clerk has Senate Amendment, Schedule C.  
Senate Amendment, Schedule C, LCO 6921, offered by  
Senator Rogers. That's Senate Amendment, Schedule C,  
LCO 6921, offered by Senator Rogers.

THE CHAIR:

Before we proceed, Senator, Senator Morano--

SENATOR MORANO:

Mr. President, will the record please reflect  
that Dr. Gunther had to leave town on personal business.

THE CHAIR:

And he had to leave prior to the last Roll Call.  
Thank you, Senator. Senator Rogers.

SENATOR ROGERS:

Thank you Mr. President. As our Chaplain, Father  
Devine said when he opened the session today, we should  
all be concerned of, and I quote "the well being, comfort  
and success of our Connecticut citizens". I think that's

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rather relevant here that's why I repeat it. I certainly agree in free enterprise, but as I have said over and over and over to people who have been screaming about this perhaps removal, let's make sure that the free enterprise is free on both sides of the counter. Several months ago, before delving into this, I too, was for removing all parts of the minimum markup. However, when I found the constraints currently existing as far as the package store owners I had a second thought.

And I have continued to tell my package store owner friends and some of them are sitting up here today, I would not be for the removal of minimum markup unless free enterprise existed on both sides of the counter. I'm glad to see that we are addressing the problem and some of these constraints are being removed, but there are still some to go. I took a poll a few weeks back, calling all of my eleven towns and I specifically said would you be in favor of the removal of the minimum markup provided the

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restraints on the package store owners were removed first and 80 percent said yes with that proviso so therefore, I offer this Amendment today, Mr. President, and I would like a Roll Call vote when the time comes, and move the adoption of the Amendment. I would like to be given permission to explain.

THE CHAIR:

Proceed Senator.

SENATOR ROGERS:

What it does is it does two things. It removes restrictions on what can be sold in a package store; it removes the restraints where they are now and if they chose to sell any product under the sun that would be allowed them. Secondly, as in other states, it would allow a package store owner to operate 7 hours a day a week, 24 hours a day and including holidays and Christmas. I think it's high time we let the free enterprise system work and if these are adopted, certainly I can vote for the Bill. Thank you sir.

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THE CHAIR:

Will you remark further on Senate Amendment, Schedule C? Senator Mustone.

SENATOR MUSTONE:

Through you Mr. President, well, not a question to Senator Rogers, but I do oppose the Amendment sir. It is possible presently, under statute, for package stores to sell plastic cups, beer accessories, a variety of things which are listed in the statutes. I think Senator Rogers' portion of that Amendment which deals with the opening of seven days a week, I think this would surely close down the small package store dealer because they couldn't--they could not work seven days a week and I think it brings a much deeper question to this Circle also is that philosophically are we ready to come with such a decision so at this time, I would oppose the Amendment.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule C? If not, the Clerk will make the appropriate announcement for a Roll Call.

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## THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the SENate. Will all Senators please be seated.

## THE CHAIR:

The issue before the chamber is Senate Amendment, Schedule C which is LCO 6921. The machine is open. The machine will be closed and locked.

TOTAL VOTING	35
NECESSARY FOR PASSAGE	18
VOTING YEA	14
NAY	21

The Amendment is defeated.

## THE CLERK:

The Clerk has Senate Amendment, Schedule D, Senate Amendment, Schedule D, LCO 6122. Copies have been distributed, offered by Senator Zinsser. That's

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That's LCO 6122.

THE CHAIR:

Senator Zinsser.

SENATOR ZINSSER:

Thank you Mr. President. I would move the Amendment and waive the reading please.

THE CHAIR:

Any objection to waiving the reading and allowing the Senator to summarize? Hearing none, proceed, Senator.

SENATOR ZINSSER:

Thank you Mr. President. Before I begin, Mr. President, a question to you. This Amendment was drafted when the Bill originally came up so therefore some of the wording is to the lines and so on, are inaccurate according to the Amendment that we just approved. If the Amendment is adopted, would you rule it substantive?

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THE CHAIR:

It's been our practice, Senator, to permit Amendments such as this because we could never tell without the first Amendment, exactly what the lines are. I'm sure the Legislative Commissioner's Office can fit it back in with whatever form the ultimate package passes through this chamber, assuming that the Amendment passes and there is a Bill that passes the chamber also. So proceed, Senator.

SENATOR ZINSSER:

I think that was a yes then. Thank you, sir. What this Amendment does is it is in three parts. First, the Amendment would one, permit cooperative purchasing and advertising by the package store owner; two, permit discounts for quarterly purchases by retailers and wholesalers and three, eliminate all statutory references to wholesaler's geographic territories. The Amendment would permit retailers of the same class to form a purchasing group to purchase alcoholic liquor through a designated agent and

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establish a certain requirement for the operation of a purchasing group. The requirements would be (1) a purchasing agent would be required to be a retailer, (2) a retailer would be permitted to belong to only one group, (3) deliveries to the purchasing group would be required to be paid to a single designated premise, (4) retailers would be required to send their orders to the designated agent, (5) the designated agent would be required to make a master order to attach retail orders to the master order and to preserve them, (6) merchandise would be deemed received by a retailer when delivered to the purchaser's group designated premises and (7) a retailer who failed to make payment for goods after 30 days would be expelled from the purchasing group and prohibited from joining any other.

The Bill would authorize the Department of Liquor Control to approve storage facilities for purchasing groups. The Amendment would permit purchasing groups to advertise cooperatively on the condition that

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the name of each participating retailer is stated in the advertisement. The Amendment would further permit wholesalers to give a discount on sales which are greater than 10 cases of alcohol, spirits or wines and on sales which are greater than 30 cases of beer, if the purchased products are the same brand, age, sign and quality.

Under current law, a wholesaler who has a wholesale permit for more than two years can neither have his distributorship territory terminated nor have his geographic territory diminished by a manufacturer or out of state shipper without a showing of just and sufficient cause. Under the statute, just and sufficient cause is defined as the existence of circumstances which cause a reasonable person to conclude that termination is warranted. The Department of Liquor Control is required to determine if just and sufficient cause exist. Manufacturers and out of state shippers are permitted to appoint additional distributors in a geographic territory. However, existing

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wholesalers for alcohol, spirits and wine must be notified six months prior to the appointment and existing beer wholesalers must be notified one year prior to the appointment. Current law also requires wholesalers to sell to all retailers in the wholesaler's geographic territory. The Bill as passed in the House of Representatives would require wholesalers to sell to all retailers regardless of the retailer's place of business if the retailer would accept delivery at the wholesaler's place of business.

This Amendment would eliminate all of the above provisions and instead, require wholesalers to sell their products to all retailers. And I would further add that if we're really interested in a free market system, if we're really interested in free enterprise, then I can see no other way than to support the Amendment. Thank you Mr. President.

THE CHAIR:

Will you remark further? Senator Mustone.

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SENATOR MUSTONE:

Mr. President, I think it's a very impractical Amendment. It's one which the General Law Committee has looked at. It poses great problems in the Amendment that Senator Zinsser has prepared. He's suggesting that a single designated agent do the cooperative buying for a group and he would be billed. If three cooperative buyers got together and decided to perhaps contribute \$3,000 each and buy \$9,000 worth of liquor, the Bill would come, in thirty days it would come to this one designated area and in thirty days, what if package store A tells package store B, I don't have the \$3,000, I'm sorry. It presents many other-- the package store association, as I said in my opening remarks, did not want quantity buying. I think what this Bill would do would be to open up and to eliminate the territories would be in exact opposite of what we're trying to do and that is to move in a very meaningful, slow way in which the package store dealer can regroup and still continue to be successful. Thank

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you. I urge opposition to the Amendment.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule D? If not, the Clerk will make the appropriate announcement for a Roll Call.

THE CLERK:

Immediate Roll Call in the Senate. Will all Senators please be seated. An immediate Roll Call in the Senate. Will all Senators please come to the chamber.

THE CHAIR:

The issue before the chamber is Senate Amendment Schedule D, LCO 6320. The machine is open. The machine will be closed and locked.

TOTAL VOTING	34
NECESSARY FOR PASSAGE	18
THOSE VOTING YEA	8
THOSE VOTING NAY	26

The Amendment is defeated.

THE CLERK:

The Clerk is in possession of Senate Amendment,

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Schedule E, Senate Amendment, Schedule E, LCO 6929,  
offered by Senator Knous. Copies have been distributed.  
That's Senate Amendment Schedule E.

THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Mr. President, I move adoption of the Amendment  
and if I might be allowed to summarize.

THE CHAIR:

Any objection to waiving of the reading? Hearing  
none, proceed, Senator.

SENATOR KNOUS:

Thank you Mr. President. Mr. President, the dis-  
cussion certainly has been thorough today. I made  
mention of this particular Amendment earlier. Basically  
what the Amendment would do would be to delay the  
phase-in period so that beer would in fact be phased in  
as of January of 1982 and wine and liquor would be  
phased in as of January 1, 1984. Mr. President, there

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seems to be some concensus here in the Senate that the time for repeal of minimum markup is at hand. This particular Amendment certainly would soften the blow. I think the State has waited a good number of years before acting on this particular issue. It's certainly not a bread and butter consumer issue. It's an issue of discretion. The consumer certainly doesn't need to buy alcohol in order to survive. It's an option.

Mr. President, as Senator Ciarlone mentioned, he received virtually no calls on this particular issue, even though there was a considerable--there was an editorial listing his name in the newspaper and Mr. President, it's been my experience too that unless the subject is brought up, it is certainly not a burning consumer issue in my district either. By allowing a more orderly phase-in, I think we would be in fact, satisfying both the consumer, we would be dealing with the issue of the problem with beer. It's my understanding the beer sales in the State of Connecticut are down

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considerably. We would be addressing that issue. We would be dealing with one item in liquor, the beer, which is causing most of the problem. During this time phase-in, we would be giving the retail package store owners time to adjust. Mr. President, I just think it's a timely Amendment. I think that certainly the votes seem to be there for the elimination of fair trade or for minimum markup rather and I'm just suggesting that this Amendment would make it much more tolerable for the people who would be most directly impacted and I urge members of the Circle to support this Amendment, Mr. President.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule E? Senator Mustone.

SENATOR MUSTONE:

Mr. President, as I said earlier and the day is getting later, this document was written to least disrupt the small package store dealer. I think that the way the Amendment has been proposed, they will have a repeal on beer and liquor at which time I'm sure it

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will be more profitable for them in the year 1981. They will be able to market and I think that having the 1982 phase-in is not giving credit to the small package dealer. They can manage, I am certain, and they want this challenge to be able to market in the free enterprise. So therefore, I do not see that we have to phase it in six months at a time. I think they are ready. I think they are willing and able to accept this challenge so that they can market, they can improve their business and they can generate more customers. So I would oppose the Amendment. I think that they are certainly capable of moving in this fashion in one year. Thank you very much.

THE CHAIR:

Will you remark further? Senator Robertson.

SENATOR ROBERTSON:

Thank you Mr. President. Mr. President, I'm really quite surprised at the last statement. It seems to me that the small liquor retailer owners would be

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more knowledgeable as to what will help their profits and what will hurt their profits and certainly the information I have that the immediate phase-in of six weeks would not make 1980-81 a more profitable year. I believe this Amendment is probably the most sensible of all Amendments, not that all other Amendments have not been sensible, but this at least does not attack the problem and pull the carpet out from underneath their feet in six weeks. It delays it a few months. It allows them to analyze what's going to happen. They have time to decide how they wish to invest. They may even decide between now and the beginning date of January 1, '82, to get out of the business.

It gives them time--every businessman and woman needs time. They've got a large investment in their store. They've got not only a dollar investment but a time investment. What they thought would be their livelihood for the rest of their active lives and I think this is a very commendable Amendment and I certainly

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congratulate Senator Knous for the thought process in creating it. Thank you Mr. President.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule E? Senator Ballen.

SENATOR BALLEEN:

Yes, thank you Mr. President. I too rise in support of Senate Amendment E. I think Senator Sullivan some time ago summed it up best when he said that while the main Amendment, Amendment A was indeed a laudible job and I too commend Senator Mustone for the work she's put in on it, it does in fact, protect the brewers and the beer distributors and the wholesalers, but the only one, unfortunately, that it does not protect is the poor little package store owner and if Mr. President, I read this correctly, there is a good chance that Amendment A is going to prevail and I think that we have to do all that we possibly can to protect the package store owner who is the one really, in fact, I

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think he's the only one that's going to get hurt by this entire procedure and to pull it all out from under him in one fell swoop is certainly an unfair procedure and at least this Amendment will call for a gradual phase-in. It's probably the most important Amendment that we have here today and I would wholeheartedly urge the Circle to accept it, endorse it and pass it. Thank you sir.

THE CHAIR:

Will you remark further on Senate Amendment, Schedule E? If not, the Clerk will make the appropriate announcement.

THE CLERK:

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

THE CHAIR:

Senator Schneller.

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SENATOR SCHNELLER:

Mr. President, I rise to oppose the Amendment. I think we've had a great deal of discussion today about trying to cushion the impact of decontrol, but I think that the Amendment that was adopted by a 20 to 16 vote makes many provisions for cushioning the impact. To vote for this Amendment which delays some aspects of the repeal of minimum markup until 1984 would really be turning our back on the basic issue which is the repeal of the minimum markup. To delay the process for three years in the hope that some future legislature might come along and delay it even further I think would be avoiding the real issue that's here.

I think the proposal that we've adopted is reasonable and fair. It delays the removal of the minimum markup on wine for a year. I just don't think we can go on and on postponing and delaying this issue until 1984 and I would urge the members of the Circle to vote against the Amendment.

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THE CHAIR:

Senator Knous.

SENATOR KNOUS:

Thank you Mr. President. Very briefly, Mr. President, just in response to Senator Schneller, the phase-in period--there's quite a clarification--there's a two step phase-in and the first step, Mr. President, is January 1 of '82 which is some six months from July 1st or seven months from now, Mr. President, so that in fact this law would be going into effect during this fiscal year and it would not be prolonged totally to 1984. As I mentioned in my earlier remarks, by doing this we are addressing one of the major problems as far as the sale of liquor on the price structure between the State of Massachusetts and Connecticut is most severe with the sale of beer. The price differential there is very obvious. This Bill would help to address that issue. 1984, Mr. President, January 1 of '84 would be the time when the second phase would occur when wine and liquor would be phased out. I think this gradual

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reduction, Mr. President, will allow the package store owners to adjust. Mr. President, I also feel the consumers would feel as though the issue would finally be put to rest and as of January 1, '84, the minimum fair trade, the fair trade issue as far as beer is concerned would be addressed and would be over. Mr. President, I urge adoption of the Amendment.

THE CHAIR:

Will you remark further? Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, this Amendment will delay the minimum markup but not get rid of it. Mr. President, if what we really want to do here is remove minimum markup, this Amendment is a logical approach to it. If the fears of the 16 people that voted against the original Amendment are founded in any shape or form at all; if their fears are founded, then this delay gives us in this body, a chance to look at it if the fears of harm are there. If they are not there, and everything proceeds the way the proponents of minimum markup removal

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think, then it goes in, but in the meantime, it gives the small package store owner a chance to prepare himself for the removal of the minimum markup.

Mr. President, I think that this is a fairer approach to it. I still fear the removal, but I think that if we really in this Circle, are as concerned about the package store owners as we relate we are, but our only thought is fair trade, then Mr. President, a vote for yes on this Amendment will prove that we think, we are thinking about them and that we're going to give them an opportunity and take a second look if our fears prove true.

THE CHAIR:

Will you remark further? Senator Mustone, for the second time.

SENATOR MUSTONE:

Yes, very briefly Mr. President. I said earlier I believe the time has come. We are not pulling the rug out from any of these package store dealers. There is a phase-in in the minimum markup which they can

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adjust to. The House of Representatives, some weeks ago, voted for a repeal on all commodities. This Bill, this Amendment was a compromise again, to see if we could produce a better document to send back down there. I think that we are not giving the merchants credit. I do believe that they would want--I spoke with the lobbyist from the package store dealers association back in January and he said, Senator Mustone, the last thing our people want is a phase-in on the repeal of minimum markup. He said that's like cutting your arm off in three places. So therefore, I submit to you, ladies and gentlemen, that this Amendment was carefully thought out before it was submitted to you. Thank you very much.

THE CHAIR:

Will you remark further? Senator Skelley.

SENATOR SKELLEY:

Yes Mr. President, I rise to support Senator Mustone in opposing this Amendment. The Amendment is

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just as Senator Schneller pointed out. It's a delaying tactic to in fact, kill the minimum markup repeal. And I think it's very plain to see that if you're for minimum markup repeal, you'll vote against this Amendment because if you're against it, you'll be looking to delay it and then try to kill it in the following session so if we're going to do it, let's do it now and get it over with.

THE CHAIR:

Senator Ballen.

SENATOR BALLEEN:

Thank you Mr. President. Yes, this Amendment is a compromise. And I think that's what we're here for, to compromise. This is one of the most difficult issues I think that has come before this body this session, at least it has been for me. There are pros and there are cons on both sides and I think we do have to compromise, to cut the minimum markoff entirely at this time is an awfully difficult thing to do. You have thousands of package store owners in the State of Connecticut, Mr. President, that are on long term leases, that have large

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investments, that have paid large sums of money for the good will and the key to their store. I don't think we can take this away from them in one fell swoop. I think it has to be done on a gradual basis. I think they're entitled to this after having been protected and regulated by the State of Connecticut for all of these years. We have indeed, some obligation to these people. We have stifled them with regulation after regulation. They have been forced to comply with various orders from the Liquor Control Commission. They have not been free to do this or that or the other thing. They have suffered at the hands of the State of Connecticut and I think that now that you want to remove the minimum markup, that you have to in some way compensate them, give them some time to acclimate themselves some time to perhaps make plans to go into another business or to enlarge or to decrease their stock and their inventories. I think they are entitled to a time limit. Everybody gets one. We've had acts that have gone through this body where we have set up large sums of

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money to reimburse people for any losses that they may sustain. I see no such move in this particular act to reimburse some of these package store owners who will go out of business. I think they're entitled to some time and sixty days or July 1st is much too soon to implement this act. I am strongly in favor of the phase-in period. I think the Amendment is a good compromise and it should be supported.

THE CHAIR:

Will you remark further? If not, the Clerk will make the appropriate announcement.

THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the Senate. Will all Senators please be seated.

THE CHAIR:

The issue before the chamber is Senate Amendment, Schedule E, LCO 6929. The machine is open.

THE CLERK:

Roll Call is in progress in the Senate. A Roll

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Call is in progress in the Senate.

THE CHAIR:

Senators Smith and DiBella. The machine will  
be closed and locked.

TOTAL VOTING	35
NECESSARY FOR PASSAGE	18
THOSE VOTING YEA	18
THOSE VOTING NAY	17

The Amendment is adopted.

THE CLERK:

The Clerk has no further Amendments.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

I wonder if we could move the Bill, sir.

THE CHAIR:

Could we have it quiet in the chamber please.

Senator Mustone.

SENATOR MUSTONE:

Yes sir. I wonder if we could move the Bill at  
this time.

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THE CHAIR: (The President in the Chair.)

We will not proceed until conversations cease.

Senator Mustone.

SENATOR MUSTONE:

Yes, Mr. President. I believe the debate has been exhausted and I would request that we move the Bill.

THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the Senate. Will all Senators please be seated.

THE CHAIR:

The motion is for the adoption of the Bill in concurrence with the House and as further amended by Senate Amendment A and E. Senator Morano, you wish to be heard.

SENATOR MORANO:

Yes, Mr. President. I'd like to comment on the Bill, sir.

THE CHAIR:

You may proceed.

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SENATOR MORANO:

Mr. President and members of the Circle, I rise to oppose the Bill as amended. I think there have been many arguments pointed out why you should vote against the Bill--

THE CHAIR:

Proceed, Senator Morano.

SENATOR MORANO:

There have been many strong arguments presented by members in this chamber against the Bill. I want to compliment Senator Sullivan for every reason he pointed out and the one last reason I'd like to remind all of you of is that the effective date of the unincorporated business tax commences on July 1st of 1981, retroactive to January 1st, 1981 which means that all the little liquor stores will have to pay an unincorporated business tax as they die a slow death as the result of the legislation that you're trying to promote here today. I urge you to vote against the Bill as amended.

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THE CHAIR:

The Senate will stand at ease. The reason why the Senate is standing at ease, the machine broke down on the vote. I think everyone is entitled to look at it, but we're going to resume in a reasonably short time and if everyone has a copy of those that want the copy will peruse it, we will quickly resume.

SENATOR KNOUS:

Mr. President, I take it you'll call on me shortly then, is that what you're saying?

THE CHAIR:

I beg your pardon?

SENATOR KNOUS:

You'll call on me shortly, Mr. President and recognize me. I had a reconsideration.

THE CHAIR:

Certainly. The Senate will come to order. Senator Knous, did you wish to be recognized?

SENATOR KNOUS:

Thank you Mr. President, Mr. President, I'd like

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to call for reconsideration of an Amendment that was recently passed. I was on the prevailing side and would urge--

THE CHAIR:

Would you please read the LCO number and the Amendment please.

SENATOR KNOUS:

Yes, Mr. President, LCO 6929. The Amendment was the Amendment which recently passed, Mr. President, which I believe was Amendment E, Mr. Clerk.

THE CHAIR:

This is the Amendment E, Schedule E, 6929.

SENATOR KNOUS:

Yes, 6929. I was on the prevailing side, Mr. President, and would urge supporters of the Amendment to vote no, Mr. President and request that it be done by Roll Call.

THE CHAIR:

Motion is for a reconsideration. Senator Knous

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was on the prevailing side and the motion is for reconsideration. Do you wish to remark?

SENATOR SCHNELLER:

Yes, Mr. President, I appreciate the fact that Senator Knous has moved for reconsideration and I would certainly urge all members of this Circle to vote in favor of reconsideration. Senator Knous has indicated that he would like members to vote against because obviously what Senator Knous wishes to do is to put this matter to rest so that no further consideration can be made.

I would urge members of this Circle to vote for reconsideration so that we can once again, look at the fact that passage of this Amendment has the effect of putting this whole issue off and saying, okay, we think it's a good idea, but let's not rush into it. So I would urge members of this Circle to vote for reconsideration so we once again can have the Amendment before us.

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THE CHAIR:

The motion is for reconsideration. LCO 6929.  
Do you wish to remark further? Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, my colleague Senator Schneller, our Majority Leader, was absolutely right when he said the reason for doing this is to put it to rest and Mr. President, just about five or ten minutes ago, we adopted that Amendment and we got a majority here to agree that we wanted to give some more time for us to reflect upon it and to see how it was working and Mr. President, I would hope that those majority that favored that Amendment would vote no on reconsideration so that their vote on the Amendment to pass it would be preserved.

THE CHAIR:

Motion is for reconsideration of LCO 6929. If you wish to vote for reconsideration, you vote yes. If you wish to vote against reconsideration, you vote no. The machine is open. Please record your vote.

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Has everyone voted? The machine is closed. Clerk please tally the vote.

The result of the vote:

17 YEA

18 NAY

The motion for reconsideration is lost. Senator Martin.

SENATOR MARTIN:

Mr. President, I voted wrong. I meant to push the other button.

THE CHAIR:

Senator Martin wishes to correct her vote. The vote has already been counted. The vote is official. If you wish to record in the affirmative the record will so note, but as far as the parliamentary procedure is concerned, the official vote has already been recorded. The Clerk has informed me that he is in receipt of another Amendment. The Clerk will please call the Amendment.

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THE CLERK:

The Clerk has in his possession, Senate Amendment F, Senate Amendment F, LCO 6758, offered by Senator Serrani. Senate Amendment, Schedule F. Copies have been distributed.

THE CHAIR:

Senator Serrani.

SENATOR SERRANI:

Mr. President, I would move for adoption of the Amendment and if I may be allowed to summarize, sir.

THE CHAIR:

Will you remark?

SENATOR SERRANI:

Very simply, Mr. Speaker, this Amendment would delete the entire section 20 which allows for grocery stores to sell beer beyond that 8:00 period in which liquor stores are now required to close. It's addressing the unfair competition that I referred to earlier in the evening. If we're going to have a time on the sale of liquor or the sale of beer that time should be equalized for everyone across the State. This would

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delete that section and leave it as it is today.  
Eight o'clock will be the limit for package stores  
and grocery stores in which to sell beer.

THE CHAIR:

Senator Sch neller.

SENATOR SCHNELLER:

Mr. President, I wonder if we could pass tem-  
porarily this Bill at this time.

THE CHAIR:

Without objection, it may be so passed.  
Senator Schneller, did you wish a recess because  
apparently everybody's moving about and there is no  
activity as far as moving the bills is concerned. What  
is your wish?

SENATOR SCHNELLER:

Mr. President, I wish to pass this issue tem-  
porarily in order that an Amendment may be prepared  
and let's just move forward with the Calendar. As soon  
as the Amendment is here we'll come back and take up  
this issue.

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THE CLERK:

At this point in time, the Clerk would like to call your attention to page twenty eight of the Calendar. Page twenty eight of the Calendar, Calendar 185, on an item that was previously passed temporarily, House Bill 7405, File 223, AN ACT CONCERNING THE ELIMINATION OF MINIMUM MARKUPS ON LIQUOR SALES, as amended by House Amendment, Schedules A, C, E, F and H and the Senate adopted Senate Amendment, Schedules A, and E and the Clerk offers Senate Amendment, Schedule F and called Senate Amendment, Schedule F, LCO 6758, offered by Senator Serrani at the time this item was passed temporarily. So at this time, we're back to Senate Amendment, Schedule F, LCO 6758, offered by Senator Serrani.

THE CHAIR: (The President in the Chair.)

Senator Serrani.

SENATOR SERRANI:

Mr. President, I again would move adoption of the Amendment. To explain the Amendment further--

THE CHAIR:

You may proceed.

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SENATOR SERRANI:

Thank you sir. The Amendment would address itself to what I think is an inequity in the existing Bill which was referred to earlier in the afternoon and that inequity is the provision which I believe is unfair competition which allows or requires package stores to close at 8 o'clock and yet allows grocery stores to sell beer until 9 o'clock. As I said earlier, the problem with that is that most of the sales that are made in liquor are made between the hours of six and eight and this would provide unfair competition to the package stores. So in the interest of uniformity, this Amendment would maintain the existing system that we have today for both grocery stores and the package stores by having the stores close at the same time and I think there is something else here, Mr. President that kind of worries me personally and it's if the grocery stores are allowed to sell beer until nine o'clock, I know a lot of stores in my area close their doors at nine o'clock. You have a lot of young people on the cash registers and I have some very strong fears

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that while the boss is closing up the store, beer will be flowing out the doors to a number of our young people and I have a very strong fear about that and don't want to see that contribute to an already difficult problem we're having in this state with teenage alcohol. So I think that by making a uniform 8 o'clock closing time would be fair to both grocery store and liquor store owners and I think this inequity in the Bill should be addressed by the adoption of this Amendment and I would urge members of the Circle to accept the Amendment.

Thank you Mr. President.

THE CHAIR:

Will you remark further on Amendment, Schedule F?  
Senator Morano.

SENATOR MORANO:

I rise to support the Amendment. I think Senator Serrani has explained it well. I would only point out that there is another inequity in it. The liquor stores pay a higher license fee to operate than the supermarkets do for licenses to sell beer. I merely point out that's a

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second inequity and I do want to point out the very fine point that Senator Serrani made. In previous testimony we've had in other years, that the young people handling beer in the supermarkets are apt to sneak a six pack out when the boss isn't looking and even if he is looking, they have other ways of doing it. So for that reason, I support the Amendment.

THE CHAIR:

Do you wish to remark further? Senator Zinsser.

SENATOR ZINSSER:

Mr. President, I thank you. I rise to support the Amendment. I think it's a good Amendment. I think if we're truly talking about compromise; we're talking about being fair here, I think that we should pass this Amendment unanimously. I think the minimum markup, by the time we get finished tonight is going to be a thing of the past. It's one thing to take something away from the retailers, but at least we can give them something back that they can compete and I think this Amendment goes in that direction. I will support the Amendment.

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THE CHAIR:

Senator Skelley.

SENATOR SKELLEY:

Yes, Mr. President, very briefly, I supported an Amendment that was offered previous to this, dealing with elimination of all time limits. I don't really agree with the fact that we set time limits on any package stores. We haven't done it on other retail industries. My feeling was that I happen to agree with the 9 o'clock limit for both. Apparently there was some confusion earlier in the day that they didn't want to go only to 8 o'clock and let the food stores go until nine. I would be just as happy if they could both sell beer until nine; that they could both sell beer until midnight. It wouldn't make any difference to me but I will be voting against this Amendment.

THE CHAIR:

Is there any objection to this Amendment? You're objecting to it. Anyone wish to remark further on the

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Amendment? I would ask that the group disband and take your seats so that we could move this Amendment along. If your conference has come to an end--if it hasn't, we'll stand at ease. Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, sorry. We were looking at an Amendment, a further Amendment, and we got mixed up on that, but there is objection to this Amendment, Mr. President.

THE CHAIR:

Very well.

SENATOR SULLIVAN:

Therefore, I would request a Roll Call vote. But Mr. President, I object to this Amendment because there are individuals that do get through late, later than eight o'clock, and they do--they would like to pick up a so-called six pack of beer and where they can get them is at these all night convenience stores and that's merely what the nine o'clock closing is referring to--the Cumberland Farm type stores that has a beer permit so Mr. President, I

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would object to this Amendment which would remove the nine o'clock closing which has been added just for these convenience type stores, small grocery stores that stay open after nine o'clock.

THE CHAIR:

Will you remark further on the Amendment? Senator Mustone.

SENATOR MUSTONE:

Mr. President, earlier this afternoon, I explained the reason for this section in the Bill. Our Committee was requested to put in a nine o'clock closing for food stores. We made it a blanket nine o'clock for package stores and food stores. Early this morning, the representative from the Retail Package Store Association came into my office and said, Senator, the package store dealers cannot live with this nine o'clock closing. It would be devastating to their business. They already work twelve hours a day and it's unfair to penalize them by allowing them--not mandating, but allowing them to stay open the extra hour which they would for the competition.

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Therefore, we removed them from that section of the Bill which left only the food stores at nine o'clock. I would urge the Circle to use your judgment. I certainly, I think, will support Senator Serrani's Amendment and make it uniform for eight o'clock for everyone but I thought I wanted to share that with you.

THE CHAIR:

Roll Call is in order. Clerk please make the appropriate call.

THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the Senate. Will all Senators please be seated.

THE CHAIR:

Motion before the chamber is for the adoption of Amendment, Schedule F, LCO 6758. Senator Serrani.

SENATOR SERRANI:

I'm sorry, Mr. President. Just for the benefit of those who were not in the chamber, I'd like to just

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briefly explain the Amendment once again. This Amendment would require that both package stores and grocery stores be closed off at eight o'clock from selling beer. It maintains the existing law. If we remain with the file copy as it now stands, grocery stores will be able to sell until nine, but package stores will close at eight. I think it's unfair competition to those individuals and I did mention the fact before about the teenage drinking which I think would be proliferated by this. So I would ask the Circle for their support for this. Keep the law as it is today and keep the competition fair and equal in terms of the hours. Thank you.

THE CHAIR:

May I repeat again, the motion before the chamber is for the adoption of Amendment, Schedule F, LCO 6758. The machine is open. Please record your vote. Has everyone voted? The machine is closed. Please tally the vote, Mr. Clerk.

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The result of the vote:

YEAS 20

NAYS 15

The Amendment is adopted. Mr. Clerk, call the next Amendment. Senator Schneller.

SENATOR SCHNELLER:

Mr. President, could we stand at ease for just a moment--

THE CHAIR:

The Senate will stand at ease. I assume that reasonable minds will prevail and we'll soon share the wisdom of that conference.

SENATOR SCHNELLER:

Mr. President, we're doing the minimum markup Bill incrementally today.

THE CHAIR:

With minimum time.

SENATOR SCHNELLER:

And we're now going to PT or ask to PT because the Amendment as prepared and generally agreed by many of the

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Circle, was improperly drafted or there was a misunderstanding and it will have to be redrafted and so it will probably be about forty five minutes before it's back here and I'd ask that we PT the matter and proceed with the Calendar.

THE CHAIR:

Would you say this is a report of progress, Senator?

SENATOR SCHNELLER:

Yes. It's a progress but sometimes the progress moves slowly.

THE CHAIR:

Thank you. Thank you very much, We're very patient. We'll wait forty five minutes or approximately thereof.

THE CLERK:

At this time, just to move along on the Calendar, we have just distributed page three of the Senate Agenda, page three of the Senate Agenda. In error, it is marked page two, but it's page three that has just been distributed.

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THE CHAIR:

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, at this time, I wonder if we could go back to an item that's been passed temporarily on two occasions today, House Bill 7405, AN ACT CONCERNING THE ELIMINATION OF MINIMUM MARKUPS ON LIQUOR SALES. I understand the Clerk has an Amendment. Copies will be here shortly and I wonder if the members of the Circle would permit the Amendment to be explained and by that time I would believe copies will be here and then we can proceed. So, if there is no objection from members of the Circle, I'd appreciate it if we could proceed on that basis.

THE CHAIR:

Who's going to report the Amendment out?

SENATOR SCHNELLER:

The--

THE CHAIR:

Senator Mustone, in anticipation of the Amendment's

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arrival, with leave of the body and the Circle, will you please explain the Amendment.

THE CLERK:

The Clerk would like to read it in at this time. Calendar 185, House Bill 7405, AN ACT CONCERNING THE ELIMINATION OF MINIMUM MARKUPS ON LIQUOR SALES, as amended by House Amendment, Schedules A, C, E, F, and H and amended by Senate Amendment A, E, and F, and the Clerk has before him, Senate Amendment, Schedule G, LCO 7255, offered by Senator Mustone. Copies will be distributed as soon as they arrive from the printer which will be very shortly.

THE CHAIR:

Senator Mustone.

SENATOR MUSTONE:

Mr. Clerk, would you please repeat the number, the LCO number?

THE CHAIR:

7255.

SENATOR MUSTONE:

I believe that was offered by Senator Serrani.

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THE CLERK:

Offered by Senator Serrani.

SENATOR MUSTONE:

I will accept the yield from Senator Serrani if he wishes to offer it. Thank you sir. Section 21, Section 30-68a to 30-68c inclusive; 30-68e to 30-68h inclusive; section 30-68j and section 30-79 of the General Statutes are repealed. This is the repeal portion of the Bill. Section 22, this Act shall take effect from its passage except sections 1 to 3 inclusive and sections 6, 11, 12, 13, 14, 17, 18, 20 and 21 shall take effect January 1st, 1982. That section is pursuant, Mr. President, to the repeal of the liquor and beer on January 1 of 1982.

Earlier in the Bill, the repeal section for wine is January 1, 1983. What will take effect upon passage is the prohibition against wholesalers from selling to most holders of the one day permits which we talked about earlier this afternoon. The moratorium will take effect upon passage. The three day inspection of wholesalers posted prices and the change in the territory law. What

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will take effect January 1, 1982 is the affirmation of the border state affirmation provision, the affirmation oath and what will take effect on January 1 of 1983 sir, is the repeal of the wines and what has been eliminated from Senator Serrani's Amendment is the 9:00 closing for the grocery beer permit stores.

THE CHAIR:

Senator Robertson.

SENATOR ROBERTSON:

Mr. President, I'm not certain whether the Amendment was moved for adoption, but if it were not, I will move for adoption.

THE CHAIR:

Sorry Senator.

SENATOR ROBERTSON:

It was moved? I would move Amendment G for adoption.

THE CHAIR:

The reason why we haven't moved for adoption is the copies have not been distributed.

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SENATOR ROBERTSON:

Would you wish me to sing a song?

THE CHAIR:

Oh no, you can participate in the discussion or dialogue. If you want to participate in song, it might be entertaining, but I don't know whether it would be lucid enough and satisfactory to the people who would want to listen to you.

SENATOR ROBERTSON:

Maybe I can read a file, Mr. President. Mr. President, if I might comment.

THE CHAIR:

Certainly, Proceed.

SENATOR ROBERTSON:

Thank you. Mr. President, I guess there's been three or four Amendments written up since we most recently PT'd this Bill and there are some aspects of this that were not anticipated but I guess at this point and at this late hour, acceptable. Whether an individual supports the elimination of minimum markup or does not

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support the elimination of minimum markup, I believe that the basic principles of this Amendment certainly makes it a better Bill. Generally, what it does is rather than establishing the elimination of minimum markup in six weeks, it begins it six months from now and the time schedule is moved back exactly six months which at least those store owners now realizing that minimum markup has been eliminated or will be eliminated if that's the will of this body, then at least they have six months and I think it's a very worthwhile compromise. It's been one that's required at least \$300 worth of paper, but I think it is a good compromise. Thank you Mr. President.

THE CHAIR:

Thank you. Do you wish to remark further?

Senator Skelley.

SENATOR SKELLEY:

Yes, Mr. President, is it in the Rules that we cannot take up this Amendment until it's before this Chamber and copies are distributed?

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THE CHAIR:

That's correct. We don't intend to vote. I didn't really intimidate anybody by the pause. What happened here, I don't know if you were present, we thought we would discuss the Bill although the Bill is not before us because it has not come in as yet; excuse me, the Amendment I was talking about. So in the meantime, if people want explanations on the Amendment--I think the explanation was given by Senator Mustone. As clarification, she's now willing to clarify further if you need so.

SENATOR SKELLEY:

Thank you Mr. President.

THE CHAIR:

The Senate will stand at ease. Senator Schneller.

SENATOR SCHNELLER:

Mr. President, I believe copies of the Amendment have been delivered to all the Senators. Mr. President, I think that Senator Mustone may have some statements to offer relative to certain items in the Amendment.

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THE CHAIR:

Senator Mustone, do you now move for adoption of the Amendment which is identified as Senate Amendment Schedule G, LCO 7255?

SENATOR MUSTONE:

Yes, I do move adoption of the Amendment, Mr. President and I would like to bring to the Circle's attention, three--two--one typographical error and two technical errors and if you will turn to line 233, the word 'transported' should have an 's' in it and if you will also turn to line 305, it should be the 'Department of Liquor Control', not the 'Division' and lastly, in line 409, the word 'meet'--such retail permittee meets any--between the word 'permit and any' the word 'meets' and those are the only ones. I'd also like to comment that this Amendment supercedes all other Amendments that were voted on in this Circle today. Thank you Mr. President.

THE CHAIR:

Do you wish to remark further on the Amendment?  
All those in favor of the Amendment signify by saying aye.

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Those opposed, nay. The ayes have it. The Amendment  
is adopted. Senator Schneller.

SENATOR SCHNELLER:

I yield to Senator Mustone.

SENATOR MUSTONE:

Mr. President, I would like to take this opportunity to thank everyone in the Circle for their patience all afternoon and I am very pleased that we do have a Bill to report out and I would like to move the Bill.

THE CHAIR:

The motion before the chamber is for the adoption of this Bill, identified as Calendar 185, House Bill 7405, File 223, as amended by Senate Amendment, Schedules A, E, F, G. Will you remark further? If not, Clerk please make an announcement for an immediate Roll Call.

THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call has been called for in the Senate. Will all Senators please be seated.

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THE CHAIR:

The machine is open. Please record your vote.

Senator Rogers.

SENATOR ROGERS:

Mr. President, for those kind souls who have been sitting with us long these many hours, can we tell them what this represents in change? I don't think--

THE CHAIR:

Senator, nothing can interfere with the vote at this time. Has everyone voted? The machine is closed. Clerk please tally the vote.

The result of the vote:

25            YEA

10            NAY

The Bill is adopted.    Senator Schneller.

SENATOR SCHNELLER:

Mr. President, this has been a long and arduous day. I want to compliment the members of the Circle and staff and even those who have participated in the balcony for bearing with us in this difficult day. If there is no further business that the Clerk has--

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SENATOR SCHNELLER:

Mr. President, as long as everyone is in their seat, I'm going to move for Reconsideration of House Bill 7405, as amended and I'd ask that it be taken by Roll Call. And I'd ask the members of the Circle to vote against reconsideration.

THE CHAIR:

Senator Robertson.

SENATOR ROBERTSON:

Mr. President--

SENATOR SCHNELLER:

Calendar 185 that was removed from the Foot of the Calendar.

THE CHAIR:

The motion before us is for Reconsideration. If you wish to vote for Reconsideration, you vote yes. If you wish to vote against, you vote no. Senator Schneller has urged a no vote. The machine is open. Please record your vote.

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THE CLERK:

An immediate Roll Call has been called for in the Senate. Will all Senators please take their seats. An immediate Roll Call is in progress in the Senate. Will all Senators please be seated.

THE CHAIR:

Has everyone voted? The machine is closed.  
Clerk please tally the vote.

The result of the vote:

8            YEA

27           NAY

The Motion for Reconsideration is defeated.

Senator Schneller.

SENATOR SCHNELLER:

Mr. President, if there is no further business to come before the Senate, I move for adjournment to our next regular session but at the Call of the Chair and our next regular session will be on Tuesday, next.

THE CHAIR:

The Senate will stand adjourned to the Call of the Chair.

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SPEAKER ABATE:

Rep. Irving Stolberg.

REP. STOLBERG: (93rd)

Mr. Speaker, the Finance Committee will hold a meeting to take final action on bills next Tuesday, either after our public hearing or after the legislative sessions.

SPEAKER ABATE:

Additional points of personal privilege? If not, is there further business on the Clerk's desk?

CLERK:

Mr. Speaker, a matter under emergency certification, Bill No. 7405, LCO No. 5446, AN ACT CONCERNING ELIMINATION OF MINIMUM MARKUPS ON LIQUOR SALES.

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Carragher.

REP. CARRAGHER: (5th)

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

SPEAKER ABATE:

The question is on acceptance of the Joint Committee's favorable report and passage of this bill. Will you remark, sir?

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REP. CARRAGHER: (5th)

Mr. Speaker, could I yield the floor for a moment to Rep. Brunnock?

SPEAKER ABATE:

Rep. Brunnock, will you accept the yield, sir?

REP. BRUNNOCK: (74th)

Yes, Mr. Speaker. Thank you, Mr. Speaker. Mr. Speaker, because of a conflict, I would like to abstain myself from any vote on this matter and let the record note that I am leaving the Chambers during any discussion and vote on this matter.

SPEAKER ABATE:

The Journal will so note, sir.

Rep. Carragher, you still have the floor, sir.

REP. CARRAGHER: (5th)

Mr. Speaker, and ladies and gentlemen, I know that every member of this House is quite familiar by now with the issue of the repeal of minimum markup on alcoholic liquor in the State of Connecticut. Let me say at the outset that there is certainly no pride of authorship on anyone's part with regard to the bill that is before us here this afternoon. It most certainly will be open to, I'm sure, great debate, and most certainly will be open to the offering of numerous amendments. In order to attempt to write the fairest bill to the consumers of the State of Connecticut, number one, and also to all the parties involved

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in this industry. It will be my intention to first of all, give an overview summary of what this bill does, to secondly go through the bill section by section to explain what each of those sections does in fact do. And thirdly, I, at that time, will offer two or three amendments of my own to the bill before us.

The bill would eliminate wholesale and retail minimum markups on liquor, establish a five year moratorium on the issuance of new package store permits, extend the laws requiring manufacture of out of state shippers to sell to Connecticut wholesalers at the lowest price they charge in other states, and the District of Columbia, to include beer and wine, require wholesalers to charge all retailers the same price for a product, make substantive and technical changes in the laws concerning wholesalers, the extension of credit in the limitation on acquiring interest in more than two package stores.

Finally, the bill would eliminate the prohibition against advertising or soliciting orders for alcoholic liquor in towns which have voted to prohibit the sale of alcoholic liquor. And let me state at this time, that the bill is effective upon passage. Mr. Speaker and ladies and gentlemen, current law requires a wholesaler and a retailer to add a certain percentage to specify factors that determine their costs and prohibits them from selling a product at a price below the cost plus minimum markup. The required minimum wholesale markup for each type of

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alcoholic liquor are: for spirits and cordials eleven per cent, for wine bottles in this state thirty six per cent, for wine bottles out of state twenty per cent, and for beer twenty per cent.

The required minimum retail markup for each type of alcoholic liquor are: for spirits twenty-one and a half per cent, for cordials twenty-eight per cent, for wine thirty-three and a third per cent, and for beer twenty-three per cent.

The bill would eliminate all minimum markups and instead prohibit wholesalers and retailers from selling below cost as determined by certain specified factors. Mr. Speaker, and ladies and gentlemen, I submit to you that this bill will clearly lower the price of all alcoholic liquor in the State of Connecticut to the consumers of the State of Connecticut, thus generating considerable increased sales tax revenues to the State of Connecticut.

There are some safeguards in this legislation. For example, the bill would prohibit the Department of Liquor Control from issuing new package store permits except to those persons who have made applications before the effective date of this bill. In addition, the bill would permit the renewal of licenses by the purchaser of an existing package store who is otherwise eligible to be licensed. As I stated previously, the bill does speak to what is called the price affirmation. Under current law

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manufacturers or out of state shippers of alcohol and spirits are prohibited from selling their products to Connecticut wholesalers at prices which are higher than those prices that are charged for those products in any other state and the District of Columbia, and most confirm that fact under oath.

The bill would extend these requirements to include manufacturers of out of state shippers of beer and wine. It would also require these shippers to sell to Connecticut wholesalers all the proof sizes of their product which they offer in any other state and the District of Columbia. With regard to licensing, under current law a person is prohibited from acquiring interest in more than two package stores. The bill would specify that interest would be deemed acquired if the interest is owned by the person or his or her spouse, children, partners, estate trust or corporation or organization controlled by the person's family.

Further the bill would specify that the prohibition applies to all interests regardless of whether it is the controlling interest. Mr. Speaker, at this time, I would like to go through the bill, section by section to explain specifically what each section does. Section 1. Section 1 establishes a wholesaler to retailer affirmation wherein a wholesaler must sell to each retailer at a price no higher than the lowest price he charges any other retailer. This is already the law, but the bill seeks

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to clarify it. Section 2. A wholesaler must not sell to a retailer at a price which is below his cost, and cost is defined. Section 3. A retailer shall not sell at a price which is below his cost and cost is defined. Section 4 prohibits a wholesaler from selling to holders of one day temporary permits except the sale of keg beer. Section 5. The Department of Liquor Control shall not issue any new package store permits for a period of five years. Those holding permits may sell or remove to another permitted premises, that being the five year moratorium that I spoke of before. Section 6 brings the statute up to date on the metric sizes and allows a wholesaler more flexibility in spirit case charges because of labor costs. Section 7. Section 7 allows a holder of a package store permit to transfer his permit when sold during the five year moratorium. Section 8 changes the thirty day credit law to sixty days. Section 9 closes the loopholes in the prohibition against having an interest in more than two package store permits, and redefines the word "person" and "interest".

Section 10 is technical in that it simply corrects referral language. Section 11 is grammatical changes in permits the wholesaler to deliver his price in addition to advertising or mailing those prices. Section 12 includes beer and wine under affirmation. Section 13 -- I'm sorry, Section 14 includes beer and wine in the determining of price to include depletion and

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flaw allowances. It further mandates that our of state shippers of wine and beer offer Connecticut wholesalers all sizes of products that are available to other wholesalers in other states. Section 15 simply corrects referral sections. Section 16 permits suggested prices to be delivered by hand in addition to direct mail or advertising.

Section 17 permits a retailer or wholesaler to sell a product below his cost if it is a close out or deteriorated. But he must have permission of the Department of Liquor Control to do so. Section 18 is a definition of a wholesaler. Section 19 corrects referral sections. Section 20 allows only a package store owner to purchase alcoholic liquor from any wholesaler regardless of territory if he is willing to pick up the goods when purchasing it out of his territory.

Section 21 requires that a wholesaler is not required to accept more empty containers than the number of full containers being delivered. Section 22 is the repeal of all minimum markup statutes and obsolete sections. And also repeals section 30-79 which prohibited a retailer from soliciting and advertising liquor in a no permit town. And section 23 is simply the effective date which is upon passage. Let me state, as I'm sure you all know, but for the record, that we do have a fiscal note on this bill, which shows for the current fiscal year additional revenue

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to the State of Connecticut of \$430,000, an additional projection of revenue for 1981-82 of \$2.6 million dollars.

Mr. Speaker, at this time, I would ask that the Clerk call LCO No. 5069, call and read.

SPEAKER ABATE:

The Clerk has in his possession LCO No. 5069, designated House Amendment Schedule "A". Would the Clerk please call and read the amendment.

CLERK:

LCO No. 5069, designated House Amendment Schedule "A", offered by Rep. Carragher of the 5th District, Rep. Morgan of the 56th District, Rep. Walkovich of the 109th District, Rep. Van Norstrand of the 141st District, Rep. Kezer of the 22nd.

Strike out Section 8 in its entirety, and renumber the remaining section accordingly.

REP. CARRAGHER: (5th)

Mr. Speaker, at this time, I would move the adoption of the amendment.

SPEAKER ABATE:

The amendment is properly in your possession, sir. You have moved adoption. Will you remark now on its adoption?

REP. DEL PERCIO: (127th)

Mr. Speaker.

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SPEAKER ABATE:

Rep. Fred Del Percio.

REP. DEL PERCIO: (127th)

Mr. Speaker, may the Journal note that I am absenting myself from any action on this bill due to a possible conflict.

SPEAKER ABATE:

The Journal will so note, sir.

REP. ANASTASIA: (138th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Anastasia.

REP. ANASTASIA: (138th)

Thank you. May the Journal please note that I am abstaining on voting on this issue due to a possible conflict.

Thank you.

SPEAKER ABATE:

The Journal will so note, sir.

Will you remark on the adoption of House Amendment Schedule "A"?

REP. CARRAGHER: (5th)

Mr. Speaker, as I previously stated, the bill before us would change the credit law which is now thirty days and would extend it upward to sixty days. This amendment would simply in the striking of Section 8, would bring us back to what the law

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is now, and that is a thirty day credit law. Mr. Speaker, let me say, first of all, that with regard to beer, that thirty-seven states of the United States right now are on a cash basis. There is no credit extended. It's cash in thirty-seven states. With regard to alcoholic liquor, we have a credit law in twenty-three states are cash. One state is three days. Two states are ten days. Four states are fifteen days. One state is the tenth of the month. Two states are the fifteenth of the month and in thirteen states the law is thirty days.

In four states there is no restriction at all, and in only one state, one state of the entire United States, is there a sixty day credit law and that is the State of Massachusetts. And it is my understanding that the Massachusetts legislature now has pending before it, legislation to reduce that sixty day credit law in Massachusetts down to forty-five days. What I am saying, Mr. Speaker, is that if this amendment doesn't pass, that Connecticut will become only the second state in America to have a sixty day credit law. The reason that most states have credit laws is to avoid one wholesaler from controlling a retailer's purchases through the use of credit. A Connecticut wholesaler pays to the state on the last day of the following month the alcoholic tax on his depletion. The cost payment is based on the depletions. The wholesaler, in most cases, is advancing money he has not yet collected. This extension to sixty

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days will be counter productive and self-defeating with high interest rates and longer terms. Only the excellent credit risk will get credit. High interest rates, longer credit terms and higher credit losses will increase the wholesaler's costs which will be passed on to the consumer.

Mr. Speaker, what I am trying to say here is that although this bill attempts to extend some help to the retailer by extending his credit from thirty to sixty days, that in fact, it will be counter-productive and that only those retailers who have excellent credit ratings will ever get that sixty day credit, and all the others will be told, you have to pay cash up front. So, what's in the bill, as far as I'm concerned, is self-defeating is not good for the small retailer. The system we have now is thirty days. I think, as I have pointed out, that thirty days is certainly fair and is certainly more liberal than most other states.

Therefore, sir, I would move the adoption of the amendment to bring us back to thirty days in the bill which is the current law.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "A"? Will you remark further on its adoption? If not, all those in favor of its adoption, please indicate by saying aye.

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REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The Chair is in doubt. The Chair will put the question to you again. All those in favor of the adoption of House Amendment Schedule "A", please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The ayes have it. The amendment passes and is ruled technical. Will you remark further on this bill as amended by House Amendment Schedule "A"?

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

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REP. CARRAGHER: (5th)

Mr. Speaker, the Clerk has LCO No. 5261. I would appreciate it if the Clerk would call and read.

SPEAKER ABATE:

The Clerk has in his possession an amendment LCO No. 5261, designated House Amendment Schedule "B". Would the Clerk please call and read the amendment?

CLERK:

LCO No. 5261, designated House Amendment Schedule "B", offered by Rep. Carragher of the 5th District, Rep. Morgan of the 56th District, and Rep. Walkovich of the 109th District.

Strike out section 20, in its entirety, and renumber the remaining sections accordingly.

SPEAKER ABATE:

The amendment is in your possession, sir. What is your pleasure?

REP. CARRAGHER: (5th)

Mr. Speaker, I move adoption of the amendment.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "B". Will you remark now on its adoption?

REP. CARRAGHER: (5th)

Mr. Speaker, this amendment will simply strike out section 20 which changes the territorial laws and practice that we now are

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operating under in the State of Connecticut. If this amendment passes, it will simply bring us back to the status quo that we are operating under in this state right today. And I believe that we are operating efficiently under the status quo. The territorial boundaries that we have, and that is why I offer this amendment, and in the way of comment, let me say that the overwhelming majority of the best selling brands in Connecticut are available to all retailers from all of those wine and liquor wholesalers who hold the franchise.

For example, Seagram Products are the number one selling product in Connecticut. Two wholesalers have the franchise and any retailer may purchase from either one. There are some exclusives, but most of these are on second line goods that a wholesaler has developed over the years with dollar investments. No wholesaler wants to have a higher price than another wholesaler on the same product. Very rarely does this occur, and when it does an adjustment in price is the usual practice in the following months.

The United States Supreme Court has ruled that a brand does not have to compete against itself in order to have competition. In other words, when J and B, Doers, Johnny Walker and Cütty Sark are competing against one another, that is competition. Most wholesalers are in every territory competing with their brand. If a wholesaler were to sell at a higher price

than the competing brand, the supplier is going to be quite unhappy. Connecticut law and regulations permit territory but do not mandate exclusivity. A brand owner can grant the franchise to as many wholesalers as it desires. Wholesalers have made plant investments into the millions of dollars, and these plants are strategically located next to their biggest selling market. Making all brands state-wide will increase the cost to the consumer because all wholesalers will now be going all over the State of Connecticut

Mr. Speaker, there are a number of other arguments for keeping the status quo by adopting this amendment. I'm sure that on this one, not everyone in the room agrees with my point of view. However, I would say to you that over the last two or three months, having dealt with this on virtually a daily basis and having looked into this in great detail, that although I realize this could be a very controversial question, that I must on balance, come down on the side of the status quo that we have in Connecticut. It is operating effectively. If this bill passes, then I would suggest that, if the bill passes with the amendment, that we will still have the opportunity to come back and see how the territorial system works under this new law.

And if it doesn't work properly, then I'll be the first guy to stand on this floor and move for its repeal, but as of today, on balance, I put forth to you that the amendment is proper. The

status quo is proper and that the amendment should pass. Thank you.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"? Rep. Christopher Shays.

REP. SHAYS: (147th)

Thank you, Mr. Speaker. Members of the House, I would oppose this amendment. We have competition, hopefully, by the passage of this bill among retailers. It seems to me that we should have competition among wholesalers, and it seems to me that we should allow retailers to at least be able to buy at the lowest price possible and hopefully pass along that savings to the consumers. Mr. Speaker, I would respectfully request that when the vote be taken, that it be taken by roll.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

In the opinion of the Chair, the requisite twenty per cent having been satisfied, when the vote is taken on this amendment, it will be taken by roll. Will you remark further on its adoption?

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REP. MIGLIARO: (80th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Eugene Migliaro.

REP. MIGLIARO: (80th)

Thank you, Mr. Speaker. I, too, rise in opposition to the amendment. I would like to pose a couple of questions through the Chair, to Rep. Carragher.

SPEAKER ABATE:

State your first question, please, sir.

REP. MIGLIARO: (80th)

Thank you, Mr. Speaker. Through you. Rep. Carragher, you've made the statement that competition will prevail under the present format if we keep the territory section in the same format that exists now. Have you taken any statistics of data from other states or are there any other states that have open territories throughout the state that they exist in, where a purchaser can buy from any other wholesaler regardless of territory, and what overall effect does it have?

SPEAKER ABATE:

Rep. Carragher, will you respond, sir.

REP. CARRAGHER: (5th)

Through you, Mr. Speaker, with regard to the other states, Rep. Migliaro, I do not know the answer.

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REP. MIGLIARO: (80th)

The other question I have, through you, Mr. Speaker, to Rep. Carragher, is under the present set up where a wholesaler or a distributor who has a numerous amount of wholesalers within a section, even though the same brand is being sold by a distributor in another section, how can you say that competition will prevail if you are limiting people to buy in only one section and at the mercy of that one distributor or wholesaler that is under the distributor's jurisdiction? How can you say that true competition will prevail by not opening it wide open so everybody can be competitive regardless of whether you are selling the same brand or not?

SPEAKER ABATE:

Rep. Carragher, will you respond?

REP. CARRAGHER: (5th)

Through you, Mr. Speaker, for the same reasons I already gave, Rep. Migliaro, that it is common practice and well known throughout the industry that they all try. No one wants to be above another wholesaler in price, that they all adjust their prices downward to meet the competition all the time now. That is the practice. That's why I said that.

REP. MIGLIARO: (80th)

Mr. Speaker, I know that we're going through statute here and actually I have reservations about the bill and I'm listening

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with great interest on the improvements that may be made, the protective guidelines that may be put in to protect the Mom and Pop stores. But I think if we're truly concerned about the effect on the Mom and Pop stores and also opening up open competition, I don't think we should draw the line between the distributor, the wholesaler and the retailer. I think if it's going to be open, let's open it all the way, and have everybody be able to say true competition will prevail.

And I know that the protective guidelines have to be put into this bill, but I think if we go with this particular amendment, we are talking out of both sides of our face, and the little Mom and Pop stores are going to get hurt. I'm opposed to it.

SPEAKER ABATE:

Will you remark further on the adoption of House "B".

REP. SORENSON: (82nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Sorenson.

REP. SORENSON: (82nd)

Thank you, Mr. Speaker. This indeed is a momentous occasion for me, because I find myself agreeing with Mr. Migliaro which we haven't done in the past. But I would like to reiterate some things that Rep. Migliaro has said and also some things that

Rep. Shays has said. The basic intent of this amendment would be the same as if we were giving or keeping a minimum markup at the wholesale level. Eliminating it from the retail level for the basic purpose of allowing more competition is fine, and I have no problem with wanting more competition. But keep the competition at all levels, both wholesale and retail. Don't make a distinction between competition at the wholesale level and competition at the retail level because as Rep. Migliaro has said, you are putting the individual retail package store, the Mom and Pop package store, at the mercy of the individuals that their district is contained in, the whole sale district.

To me, that is unfair. You are not encouraging competition. You are discouraging competition at the wholesale level, and you are hurting the retail level, and I oppose this amendment and give it a shot now, I oppose the bill.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. BROUILLET: (2nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Arthur Brouillet.

REP. BROUILLET: (2nd)

Mr. Speaker, with your permission, I rise to speak against

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this amendment. I don't believe for one minute that the status quo is going to be maintained when we are taking the decisive step of repealing the minimum markup. Just as I really don't believe, I never have believed, that we are going to raise \$430,000 by a total repeal of the minimum markup no matter what amendments there are. I believe that if you are going to repeal the minimum markup, open the whole competitive market.

I don't believe prices are going to rise. I believe the free market of open competition will level off and resolve itself, and for those reasons, I oppose this amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, earlier, Rep. Carragher made mention as to what would happen under this amendment. I think we have to clarify, at least for myself, because I think the members will know as we go on during this, that I have, in fact joined in co-sponsoring some amendments that Rep. Carragher is offering or I presume will offer today because I believe they are fair. We

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are in a balanced situation. I think we have to understand there is some difference between territories for certain purposes in my judgement, that there's a vast nature in the profit end of the business in terms of wine versus distilled or alcoholic spirits and beer. There are also substantial differences in the cost of diverting those products to the consumer based on the volume and the dollars involved.

And while I do feel that I do not think that the one statement that Rep. Carragher made is true. He said that things have worked well under the status quo, and that hence, this amendment should pass. I suspect if you were to pass this amendment and go home tonight and you were to go to a package store, you might hear someone say, I don't think I'm in status quo anymore. Something has happened to those people, and I think this amendment would in essence continue to leave price control, because effectively what happens right now is that not all products are, in fact, available, from more than one supplier.

And to the extent that my tendency might increase and there's nothing to say it wouldn't, the price control at the wholesale level would be perpetuated. So, I don't think you can take this kind of an amendment approach for all the entire three classes of spirits, or three classes of alcoholic beverages and then expect to face anybody with a straight face and tell

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them we took away your floor, but it's still the status quo.

I think this amendment should be defeated.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. MOYNIHAN: (10th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Moynihan.

REP. MOYNIHAN: (10th)

Mr. Speaker, I rise in support of the amendment. I think there is a lot of misconception. I heard Rep. Migliaro, Rep. Shays, Rep. Sorenson say that we have a bill that is opening up a free market so that we ought to have it free all the way around. I think, although, this isn't deemed a phase in, it is in a couple of senses. First of all, and I suspect it's probably because of a complicated issue. There are a lot of people who have not read the file copy in detail. But I would draw your attention to Section 1 because it's a bit complicated reading it, but what it really does is establish a floor. It doesn't provide for volume discounts. It provides a situation where regardless of the volume or the quantity that is purchased, the same price has to be established all across the board. That's not exactly a free market in the sense that one might suspect

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a free market operates. Further, we are putting in a five year moratorium in licenses in order to preserve the territories that are currently represented by the licensees.

What we are saying is, during the transition period, we don't want new competition to come into the licensee's territory which is generally the zoning distances that are around their licenses. And certainly in terms of Rep. Shays, and I have debated this issue on several occasions, and I'm sorry that his knowledge in the subject hasn't expanded since we last debated this in 1978 and 1979. But just a small refresher in that matter, and I think Rep. Carragher expressed it very well, you don't have locked up territories all across the state for the broad range of items.

What you have is individual distributors who may have an exclusive on one or two brands or ten brands or twenty brands, depending on whether it's cordials or hard liquors or whatever, and then there are several so-called open brands that are handled by everybody. So, if an individual brand -- you could have price problems with, but obviously the retailer is not going to handle the product. You'll find that if Schenley's is over-priced, you will find them buying Seagrams. And if VO is over-priced, they'll buy Canadian Club or whatever the other comparables are. So, it's not a free market bill yet, and it may be in two or three or four years, but it's also not

one that has eliminated exclusive territories in terms of retailers either. So, I think we're talking a step at a time and I think that the step as presented by Rep. Carragher in terms of preserving the territory certainly makes sense.

It further makes sense in terms of the impact on the Bottle Bill for those who are beer distributors and would have the enormous problem of having to take back deposits that they take back bottles that they had not originally received the deposit on. And that could cause enormous problems with the Bottle Bill in terms of the handling of empties. So, I would urge support of the amendment as first described by Rep. Carragher.

SPEAKER ABATE:

Will you remark further on the adoption of this amendment?

REP. BERTINUSON: (57th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Terry Bertinuson.

REP. BERTINUSON: (57th)

Yes, Mr. Speaker. speaking in favor of the amendment because of the possible implications for the Bottle Bill. I think that this may be something as we move into the development of these changes that can be worked out, but it would create a serious problem in the handling of the collection of bottles, so

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I would urge you to support the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"?

REP. JAEKLE: (122nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Jaekle.

REP. JAEKLE: (122nd)

Thank you, Mr. Speaker. I am somewhat sensitive to the implication of territories and Bottle Bill and returnables. You must remember that liquor is divided into a few categories, the beer, wine, spirits, cordials. It would only be beer that comes in the refillable, returnable containers and only beer that an argument about retaining territories should apply to. As to wine, hard liquor, cordials, the Bottle Bill would not be impacted by the elimination of territories, and the opening up of competition between wholesalers. For that reason, I oppose the amendment. I can indicate that I know there will be an amendment that will specifically address the issue of beer and territories and the Bottle Bill. As for now, removing the territory monopoly to a certain extent, at least among certain brands, to me is wrong. If we are going to open up the retail level, competition between retailers, I think it is only proper

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that we not hold retailers hostage to a particular wholesaler within that territory and that we have our wholesalers compete amongst each other or at least know that there could indeed be direct competition between wholesalers for a retailer's business. For that purpose, I oppose the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of this amendment?

REP. MIGLIARO: (80th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Migliaro.

REP. MIGLIARO: (80th)

Just to echo the words of Rep. Jaekle. Jaekle, rather. You have to bear with me. I'm sorry, Bob. I keep doing that all the time, Mr. Speaker, and I hope somebody murders my name some day. They usually do anyway. But I think there is another important factor that we haven't listed yet in the whole situation, too. We're forgetting that we have nine redemption centers in the State of Connecticut to cope with the Bottle Bill and maybe by having open competition throughout the state, that we might be able to open up more redemption centers in the State of Connecticut which will also create more jobs in the State of Connecticut and when there is open competition, many of these distributors and wholesalers would probably figure, well,

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it's better for me to go out and give service and again, I can also work in conjunction with these redemption centers which we are having a problem with at the present time, and probably create more redemption centers and the willingness of the distributors and wholesalers to get involved with redemption centers. So, it could have a good effect rather than a bad effect, and I think this should be taken into consideration as well.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "B"? If not, would all the members please be seated. All the members please be seated. Staff and guests to the well of the House, please. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately?

Have all the members voted? Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The Clerk will take the tally.

Would the Clerk please announce the tally?

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CLERK:

House Amendment Schedule "B" to House Bill No. 7405.

Total number voting 141

Necessary for Passage 71

Those voting Yea 38

Those voting Nay 103

Those absent and not voting 10

SPEAKER ABATE:

The amendment fails. Will you remark further on the bill as amended by House Amendment Schedule "A"?

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, would the Clerk please call LCO No. 5589.

SPEAKER ABATE:

The Clerk has in his possession an amendment LCO No. 5589, designated House Amendment Schedule "C". Would the Clerk please call the amendment?

CLERK:

LCO No. 5589 designated House Amendment Schedule "C", offered by Rep. Carragher of the 5th District, Rep. Morgan of the 56th District, Rep. Walkovich of the 109th, Rep. Van Norstrand of

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the 141st, and Rep. Kezer of the 22nd.

SPEAKER ABATE:

The gentleman is seeking leave of the Chamber to summarize in lieu of Clerk's reading?

REP. CARRAGHER: (5th)

Yes, sir. I do.

SPEAKER ABATE:

Is there objection? Hearing none, you may proceed with summation. Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, first of all, I move adoption of the amendment.

SPEAKER ABATE:

Would the gentleman please summarize the amendment prior to moving adoption?

REP. CARRAGHER: (5th)

Mr. Speaker and ladies and gentlemen, this is the amendment that was mentioned during the debate on the previous amendment. This amendment would keep the status quo with regard to territories for beer only. As has been previously stated by other speakers, this is an absolute necessity due to the difficulties that would be encountered with regard to bottles and the Bottle Bill. Whether or not one likes the Bottle Bill, the nature of the law is such that it is necessary to function within

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geographic territories. If retailers were allowed to pick up beer from a wholesaler in eastern Connecticut and sell those containers in wholesaler B's area in western Connecticut, then Distributor A would pocket \$1.20 and Distributor "B" would have to pick up the empties at \$1.44 a case for beer he had not sold.

There is no way to solve this problem because the consumer does not have to return containers to the store where they were initially purchased. Every single Bottle Bill state functions with exclusive territories as we must. Every state that has a Bottle Bill does it this way. No one can stay in business long picking up containers at \$1.44 a case for beer they never received a deposit on in the first place. Mr. Speaker, I think that this amendment clearly and hopefully has a much better chance of passage than did the previous amendment, and I would move its adoption.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "C". Will you remark further on its adoption? Will you remark further on the adoption of House Amendment Schedule "C". If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

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SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The ayes have it. The amendment is adopted and ruled technical.

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House Amendment Schedule "C".

In line 375 after the word "permittee" delete the words "or wholesaler"

In line 376, delete the words "permittee for beer only"

In line 383, after the word "void" insert the following:

"The provisions of this section shall not apply to a wholesaler permittee for beer only."

\*\*\*\*\*

SPEAKER ABATE:

Will you remark further on this bill as amended by House Amendment Schedules "A" and "C"?

REP. MORGAN: (56th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Chester Morgan.

REP. MORGAN: (56th)

Yes, Mr. Speaker, the Clerk has an amendment LCO No. 5587.

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Will the Clerk please call and read the amendment?

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 5587, designated House Amendment Schedule "D". Would the Clerk please call and read the amendment.

CLERK:

LCO No. 5587, designated House Amendment Schedule "D" offered by Rep. Morgan of the 56th District.

Strike out Section 4 in its entirety and renumber the remaining sections accordingly.

SPEAKER ABATE:

The amendment is in your possession, sir. What is your pleasure?

REP. MORGAN: (56th)

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

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "D". Will you remark?

REP. MORGAN: (56th)

Yes, Mr. Speaker. This is a new section that would compel holders of temporary permits to buy all alcoholic liquor with the exception of keg beer from package stores and not wholesalers as is the present practice. Typical holders of temporary permits are Lodges, clubs, churches and charitable organizations. This

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bill was brought forth because of a loud cry from the consumer for lower prices. The bill as now written would force many organizations to pay higher prices. I urge its adoption.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "D". Will you remark further on its adoption? Will you remark further on the adoption of House Amendment Schedule "D". If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER ABATE:

The Chair is in doubt so I will put this question again. All those in favor, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

REPRESENTATIVES:

Nay.

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SPEAKER ABATE:

The nays have it. The amendment fails.

Will you remark further on this bill as amended by House Amendment Schedules "A" and "C"?

REP. JAEKLE: (122nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Jaekle.

REP. JAEKLE: (122nd)

Thank you, Mr. Speaker. The Clerk has an amendment bearing LCO No. 5725. Would the Clerk please call and read the amendment?

SPEAKER ABATE:

The Clerk has in his possession an amendment LCO No. 5725, designated House Amendment Schedule "E". Would the Clerk please call and read the amendment?

CLERK:

LCO No. 5725, designated House Amendment Schedule "E", offered by Reps. Van Norstrand of the 141st District, Rep. Jaekle of the 122nd District, Rep. Carragher of the 5th District and Rep. Walkovich of the 109th District.

Strike out Section 21 in its entirety and renumber the remaining sections accordingly.

SPEAKER ABATE:

The amendment is in your possession, sir. What is your pleasure?

REP. JAEKLE: (122nd)

I move the adoption of the amendment, Mr. Speaker.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "E". Will you remark now on its adoption?

REP. JAEKLE: (122nd)

Yes, sir. This amendment would delete section 21 which is on the last page of the bill. Section 21 of the bill completely changes our legislative scheme for handling of returnables, in this case, beer bottles and cans. Presently, a distributor shall not refuse to accept from dealers or other operators or redemption centers all the empties of the same make, kind, size, etc. The new language in Section 21, which this amendment would delete would completely turn that around, indicating that t dealer, a distributor would only have to accept as many empties as he delivered. I could give you an example. If a distributor dropped off five cases of beer and the retailer had ten empty cases of the same beer, the distributor would only have to take five.

I know there are concerns over the Bottle Bill. Many of the retailers indicated that there were storage problems. They would have to add on space to store the empties returned. This

would only aggravate that problem by having a distributor not accept all the empties that the retail establishment. The bill prior to the amendment would have removed territories for beer wholesalers. In that case, there may well have been a problem through some unfair competition between wholesalers where deals would be worked out and there might be attempts to dump empties on wholesalers.

The amendment that passed, keeps intact territories for beer, I think has meant an additional safeguard for protection is no longer needed. I think that if this amendment does not pass, retailers will feel the pinch of distributors not accepting back empties and only aggravating the storage and possible sanitary problems in our retail establishments. I would urge support of the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "E"?

REP. MIGLIARO: (80th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Eugene Migliaro.

REP. MIGLIARO: (80th)

I rise in support of the amendment. I believe, Mr. Speaker. that under the present section 21 that is existing, it's going to

create a tremendous problem in many respects. I know in my area right now, I know of 2 package stores that are putting additions on, and they're limited to the amount of space in order to cope with the situation with the Bottle Bill.

But if you allow a distributor to only pick up the amount of bottles that he drops, I don't know, number 1, how anybody can say how many factual cases or bottles were delivered by that distributor, number 1, and number 2, what about the consumer who comes back and brings back returnables, and a package store owner has to say to him, well, our distributor of this particular brand, brand X of beer, or what have you. We've reached our quota. We can't take any more bottles. And then I say to myself, how many package store owners will take advantage of a particular bill as it stands now, and use this as an out to take back returnables.

I think the area should be opened that if a distributor is being competitive, and he is distributing his goods, I think they all work in conjunction with one another, and I don't think any limitation should be put on the amount of returnables that they can take back. Because it is their product, regardless where the purchase was made, and I think that as Rep. Jaekle has touched on, that fact that now that we have it, the districts set up for them, it's not going to affect them from having an

old ramplex of empties, any more than what is existing now.

So I do concur with the amendment, and I would hope that this body would support it, and remove Section 21.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "E"?

REP. CARRAGHER: (5th)

Mr, Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. Carragher: (5th)

Mr. Speaker, very briefly, simply to rise and to say that I most heartily support the adoption of this amendment and would associate my remarks with those of Rep. Jaekle, that Section 21 should be deleted from the bill because it would be terribly burdensome upon the retailers, and therefore, I would hope that the amendment would pass.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "E"? If not, all those in favor -- I'm sorry, Rep. Gerald Crean.

REP. CREAN: (81st)

Mr. Speaker, I rise in support of the amendment, and I

think a more ridiculous example would be where the distributor one week brings 20 cases of beer, the next week brings 10 cases of beer on order, but only takes back 10 cases of empties, even though he brought 20 cases the week before, and had 20 cases of empties. I think it's an unfair burden on the small package store, and I rise in support of the amendment. Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "E"? If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

The ayes have it. Adopted and ruled technical.

Will you remark further on this bill as amended by House Amendment Schedules "A", "C" and "E"?

REP. BALDUCCI: (27th)

Mr. Speaker,

SPEAKER ABATE:

Rep. Richard Balducci.

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REP. BALDUCCI: (27th)

Thank you, Mr. Speaker. My speaker's out of order at the present time. Mr. Speaker, the Clerk has an amendment LCO 5729, if you would call and read.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 5729, designated House Amendment Schedule "F". Will the Clerk please call and read the amendment.

CLERK:

LCO No. 5729, designated House Amendment Schedule "F", offered by Rep. Balducci of the 27th District, and Rep. Moynihan of the 10th District.

In line 403, strike the words "from its passage" and insert in lieu thereof: "May 1, 1981"

SPEAKER ABATE:

The amendment is in your possession, sir. What is your pleasure?

REP. BALDUCCI: (27th)

I move its adoption, Mr. Speaker.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "F". Will you remark now on its adoption,

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REP. BALDUCCI: (27th)

Yes, Mr. Speaker, with this legislation, if it does pass both Chambers, and the Governor does sign it. It could become effective this week, next week, nobody's absolutely certain. This amendment simply gives it a time certain if it passes both Chambers and the Governor does sign it, so that everyone will know exactly when it does take effect.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "F"? Will you remark further on the adoption of House Amendment Schedule "F"?

If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

The ayes have it. The amendment is adopted, and it is ruled technical.

Will you remark further on this bill as amended by House Amendment Schedules "A", "C", "E", and "F"?

REP. JOYNER: (12th)

Mr. Speaker.

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SPEAKER ABATE:

Rep. Walter Joyner.

REP. JOYNER: (12th)

Thank you, Mr. Speaker. The Clerk has in his possession an amendment, No. LCO 5728. Will he please call it, and may I be permitted to summarize.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO 5728, designated House Amendment Schedule "G". Will the Clerk please call the amendment.

CLERK:

LCO No. 5728, designated House Amendment Schedule "G", Offered by Rep. Joyner of the 12th District.

SPEAKER ABATE:

The gentleman has requested leave of this Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection? Hearing none, you may proceed with summarization, Rep. Joyner.

REP. JOYNER: (12th)

Thank you, Mr. Speaker. This deals with Section 12, and it eliminates it entirely. This is the section that deals with affirmation, and again, adjust line 242, and 245 accordingly. I move its adoption, sir.

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SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "G". Will you remark now on its adoption?

REP. JOYNER: (12th)

Thank you, Mr. Speaker, yes.

Under affirmation, the brewers are required to sell the product in the State of Connecticut at the lowest price where they sell it throughout the country. To give you a specific example, Anheuser Busch has a brewery in the St. Louis area which is very close to the grain market, so obviously, their cost of product in that area is much less than it would be in other areas. Brewers that have manufacturing facilities far removed from the cost of product or in higher labor markets, obviously have to charge a higher price for their product,

This, Mr. Speaker, would permit this. Thank you.

SPEAKER ABATE:

Thank you, sir. Will you remark further on the adoption of House Amendment Schedule "G"? Will you remark further on its adoption?

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, I rise in opposition to this amendment. Whether you happen to agree with the repeal of minimum markup, or not, let me say that I believe that every single member of this body should vote to reject this amendment. What we are telling the wine people, and the out of state brewers is that we expect them to sell their product to the people of Connecticut at the same price that they sell it to the people of Missouri, or New Mexico, or New York.

Now, I don't think it's too much for us, on behalf of the consumers of the State of Connecticut to ask the big breweries to sell our people their product at the same price that they sell it any place else in the United States. And I don't like to use the term, but I'm afraid that I must, that this amendment is absolutely anti-consumer. That's exactly what it is. It's pro, the big breweries, out of state, and believe me, I don't see any of those big breweries, Anheuser Busch, Miller, Schlitz, etc. I don't see them going broke.

I say we should reject the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "G"?

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REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, I would ask that a vote be taken. That it be taken by roll call.

SPEAKER ABATE:

The question is on a roll call vote. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

Clearly, the requisite 20% having been satisfied, when the vote is taken on this amendment, it will be taken by roll.

Will you remark further on the adoption of House Amendment Schedule "G"? Will you remark further on the adoption of House "G"?

REP. FARR: (19th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Farr.

REP. FARR: (19th)

Mr. Speaker, through you I have a question for Rep. Carragher. I just question the constitutionality of this provision. It seems to me it clearly intends to interfere with interstate trade. I wonder if there has been an opinion whether there is a constitutional question.

SPEAKER ABATE:

Rep. Carragher, will you respond to that question.

REP. CARRAGHER: (5th)

Sir, I would only respond that I'm not a judge, and I'm not even a lawyer. (applause) But in my humble opinion, sir the provision is totally constitution.

SPEAKER ABATE:

I would suggest, Rep. Carragher, that you have absolutely nothing to lose by that response. (laughter) Rep. Farr, you have the floor still, sir.

REP. FARR: (19th)

It appears to me that this bill attempts to establish a national price control on liquor. What in effect, we're saying is that they can't sell it at a price any lower than the lowest price in some other state. Well, there's no reason why now that every state in the union won't have the same bill, and there'll be a national price control across the country. Liquor will be

sold at exactly the same price without any regard to the shipping costs, and what that effectively will do, is those individuals that find that they have a price involved in shipping it to Connecticut, will simply stop selling it in Connecticut because it will cost them more to ship it here, and we'll find that some of the distributors will simply write off Connecticut.

If anything, the net effect of this will be, there'll be less competition, because those individuals who are manufacturing their liquor out of state, and they're remote from Connecticut, we'll find that because it costs them more to get it to Connecticut, they can't absorb that cost in the price in Connecticut, they're going to drop out of the market. So I would urge a vote in favor of this amendment. Thank you.

SPEAKER ABATE:

Will you remark further on House Amendment Schedule "G"?

REP. JOYNER: (12th)

Mr. Speaker,

SPEAKER ABATE:

Rep. Walter Joyner,

REP. JOYNER: (12th)

Thank you, Mr. Speaker. Speaking for the second time on the amendment. I would like to point out that there is a slight difference between the beer brewers, and the distillers

of spirits and wines. Most of them are operating from a single base, and a number of your national breweries have plant facilities located throughout the United States. Some close, some not so close to our area. This is going to be reflected in different labor costs, different product costs to manufacture their product.

What we are doing with this affirmation is forcing a price control nationwide on this industry if they want to stay in this state and do business. Or, we are going to have people leave as Rep. Farr said. I have no great particular love for the brewers, but I do feel that, in fairness we do have to recognize that there are price differentials in manufacturing processes throughout the country. Thank you, Mr. Speaker,  
SPEAKER ABATE:

Thank you. Will you remark further on House Amendment Schedule "G"? Rep. John Zajac.

REP. ZAJAC: (83rd)

Mr. Speaker, I rise to oppose the amendment, and answer a few questions. As far as the constitutionality goes, I'm sure that that question would have been addressed many years before. Since we do have affirmation on the books now on hard liquor, was passed back in the early 70's. In fact, affirmation has been the thrust of many many states, and there are, I don't

know the exact number, but there are several states who are going this route for the affirmation. If in fact, this bill passes with the protections that we have in there for the retailers and wholesalers, and so forth. If the bill passes, and we want to do it for one reason, and that's to be competitive. And if we want to be competitive, want assurances, the only insurance we have really, aside from retail of minimums and then we don't know what the market will be by the individuals involved, the wholesalers, or the retailers, but in order to be competitive, the first thing we have to do, in fact, is to go the affirmation route.

Then at least we know that Massachusetts or Rhode Island, our neighboring towns are paying the same for acquisition costs of the beer and the wine that we are, less any differences in freight, less any differences in taxing such as the sales tax, of whatever. But this bill, without affirmation, would not accomplish what most people support the bill for. I oppose the amendment and support affirmation.

SPEAKER ABATE:

Will you remark further?

REP. JAEKLE: (122nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Jaekle.

REP. JAEKLE: (122nd)

Thank you, Mr. Speaker, I, too rise in opposition to this amendment. And I'd just like to clarify for the body that while we are talking about Section 12, Section 14 of the bill talks about determining the lowest price for the items of alcoholic liquor, and there was a question about breweries not being able to charge for differences in transportation and delivery costs. I will refer to line 263, 264, and 265 of the bill which indicates that differentials in price may be made to make allowance for differences in state taxes, fees, and actual cost of delivery. So, that if indeed there are transportation costs involved, which would affect the prices to be charged to various states because of distances, and gasoline prices, legitimate actual transportation cost differentials can indeed be charged to the various states, and the various wholesalers, and would not be a problem with affirmation, if it will apply to beer. I therefore oppose the amendment.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "G"? Will you remark further on the adoption of House Amendment Schedule "G"?

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REP. SCHLESINGER: (114th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Alan Schlesinger.

REP. SCHLESINGER: (114th)

Thank you, Mr. Speaker. I too rise in opposition to this amendment. It was my understanding that the purpose of proposing minimum markup legislation was to discourage out of state purchases, I think, and I feel that most members in this room would agree that this amendment clearly does not go with that spirit, and clearly does encourage out of state purchases. So, therefore, I would have to oppose this amendment, and urge the members to do so also.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "G"?

REP. MOYNIHAN: (10th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Tim Moynihan.

REP. MOYNIHAN: (10th)

Mr. Speaker, I rise to oppose the amendment. Clearly, I keep hearing people get up on the other side saying they were

against it, and they were against it, and now we're talking about out of state purchases. We're talking about Connecticut being able to buy it at the cheapest price. We're not talking about fixing a price up somewhere above the base. What we're saying is that if a base inexpensive price is established for New Hampshire, we darn well want our retailers and wholesalers and our consumers to benefit by that same price. So the states aren't played off against each other, so that we have the absolute benefit of the cheapest price in terms of beer and wines, so that Connecticut benefits as do other states that have affirmation. That's all it is. I'm sorry that many of those who have spoken don't understand it, but you clearly ought to defeat the amendment, and give the best opportunity for our consumers to enjoy the most inexpensive prices.

SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "G"?

REP. BELDEN: (113th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Richard Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. If I might, a question to Rep,

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Carragher.

SPEAKER ABATE:

State your question, please sir.

REP. BELDEN: (113th)

Rep. Carragher, do you know if there is in fact, a beer brewery in the State of Connecticut in operation?

SPEAKER ABATE:

Rep. Carragher, can you respond to that question, sir?

REP. CARRAGHER: (5th)

Through you, sir. To the best of my knowledge, there is not.

SPEAKER ABATE:

Rep. Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. What this would lead me to believe that a far out approach would be that all the beer distributors, manufacturers, in the United States could say, hey we don't like Connecticut's law. We're going to shut you off from beer. That's the potential. Of course, they won't get the profit. But we're talking here in the previous debate just a minute ago about encouraging Connecticut activity. Perhaps that would encourage it even more.

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SPEAKER ABATE:

Will you remark further on the adoption of House Amendment Schedule "G"? If not, would all the members please be seated. All staff and guests, please, all staff and guests, to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted? Would the members please check the roll call machine to determine if their votes is properly recorded. The machine will be locked. and the Clerk will take the tally.

Will the Clerk please announce the tally.

CLERK:

House Amendment Schedule "G" to House Bill 7405.

Total number voting	142
Necessary for adoption	72
Those voting yea	6
Those voting nay	136
Those absent not voting	9

SPEAKER ABATE:

The amendment fails.

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House Amendment Schedule "G".

Strike out section 12 in its entirety and renumber the remaining sections accordingly:

In line 242, remove the opening and closing brackets and strike the words "ALCOHOLIC LIQUOR"

In line 255, remove the opening and closing brackets and strike the words "ALCOHOLIC LIQUOR"

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SPEAKER ABATE:

Will you remark further on this bill as amended by House Amendment Schedules "A", "C", "E" and "F"?

REP. VAN NORSTRAND: (141st)

Mr. Speaker,

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Mr. Speaker, the Clerk has an amendment bearing LCO No. 5070. Would the clerk please call the amendment and may I be given the opportunity to explain the amendment.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 5070 designated House Amendment Schedule "H". The Clerk please call the amendment.

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CLERK:

LCO No. 5070, designated House Amendment Schedule "H" offered by Rep. Van Norstrand, 141st District, and Rep. Joyner of the 12th District.

SPEAKER ABATE:

The gentleman is seeking leave of this Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection? Hearing none, it is so ordered. You may proceed with summarization, Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Thank you, Mr. Speaker.

This amendment is directed, and I think for the sake of everyone's sanity, I will not ask the Clerk to read it because it's simpler in the explanation than the language would read. It's directed toward Section 9 of the bill where new language is already going to appear. It does not affect that language per se.

What this is directed at really is, that some 18 years ago we passed the so-called A & P rule, wherein, we limited the number of permits that a person could own as a backer. At that time, I gather, A & P had an extensive number, and still do to this day as near as I can recall, and they were grandfathered in.

But the problem where you repeal minimum markup in other states is one, and the example usually given is the State of Minnesota. That if you do not control the number of permits permitted, then ultimately, those with the greatest capital, will in fact amass through their capital, the purchasing power to drive small stores out of business far beyond what the normal market failures might dictate.

Basically, what this amendment says is, that you, and this is the simplest part of it. You cannot own more than 2 permits. You cannot be a backer on more than 2 permits. But you can't be a backer in any form of proprietary ownership. Basically the way our law reads, if we do not pass this amendment, you will have the situation where you could pick, and I think you've all read literature on what would happen if you phase out minimum markup and what would happen to small stores and all that. What would happen is, under our present law, any major merchandiser with a sufficient source of capital can under our law, form a corporation, and get a permit as a backer. The permittee is, of course, the name person. But the backer which is the key, that's the ownership, is a corporation. And you can have A, B, C, of New Britain, Inc. ABC of Waterbury, Inc. ABC of Darien, Inc. ABC of Stamford, Inc. Each one a backer under our law. They are not limited by the 2 permits.

What this would do is to say, you can still get 2 permits, but you cannot have an interlocking ownership, or control in other permits. It would, in fact, avoid, or negate the ability to go around our present law, which may become very important if you do not have minimum markup.

I move adoption, Mr. Speaker.

SPEAKER ABATE:

The question is on adoption of House Amendment Schedule "H". Will you remark further on its adoption? Will you remark further on the adoption of House Amendment Schedule "H"? If not, all those in favor of its adoption, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed, nay.

The ayes have it. It's adopted, and ruled technical,

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House Amendment Schedule "H",

In line 171, after the words "NATURAL PERSON" insert the following: ".", A CORPORATION, ANY SUBSIDIARY THEREOF OR ANY COMBINATION OF CORPORATIONS OR NATURAL PERSONS ANY OF WHOM, OR ANY COMBINATION OF WHOM, OWNS OR CONTROLS, DIRECTLY OR INDIRECTLY MORE THAN FIVE PER CENT OF ANY ENTITY WHICH IS A BACKER AS DEFINED IN SECTION 30-1"

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SPEAKER ABATE:

Will you remark further on this further this bill as amended? Will you remark further on this bill as amended?

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Just very briefly. I don't know what form this bill will be in when it comes back from the Senate, if it comes back. The kind of bill it is, I would suspect it would. But I just wanted to comment, Mr. Speaker on the fortuity in the timing of amendments.

I am grateful that the Chamber saw fit to adopt the amendment I offered, and I thought earlier when Rep. Balducci offered his amendment, what luck timing has. Now he happened to have picked May 1. I think if he'd have picked May 2nd, he could have brought tears to eyes in this Chamber.

SPEAKER ABATE:

Will you remark further on this bill as amended? Will you remark further on the bill as amended. If not, will all the members please be seated. All the members please be seated, All staff and guests, other than authorized staff, please come to the well of the House. The machine will be opened,

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The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The Clerk will take the tally.

Would the Clerk please announce the tally.

CLERK:

House Bill 7405 as amended by House Amendment Schedule "A", "C", "E", "F", and "H".

Total number voting	141
Necessary for passage	71
Those voting yea	92
Those voting nay	49
Those absent not voting	10

SPEAKER ABATE:

The bill as amended passed.

CLERK:

House Calendar page 5, Calendar No. 110, Substitute for House Bill No. 6652, AN ACT CONCERNING THE AUTHORIZATION OF BONDS OF THE STATE FOR CONSTRUCTION OF A RESEARCH DEVELOPMENT

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The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately. The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

Have all the members voted? Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The Clerk will take the tally.

Would the Clerk please announce the tally.

CLERK:

House Bill 7337 as amended by House Amendment Schedule "A".

Total number voting	148
Necessary for passage	75
Those voting yea	42
Those voting nay	106
Those absent and not voting	3

SPEAKER ABATE:

The bill fails.

CLERK:

Calendar page 32. Potential disagreeing action. Calendar No. 649. House Bill No. 7405. AN ACT CONCERNING THE ELIMINATION OF MINIMUM MARKUPS ON LIQUOR SALES. (As amended by House Amendment Schedules "A", "C", "E", "F" and "H" and Senate Amendment Schedules "A", "E", "F", and "G").

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REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of this bill in concurrence with the Senate.

SPEAKER ABATE:

The question is on acceptance of the Joint Committee's favorable report and passage of this bill in concurrence with the Senate. Will you remark, sir.

REP. CARRAGHER: (5th)

Mr. Speaker and members of the House, prior to calling the four Senate amendments that are now a part of this bill, I would just like to give what I consider a very important overview of what has transpired here in order that the members will be clear with regard to what these four amendments are all about.

As you know, this bill was before us previously and passed this House overwhelmingly. The bill went to the Senate where it faced recommitment but what some thought was sure defeat. It was placed on the foot of the Senate Calendar to allow time to meet with all parties involved in this issue. And I wish to

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report to you that I have met with the Senate leadership and the various interested parties with regard to this legislation for quite frankly many hours on many occasions.

The result of these negotiations is Senate Amendment Schedule "A" which passed the Senate. Quite frankly, Senate Amendment Schedule "A" should have solved this issue and the bill in my judgment should have been voted upon then and there. However, the Senate chose to add to this bill Senate Amendment Schedule "E" and "F". As I'm sure you are aware, there was reconsideration in the Senate which failed. The Senate then adopted Senate Amendment Schedule "G" which, in fact, and for the clarification of the membership here, Senate Amendment Schedule "G" is in fact Senate Amendment "A" with some modification.

In the essence of time, I would ask the membership today to let us quickly dispense with Senate "A", "E", and "F" and to pass Senate "A", "E", and "F" and then to deal with the basic issue here which is what is contained in Senate "G" and debate Senate "G" and I would certainly hope personally pass Senate "G" and then pass this bill.

With that thought in mind, Mr. Speaker, I would call Senate LCO No. 7351 which has previously been designated as Senate Amendment Schedule "A" and I request that I be allowed to summarize Senate "A".

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 7351 which was, in fact, previously designated Senate Amendment schedule "A". Would the Clerk please call the amendment.

CLERK:

LCO No. 7351 previously designated Senate Amendment Schedule "A" offered by Sen. Mustone of the 13th District et al.

SPEAKER ABATE:

The gentleman has requested leave of the Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection. Hearing none, you may proceed to summarize the amendment, Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, if I might prior to summarization, I would like to yield the floor momentarily to Rep. Brunnock.

SPEAKER ABATE:

Rep. Brunnock, will you accept the yield.

REP. BRUNNOCK: (74th)

Yes, Mr. Chairman. Thank you. Mr. Chairman, let the record show that due to a conflict, I'm leaving the floor.

SPEAKER ABATE:

The Journal will so note.

Rep. Carragher, you have the floor, sir.

REP. CARRAGHER: (5th)

Mr. Speaker, might I also yield to Rep. Anastasia.

SPEAKER ABATE:

Rep. Anastasia, will you accept the yield.

REP. ANASTASIA: (138th)

Yes, Mr. Speaker.

SPEAKER ABATE:

Proceed please, sir.

REP. ANASTASIA: (138th)

Would the Journal please note that I was leaving the floor due to a possible conflict, sir.

SPEAKER ABATE:

The Journal will so note. The Chair at this time rather than pursuing a chain of yield, will allow those representatives in the Chamber who feel they can't act on this measure, to excuse themselves on the grounds of a possible conflict of interest.

REP. DELPERCIO: (127th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Fernando DelPercio.

REP. DELPERCIO: (127th)

Will the Journal note that I am absenting for a possible conflict.

SPEAKER ABATE:

The Journal will so note, sir. Rep. Carragher, you have the floor for purposes for summarizing Senate Amendment Schedule "A".

REP. CARRAGHER: (5th)

Mr. Speaker and members of the House, as I have previously stated, Senate Amendment Schedule "A" was, in fact, the compromise that was worked out on this bill but then Senate "G" now supersedes all previous amendments and as I stated previously, I would simply now move for the adoption of Senate Amendment Schedule "A".

SPEAKER ABATE:

The question is on adoption of Senate "A". Will you remark further on its adoption. Will you remark further on the adoption of Senate "A".

REP. BENVENUTO: (151st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Benvenuto.

REP. BENVENUTO: (151st)

Yes, I would like to exempt myself because of a possible conflict of interest.

SPEAKER ABATE:

The Journal will so note, sir.

All those in favor of the adoption of Senate Amendment schedule "A" please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed nay.

The ayes have it. The amendment is adopted and ruled technical. Will you remark further on this bill as amended by Senate "A".

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, the Clerk has LCO No. 6929 which has previously been designated as Senate Amendment Schedule "E". I would ask that the Clerk call and I be allowed to summarize.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 6929 designated Senate Amendment Schedule "E". Would the Clerk please call the amendment.

CLERK:

LCO No. 6929 previously designated as Senate Amendment Schedule "E" offered by Sen. Knous of the 33rd District.

SPEAKER ABATE:

The gentleman has requested leave of the Chamber to summarize this amendment. Is there objection. Hearing none, you may proceed with summarization, Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, here again as I previously stated, Senate "G" supersedes this amendment and simply for the purpose of form and debate on the proper amendment, I would simply move adoption of Senate "E".

SPEAKER ABATE:

The question is on adoption of Senate Amendment Schedule "E". Will you remark further on its adoption. All those in favor of its adoption please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed nay.

The ayes have it. The amendment is adopted and ruled technical. Will you remark further on this bill as amended.

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, the Clerk has LCO 6758 which has previously been designated as Senate Amendment Schedule "F". I would ask the Clerk to please call and I wish to be allowed to summarize.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 6758 previously designated Senate Amendment Schedule "F". Would the Clerk please call the amendment.

CLERK:

LCO No. 6758 previously designated as Senate Amendment Schedule "F" offered by Sen. Serrani of the 27th District.

SPEAKER ABATE:

The gentleman has requested leave of the Chamber to summarize this amendment. Is there objection. Hearing none, you may proceed to do so, Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, for the same reasons as previously stated, I would simply move that we adopt Senate "F".

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "F". If not, all those in favor of its adoption please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed nay.

The ayes have it. The amendment is adopted and ruled technical. Will you remark further on this bill as amended.

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, now that we have concluded the easy part of this, I would call ask the Clerk to please call LCO No. 7255 which was previously designated as Senate Amendment Schedule "G" and I wish to be allowed to summarize.

SPEAKER ABATE:

The Clerk has in his possession an amendment, LCO No. 7255 previously designated Senate Amendment Schedule "G". Would the Clerk please call the amendment.

CLERK:

LCO No. 7255 previously designated Senate Amendment Schedule "G" offered by Sen. Serrani of the 27th District.

SPEAKER ABATE:

The gentleman has requested leave of the Chamber to summarize this amendment in lieu of Clerk's reading. Is there objection. Is there objection to summarization. Hearing none,

you may proceed to do so, Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker and members of the House, Senate Amendment Schedule "G" does, in fact, strike everything after the enacting clause and to a great degree rewrites the bill that was previously passed by this House. I would like to point out at this time, summarize some of the changes that are contained in Senate "G".

Such as that Senate "G" will delay the repeal of the wine markup until January 1, 1982 and will delay the repeal of minimum markup on liquor and beer until January 1, 1982 whereas in the House that repeal by the bill we passed would have occurred on July 1 of this year.

It will limit the number of new package store permits the Department of Liquor Control may issue after the five year moratorium which was included in the bill we passed. It additionally, Senate "G" additionally mandates that there will be only one permit per every 2,500 people in a given town. The Department may issue additional permits at the rate of one per 2,500 in addition to the permits already existing in that particular town.

So basically there are now two safeguards with regard to additional package store permits. One, the five year moratorium; the other the one per 2,500 persons. Senate "G" also corrected the language which was inserted by House Amendment Schedule "H" to

genuinely tighten the two permit limit on the ownership of package stores. Which is precisely what House "H" was intended to do but there was a technical error in House "H" and that has been corrected in Senate "G". It will establish a system of wholesaler price posting by which a wholesaler would have three days to inspect competitor's price lists and adjust his own prices downward to meet competition.

And in that regard I would note for the membership that the wholesaler can only post downward. He cannot go upward. Because I have heard it said in the halls outside that the wholesaler under this provision could go up or down. And I want to say for the record that he can only adjust downward.

It eliminates the permission which was in the bill for a wholesaler to hand deliver the suggested prices to a retailer and continues the requirement that these prices be sent by mail or published in a trade journal. It places two additional conditions on the requirement that wholesalers sell to a retailer regardless of the retailer's location.

And those are as follows. That a retailer cannot get the product from his regular wholesaler or the product is only available at a higher price. And the retailer must comply with any reasonable conditions imposed by the wholesaler or other retailers in his territory. What in fact that does, it says

that a retailer can go outside his territory to purchase liquor if he cannot purchase it at the same price or if it is not available from his own wholesaler. And I know that a number of members of this House were concerned about that and as far as I am concerned, that provision strikes a very fair compromise between the interests of the retailer and the interest of liquor wholesalers.

Mr. Speaker, further by a previously adopted amendment, I think it was "E" or "F" grocery stores were allowed to sell, would have been allowed to sell beer until 9:00 o'clock. Senate "G" eliminated that provision. The net effect being the status quo that both retail store, grocery stores and package stores will still be mandated by law to sell until only 8:00 P.M.

And the effective date was changed for the moratorium provision to take effect upon passage and the markups on liquor, spirits and beer are repealed as of January 1, 1982 and on wine as of January 1, 1983.

That would be the provision dealing with the issue that we debated on this floor at some length when the bill was here before that is the affirmation provision of this bill. I would note that affirmation on wine is now deleted from this legislation and that the bill is passed in the House which provided for nationwide affirmation on beer. As you recall that meaning that a brewer would have to sell beer to the wholesalers in the state

of Connecticut at the very lowest price that he would sell it anywhere else in America. That provision has been changed in the bill that is now before us and now provides that that affirmation would be what is called border state affirmation. Simply meaning that the brewer must sell beer to the wholesaler in Connecticut at a price no higher than he sells it to the bordering states and that is Rhode Island, Massachusetts, and New York.

Essentially those are the basic changes that are contained in Senate Amendment Schedule "G" and it would be my intention that after and hopefully that Senate "G" passes, would then be my intention for the refreshment of the memory of the members to run through all of the various provisions that are included in this bill and remain unchanged by Senate "G" in order that everyone is quite clear as to what they are voting on here today.

So Mr. Speaker I would move the adoption of Senate "G".

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "G".

REP. VAN NORSTRAND: (141st)

Mr. Speaker.

SPEAKER ABATE:

Rep. Van Norstrand.

REP. VAN NORSTRAND: (141st)

Through you, a question to Rep. Carragher.

SPEAKER ABATE:

State your question please, sir.

REP. VAN NORSTRAND: (141st)

Just so I understand this, I see as you have clearly explained affirmation on beer is limited to border states. Do any of those border states have a national affirmation provision in their laws?

SPEAKER ABATE:

Rep. Carragher, can you respond to the question, sir.

REP. CARRAGHER: (5th)

Mr. Speaker, through you, the answer is that at this point in time, no.

REP. VAN NORSTRAND: (141st)

Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on the adoption of Senate Amendment Schedule "G". If not, all those in favor of its adoption please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER ABATE:

All those opposed nay.

The ayes have it. The amendment is adopted and ruled technical. Will you remark further on this bill as amended by

Senate Amendment Schedules "A", "E", "F", and "G". Will you remark further on this bill as amended.

REP. CARRAGHER: (5th)

Mr. Speaker.

SPEAKER ABATE:

Rep. Carragher.

REP. CARRAGHER: (5th)

Mr. Speaker, rather than going through this bill section by section as I did the first time it passed here, I will not take the time of the membership to do that and I will certainly be happy to answer any questions that anyone would have with regard to those provisions. I would, however, like to make a very brief point so that all the membership understands exactly what kind of a compromise has been struck here on this legislation.

I know that a great number of the members here have been concerned about what kind of effect this bill will have upon the so-called mom and pop package stores in the state of Connecticut. For their information, for the record, I would just like to note some of the additions that have been made to this bill that very directly affect mom and pop package stores in the state of Connecticut and these are safeguards that have been put into this bill coupled with the repeal of minimum markup without question and that was the initial point of this legislation to repeal minimum markup in the state of Connecticut and lower the prices

to the consumer. But let me point out here that those of us who have negotiated this bill were quite cognizant even though we strongly supported that attempt, we were quite cognizant of the problems of the small package stores in this state and let me tell you what some of these, the net effect of some of that concern is.

That a wholesaler must sell to each retailer at a price no higher than the lowest price he charges any other retailer. That no retailer will be allowed to sell below his cost. That holders of a one day temporary liquor and beer permit can only purchase from a package store. The only exclusion there being kegs of beer.

And if you think about that one, ladies and gentlemen, that is the provision that the package stores in this state never had before, holders of one day permits would purchase that liquor direct from the wholesaler. Under this bill, they will have to purchase it from the retailer. That's not a bad deal.

That present package store owner, under this five year moratorium, will be permitted to sell their stores and/or move to another location. That after the five year moratorium the Department of Liquor Control may issue one package store permit only for every 2,500 residents of a municipality. That the term interest and person are redefined to strengthen the

prohibition against any person owning or having interest in more than two package stores. That a package store owner can make purchases from the wholesaler who does not service his area. If his present wholesaler does not have the product available or if the price is lower elsewhere, that a package store owner will be permitted to solicit orders and advertise in no permit towns.

That there shall be no quantity discounts from wholesalers to retailers. That markups on liquor and beer are not repealed until January 1, 1982. That markups on wine are not repealed until January 1, 1983. It will modify the wholesaler in the manufacture of price posting systems to permit these venders to inspect competitive price lists and adjust their prices downward as I stated before, downward and downward only to meet competition.

Resulting in lower prices to retailers, and I might note that this system is in place in the state of Massachusetts and is working very well there. Current law permits retailers to give consumers a ten percent discount on all purchases over \$60. This bill would continue that practice. Until repeal of the minimum markup becomes effective on January 1, 1982 for alcohol spirits and January 1, 1983 for wines. I make these points, ladies and gentlemen, because of the deep concern I have heard from so many people that this legislation is going to

put all the mom and pop package stores out of business. I submit to you that those of us who supported this bill from the beginning with the expressed intent and purpose in mind to make liquor and beer prices lower for the people of this state, that we have compromised a very great deal here and that we have given safeguards for the package store to a very great degree.

Now there are going to be those people on the other side and I just read a story this morning in the Journal Inquirer that says that those of us who supported this bill from the beginning have given too much away to the package store, far too much away to the package store. Yet the package stores will tell you we have given them nothing.

I have just recited for you 14 specific things that we have given them in this bill. I would simply say in conclusion that this bill does, in fact, do what we set out to do and that is repeal minimum markup in the state of Connecticut and thereby lower prices to our consumers. Number two, it contains an affirmation provision for border states on beer which in itself should further lower the price of beer to the consumers in the state of Connecticut.

And last but not least, it provides numerous safeguards for the protection of the small businessman in the state. It seems to me that this bill certainly represents the art of compromise at its very best. This bill from a bill which everyone

said could never pass the Senate, has now passed the Senate. It is not as strong as a lot of the proponents in this House would like it to be but it's the best we can get. It has passed the Senate. I would strongly urge that this compromise be passed by this House. Thank you.

SPEAKER ABATE:

Will you remark further on the bill as amended.

REP. SORENSEN: (82nd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Robert Sorensen.

REP. SORENSEN: (82nd)

Thank you, Mr. Speaker. Mr. Speaker, I was one of the individuals in the House that when the original bill came to us, I was opposed to the elimination of minimum markup for several of the reasons which Rep. Carragher has already stated. I thought it was necessary that we try to protect the small businessman in this state and I elucidated those arguments on the floor during the debate.

The bill went to the Senate anyway without those safeguards and now it's back before us. And I would agree with Rep. Carragher that this bill really does show that the ability to compromise does exist. I don't believe we are giving away as much as some of the stronger proponents of the elimination of minimum markup

might suggest. I think that we are doing exactly what Rep. Carragher has said. We are not only going to bring down the price of liquor in this state, but in the meantime we are going to be protecting the small businessman. And I think that was a definite positive step. Mr. Speaker, as I have already said, I voted against this bill in its original form but I think that my concerns have been answered in this compromise and I intend to vote in favor of this as amended and I would ask the House to support this bill. Thank you, Mr. Speaker.

SPEAKER ABATE:

Will you remark further on this bill as amended. If not, would all the members please be seated. Staff and guests, all staff and guests other than those staff members specifically authorized, please come to the well of the House. The machine will be opened.

The House of Representatives is voting by roll at this time. Would the members please return to the Chamber immediately.

The House of Representatives is voting by roll at this time.

Would the members please return to the Chamber immediately.

Have all the members voted? Have all the members voted. Would the members please check the roll call machine to determine if their vote is properly recorded. The machine will be locked. The Clerk will take the tally.

Would the Clerk please announce the tally.

CLERK:

House Bill 7405 as amended by House Amendment Schedules "A", "C", "E", "F", and "H" and Senate Amendment Schedules "A", "E", "F" and "G".

Total number voting	142
Necessary for passage	72
Those voting yea	125
Those voting nay	17
Those absent and not voting	9

SPEAKER ABATE:

The bill as amended passes.

CLERK:

Calendar page 4. Calendar No. 409. Substitute for House Bill No. 7338. AN ACT CONCERNING ABSENTEE VOTING BY PERSONS WHO ARE ILL OR DISABLED AND THE CHECKING PROCEDURE FOR ABSENTEE BALLOTS.

Favorable Report of the Committee on Government Administration and Elections.

REP. GROPPPO: (63rd)

Mr. Speaker.

SPEAKER ABATE:

Rep. Groppo.

REP. GROPPPO: (63rd)

May this item be passed temporarily. We are waiting for an amendment.