

**State of Vermont**

**Department of Liquor and Lottery**

1311 US Route 302, Suite 100

Barre, VT 05641

Division of Liquor Control

Division of Lottery

[www.liquorandlottery.vermont.gov](http://www.liquorandlottery.vermont.gov)

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To: Senate Economic Development, Housing, & General Affairs Committee

From: Wendy Knight, Commissioner Department of Liquor and Lottery *Wendy Knight*

Date: March 29, 2023

Re: Proposed Language for Liquor Omnibus Bill

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I appreciated the opportunity to briefly discuss the liquor bills with the Committee on Friday, March 24, 2023. Below is proposed language for the liquor omnibus bill.

**Festival Permits**

The changes to Festival Permits in Act 70 inadvertently eliminated the option for organizations and individuals to secure liquor license for events like wine + cheese festivals, art festivals, culture festivals to serve alcoholic beverages at these events that were not primarily designed to sell or sample alcohol. To resolve this problem for licenses, we propose a two-part legislative technical correction. The Department needs the statutory authority to offer a permit allowing for the sale/service of beverages by the glass at events. In some cases, this authority was removed by the language in Act 70. Additionally, to provide serving limitations at events like Brewfest (clearly identifiable as high sampling outlets with high patronage), we propose modifying the existing Educational Sampling Event Permit to include serving size limitations that were applied to Festival Permits via Act 70.

Proposed changes:

- (1) Repeal Act 70 changes to the Festival Permit, returning them to the prior statutory language that reads:

§ 253. Limited Event Festival permits (Formerly known as festival.)

(a) The Division of Liquor Control may grant a Limited Event festival permit if the applicant has:

- (1) received approval from the local control commissioners;
- (2) submitted a request for a Limited Event festival permit to the Division in a form required by the Commissioner at least 15 days prior to the Limited Event festival; and
- (3) paid the fee provided in section 204 of this title.



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(b)(1) A Limited Event festival permit holder may purchase invoiced volumes of malt, vinous, ready-to-drink spirits beverages, fortified wines, or spirits, directly from a manufacturer or packager licensed in Vermont, or a manufacturer or packager that holds a federal Basic Permit or Brewers Notice or evidence of licensure in a foreign country that is satisfactory to the Board.

(2) The invoiced volumes of beverage alcohol may be transported to the site and sold by the glass to the public by the permit holder or its employees and volunteers only during the event.

(c) A Limited Event festival permit holder shall be subject to the provisions of this title, including section 214 of this title, and the rules of the Board regarding the sale of the alcoholic beverages and shall pay the tax on the beverage alcohol pursuant to section 421 of this title.

(d) A person shall be granted no more than four Limited Event festival permits per year, and each permit shall be valid for no more than four consecutive days.

(2) Modify Title [7 V.S.A. § 251](#) to serve as the permit issued for events like Brewfest, or similar style events that are clearly identifiable as high sampling outlets with high patronage. The updated language included below changes sampling limitations added to the Festival Permit via act 70.

§ 251. ~~Educational~~ Sampling event permit

(a) The Division of Liquor Control may grant an educational sampling event permit to a person if:

(1) the event is also approved by the local control commissioners; and

(2) at least 15 days prior to the event, the applicant submits an application to the Division in a form required by the Commissioner that includes a list of the alcoholic beverages to be acquired for sampling at the event and is accompanied by the fee provided in section 204 of this title.

(b) An educational sampling event permit holder is permitted to conduct an event that is open to the public at which malt beverages, vinous beverages, fortified wines, spirits, or ready-to-drink spirits beverages all four are served for limited sampling only for the



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purposes of marketing and educational or sold by the closed container when the event has more than five sampling outlets and expected event attendance is greater than 50 patrons.

(c)(1) No more than four educational sampling event permits shall be issued annually to the same person.

(2) An educational sampling event permit shall be valid for no more than four consecutive days.

(d) The permit holder shall ensure all the following:

(1) Attendees at the educational sampling event shall be required to pay an entry fee of no less than \$5.00.

(2)(A) Malt beverages or vinous beverages ready-to-drink spirits beverages for sampling shall be offered in glasses containers that contain no more than two ounces of either beverage 16 ounces, with not more than 48 ounces served to any patron at one event.

(B) Vinous beverages for sampling shall be offered in containers that contain no more than five ounces, with not more than 25 ounces served to any patron at one event.

(B)(C) Fortified wines and spirits for sampling shall be offered in glasses that contain no more than one-quarter ounce three ounces of either beverage. with no more than 15 ounces served to any patron at one event.

(D) Spirits for sampling shall be offered in glasses that contain no more than one ounce with not more than five ounces served to any patron at one event

(E) Patrons attending a sampling event where combinations of beverage alcohol are mutually sampled shall not be served more than four standard dink units as defined by the World Health Organization.

(3) The event shall be conducted in compliance with all the requirements of this title.

(e) An educational sampling event permit holder:

(1) may receive shipments directly from a manufacturer, packager, certificate of approval holder, wholesale dealer, or importer licensed in Vermont or that provides evidence of licensure in another state or foreign country satisfactory to the Board;



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may transport alcoholic beverages to the event site, and those beverages may be served at the event by the permit holder or the holder's employees, volunteers, or representatives of a manufacturer, packager, or importer participating in the event, provided they meet the server age and training requirements under section 259 of this chapter; and

(2) shall mark all cases and bottles of alcoholic beverages to be served at the event "For sampling only. Not for resale."

(f) Taxes for the alcoholic beverages served at the event shall be paid as follows:

(1) malt beverages:

(A) \$0.265 per gallon of malt beverages served that contain not more than six percent alcohol by volume at 60 degrees Fahrenheit; and

(B) \$0.55 per gallon of malt beverages served that contain more than six percent alcohol by volume at 60 degrees Fahrenheit;

(2) vinous beverages: \$0.55 per gallon served;

(3) spirits: \$19.80 per gallon served; and

(4) fortified wines: \$19.80 per gallon served.

(f) A sampling event permit holder shall be subject to the provisions of this title, including section 214 of this title, and the rules of the Board regarding the sale of the alcoholic beverages and shall pay the tax on the malt or vinous beverages pursuant to section 421 of this title.

**Title 7- Board and Department Responsibilities**

(7 V.S.A. § 2) – Definitions

As used in this title:

(9) "Commissioner of Liquor and Lottery" **means the appointing authority of the Department executive officer of the Board of Liquor and Lottery** appointed under the provisions of chapter 5 of this title.

(7 V.S.A. § 107) Duties of Commissioner of Liquor and Lottery

(a) The Commissioner of Liquor and Lottery shall direct and supervise the Department of Liquor and Lottery and, subject to the direction of the Board, shall see that the laws relating to alcohol and tobacco under this title and to the State Lottery under 31 V.S.A. chapter 14



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are carried out. ~~The Commissioner shall annually prepare a budget for the Department and submit it to the Board for review pursuant to subdivision 104(12) of this chapter.~~

(7 V.S.A. § 111) Transfer of local agency store in conjunction with sale of real property or business

(a) If a proposed sale of real estate or a business in which a local agency store is located is contingent on the transfer of the agency store's contract with the ~~Board~~ Department to the buyer, the seller and buyer may, prior to completing the sale, submit to the Division of **Liquor Control** a request to approve the transfer of the agency store's contract to the buyer. The request shall be accompanied by any information required by the Division of **Liquor Control**.

(7 V.S.A. § 424) Collection

The ~~Board~~ **Department** of Liquor and Lottery shall collect the tax imposed under section 422 of this title. The taxes collected on sales by the Board of Liquor and Lottery shall be paid weekly to the State Treasurer, and the taxes collected on sales by a manufacturer or rectifier shall be paid quarterly to the State Treasurer. (Amended 1973, No. 129 (Adj. Sess.), § 2, eff. Feb. 1, 1974; 1977, No. 157 (Adj. Sess.); 2015, No. 144 (Adj. Sess.), § 10; 2018, No. 1 (Sp. Sess.), § 71.)

(7 V.S.A. § 561) Authority of liquor control investigators; arrest for unlawfully manufacturing, possessing, or transporting alcoholic beverages; seizure of property

(b) The Commissioner of Liquor and Lottery, the Director of Enforcement for the Division of Liquor Control, an investigator **employed** ~~by the Board of Liquor and Lottery or by the Division of Liquor Control~~, or any other law enforcement officer may arrest or take into custody pursuant to the Vermont Rules of Criminal Procedure a person whom he or she finds in the act of manufacturing alcohol or possessing a still or other apparatus for the manufacture of alcohol; unlawfully selling, bartering, possessing, furnishing, or transporting alcohol; or unlawfully selling, furnishing, or transporting alcoholic beverages, and shall seize the alcohol, vessels, and implements of sale and the stills or other apparatus for the manufacture of alcohol in the possession of the person. He or she may also seize and take into custody any property described in this section. (Amended 1959, No. 329 (Adj. Sess.), § 33, eff. March 1, 1961; 1987, No. 201 (Adj. Sess.); 2011, No. 17, § 1, eff. May 11,



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2011; 2011, No. 17, § 3, eff. July 1, 2013; 2013, No. 64, §§ 7, 8, eff. June 3, 2013; 2013, No. 141 (Adj. Sess.), § 15, eff. July 1, 2015; 2017, No. 83, § 79; 2018, No. 1 (Sp. Sess.), § 73.)

(7 V.S.A. § 562) Search warrants

(a) If a State's Attorney, the Commissioner of Liquor and Lottery, an investigator **employed by the Division of Liquor Control** ~~duly acting for the Board of Liquor and Lottery~~, or a control commissioner makes a complaint under oath or affirmation to a judge of the Criminal Division of the Superior Court that he or she or they have reason to believe that alcoholic beverages or alcohol is kept or deposited for sale or distribution contrary to law, or that alcohol is manufactured or possessed contrary to law, in any kind of vehicle, aircraft, watercraft, or other conveyance, or a dwelling house, railway car, building, or place in the county, the judge shall issue a warrant to search the premises described in the complaint.

(7 V.S.A. § 659) Refusal or neglect of officers to perform duties

(a) The county sheriffs, sheriff's deputies, constables, officers or members of the village or city police, State Police, and investigators **of the Division of Liquor Control** ~~Board of Liquor and Lottery~~ shall have the authority and duty to ensure that the provisions of this title and the rules adopted by the ~~Board~~ **Department** of Liquor and Lottery pursuant to this title are enforced within their respective jurisdictions. Any officer who willfully refuses or neglects to perform the duties imposed upon him or her by this section shall be fined not more than \$500.00 or imprisoned not more than 90 days, or both.

**Tobacco- Title 7**

(7 V.S.A. § 1002) License required; application; fee; issuance

(3) The ~~Board~~ **Department** shall also provide simple instructions for licensees, designed to assist them in complying with the provisions of this chapter.

(b)(1) The ~~Board~~ **Department** shall prepare and issue tobacco license and tobacco substitute endorsement forms and applications. These shall be incorporated into the liquor license forms and applications prepared and issued under this title.

(7 V.S.A. § 1006) Posting of signs

(a) A person licensed under this chapter shall post in a conspicuous place on the premises identified in the tobacco license a warning sign stating that the sale of tobacco products, tobacco substitutes, and tobacco paraphernalia to persons under 21 years of age is prohibited. The ~~Board~~ **Department** shall prepare the sign and make it available with the



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license forms issued under this chapter. The sign may include information about the health effects of tobacco and tobacco cessation services. The Department ~~Board~~, in consultation with a representative of the licensees when appropriate, is authorized to change the design of the sign as needed to maintain its effectiveness.

(31 V.S.A. § 654) Interstate lottery; consultant; management

(a) The ~~Board~~ **Department** of Liquor and Lottery may develop and operate a lottery or the State may enter into a contractual agreement with another state or states to provide for the operation of the Lottery. Approval of the Joint Fiscal Committee and the Governor shall be required for such contractual agreements with other states.

(b) If no interstate contract is entered into, the ~~Board~~ **Department** shall obtain the service of an experienced lottery design and implementation consultant. The fee for the consultant may be fixed or may be based upon a percentage of gross receipts realized from the Lottery.

(c) The ~~Board~~ **Department** may enter into a facilities management type of agreement for operation of the Lottery by a third party. (Added 1977, No. 82, § 2, eff. April 27, 1977; amended 2018, No. 1 (Sp. Sess.), § 94.)

(31 V.S.A. § 657) Report of the ~~Board~~ **Department**

The ~~Board~~ **Department** of Liquor and Lottery shall make an annual report to the Governor and to the General Assembly on or before the 10th day of ~~January~~ **March** in each year. The report shall include an account of the Board's actions and the receipts derived under the provisions of this chapter, the practical effects of the application of the proceeds of the Lottery, ~~and any recommendation for legislation that the Board deems advisable.~~

(31 V.S.A. § 658) Postaudits

All State Lottery accounts and transactions of the ~~Board~~ **Department** of Liquor and Lottery shall be subject to annual postaudits conducted by independent auditors retained by the Board for this purpose. The Board may order other audits as it deems necessary and desirable.

(31 V.S.A. § 664) Fiscal Committee review

(b) This section shall not apply in the event the ~~Board~~ **Department** of Liquor and Lottery enters into a facilities management agreement pursuant to the provisions of subsection 654(c) of this title.



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**4<sup>th</sup> Class License**

Section [7 V.S.A. § 224](#) (c)1 allows manufacturers the ability to have only one fourth-class license (tasting room location) where they can sell unopen containers or full pours of up to 5 additional Vermont manufacturer's products. We propose increasing that to two fourth-class licenses (tasting room locations), with the following language change:

§ 224 (c)(1) ~~At only one fourth-class license location~~ **At a maximum of two fourth-class locations**, a licensed manufacturer or rectifier may sell by the unopened container or distribute by the glass, with or without charge, alcoholic beverages produced by no more than five additional manufacturers or rectifiers, provided these beverages are purchased on invoice from the manufacturer or rectifier.

