

1 H.772

2 Introduced by Committee on General, Housing and Military Affairs

3 Date:

4 Subject: Alcoholic beverages; beverage tastings; spirits; minibars; hotels;  
5 manufacturer's license

6 Statement of purpose: This bill proposes to simplify the definition of  
7 manufacturer and reorganize and coordinate the laws relating to tastings in  
8 regard to each type of license. This bill also proposes to restore the definition  
9 of "hotel" and clarify the responsibility of hotels that provide minibars in  
10 rooms, to permit tastings of spirits, and to clarify the limits regarding the  
11 importation of bulk alcoholic beverages by manufacturers. The bill also  
12 proposes to permit restaurant customers to take home resealed unfinished  
13 bottles of specialty beer and to increase the deposit for a keg of beer. Lastly,  
14 the bill proposes to shorten the notice period and expand opportunities for  
15 conducting tastings of all types of alcoholic beverages.

16 An act relating to alcoholic beverage tastings and other liquor licensing  
17 issues

18 It is hereby enacted by the General Assembly of the State of Vermont:

1 Sec. 1. 7 V.S.A. § 2 is amended to read:

2 § 2. DEFINITIONS

3 The following words as used in this title, unless a contrary meaning is  
4 required by the context, shall have the following meaning:

5 (1) "Alcohol": the product of distillation of spirits or any fermented  
6 ~~liquor, rectified either once or oftener whatever may be the origin thereof, and~~  
7 ~~includes~~ malt or vinous beverage, including ethyl alcohol and nonpotable  
8 alcohol ~~which is considered nonpotable.~~

9 (2) "Boat": a vessel suitably equipped and operated for the  
10 transportation of passengers in interstate commerce.

11 (3) "Bottler": any person ~~other than a brewer who shall bottle that~~  
12 bottles malt ~~or~~, vinous, or spirituous beverages for sale or for distribution in  
13 this state.

14 \* \* \*

15 (10) "First class license": a license granted by the control  
16 commissioners permitting the licensee ~~or seller of~~ to sell malt or vinous  
17 beverages ~~to sell~~ to the public for consumption only on the premises for which  
18 the license is granted.

19 (11) ~~"Specialty beer": a malt beverage that contains more than eight~~  
20 ~~percent alcohol and not more than 16 percent alcohol by volume at 60 degrees~~  
21 ~~Fahrenheit.~~ "Hotel" has the same meaning as in 32 V.S.A. § 9202(3) and as

1 determined by the liquor control board. A hotel that places a minibar in any  
2 room of a registered guest shall assure that the minibar is locked and that  
3 access to the minibar is restricted to guests of legal drinking age.

4 \* \* \*

5 (15) "Manufacturer's or rectifier's license": a license granted by the  
6 liquor control board that permits the holder to manufacture or rectify, ~~as the~~  
7 ~~ease may be,~~ spirituous liquors for export and sale to the liquor control board,  
8 or malt beverages and vinous beverages for export and for sale to bottlers or  
9 wholesale dealers, or spirituous liquors for export and for sale to the liquor  
10 control board, upon application of a manufacturer or rectifier and the payment  
11 to the liquor control board of the license fee as required by subdivision 231(1)  
12 of this title for either license. This license permits a manufacturer of vinous  
13 beverages to receive from another manufacturer licensed in or outside this state  
14 bulk shipments of vinous beverages to rectify with the licensee's own product,  
15 provided that the vinous beverages produced by a Vermont manufacturer may  
16 contain no more than 25 percent imported vinous beverage. The liquor control  
17 board may grant to a licensed manufacturer or rectifier a first class restaurant  
18 or cabaret license or first and third class restaurant or cabaret license  
19 permitting the licensee to sell alcoholic beverages to the public only at the  
20 manufacturer's premises. A manufacturer of malt beverages who also holds a  
21 first class restaurant or cabaret license may serve to a customer malt beverages

1 by the glass, not to exceed eight glasses at one time and not to exceed four  
2 ounces in each glass. The liquor control board may grant to a licensed  
3 manufacturer or a rectifier of malt ~~or vinous~~ beverages a second class license  
4 permitting the licensee to sell alcoholic beverages to the public ~~only at~~  
5 anywhere on the manufacturer's or rectifier's premises. A licensed  
6 manufacturer or rectifier of vinous beverages may serve, with or without  
7 charge, at an event held on premises of the licensee or the vineyard property,  
8 spirits and vinous and malt beverages, provided the licensee gives the  
9 department written notice of the event, including details required by the  
10 department, at least ~~15~~ five days before the event. Any beverages not  
11 manufactured by the licensee and served at the event shall be purchased on  
12 invoice from a licensed manufacturer or wholesale dealer or liquor control  
13 board. ~~Upon application and payment of the license fee as required by~~  
14 ~~subdivision 231(11) of this title, the liquor control board may grant to a~~  
15 ~~licensed manufacturer or rectifier of vinous beverages fourth class or farmers'~~  
16 ~~market licenses permitting the licensee to sell fortified wines and vinous~~  
17 ~~beverages by the bottle to the public at the licensed premises or at a farmers'~~  
18 ~~market, provided that the beverages were produced by the manufacturer or~~  
19 ~~rectifier. No more than a combined total of ten fourth class and farmers'~~  
20 ~~market licenses may be granted to any licensed manufacturer or rectifier. An~~  
21 ~~application for a farmers' market license shall include copies of the farmers'~~

1 ~~market regulations, the agreement between the farmers' market and the~~  
2 ~~applicant, and the location and dates of operation of the farmers' market. A~~  
3 ~~farmers' market license shall be valid for all dates of operation for a specific~~  
4 ~~farmers' market location. However, in no case may a person with an interest~~  
5 ~~in more than one manufacturer's or rectifier's license have an interest in more~~  
6 ~~than four fourth class licenses. The manufacturer or rectifier shall pay directly~~  
7 ~~to the commissioner of taxes the sum of \$0.265 cents per gallon for every~~  
8 ~~gallon of malt beverage and the sum of \$0.55 cents per gallon for each gallon~~  
9 ~~of vinous beverage manufactured by the manufacturer or rectifier and provided~~  
10 ~~for sale pursuant to the first class license or the second class license or the~~  
11 ~~fourth class license or combination thereof held by the manufacturer or~~  
12 ~~rectifier. Holders of a manufacturer's or rectifier's second class license for~~  
13 ~~malt beverages may distribute, with or without charge, malt beverages by the~~  
14 ~~glass, not to exceed two ounces per product and eight ounces in total, to all~~  
15 ~~persons of legal drinking age. The malt beverages must be consumed upon the~~  
16 ~~premises of the holder of the license. At the request of a person holding a first~~  
17 ~~class or second class license, a holder of a manufacturer's or rectifier's license~~  
18 ~~for malt beverages may distribute without charge to the management and staff~~  
19 ~~of the license holder, provided they are of legal drinking age, no more than~~  
20 ~~four ounces per person of a malt beverage for the purpose of promoting the~~  
21 ~~beverage. Written notice shall be provided to the department of liquor control~~

1 ~~at least 10 days prior to the date of the tasting. A licensed manufacturer or~~  
2 ~~rectifier of spirits may do either or both of the following only on the~~  
3 ~~manufacturer's or rectifier's premises:~~

4 ~~(A) Sell by the glass or bottle to the public spirits manufactured by~~  
5 ~~the licensee.~~

6 ~~(B) Dispense by the glass, with or without charge, spirits~~  
7 ~~manufactured by the licensee, provided that no more than one quarter ounce~~  
8 ~~per product and no more than one ounce in total is dispensed to each individual~~  
9 ~~of legal age.~~

10 \* \* \*

11 (19) "Second class license": a license granted by the control  
12 commissioners permitting the licensee ~~or seller~~ to sell malt or vinous beverages  
13 to the public for consumption off the premises for which the license is granted.  
14 ~~The words permit and license shall have the same meaning in this title.~~

15 (20) "Spirits" or "spirituous liquors": beverages ~~for sale containing that~~  
16 contain more than one percent of alcohol obtained by distillation, by chemical  
17 synthesis, or through concentration by freezing; and vinous beverages  
18 containing more than 16 percent of alcohol; and all vermouths of any alcohol  
19 content; malt beverages containing more than 16 percent of alcohol or more  
20 than six percent of alcohol if the terminal specific gravity thereof is less than  
21 1.009; in each case measured by volume at 60 degrees Fahrenheit.



1 individual. No more than ~~12~~ 36 special events' permits ~~shall~~ may be issued to  
2 a holder of a manufacturer's or rectifier's license during a year. ~~The fee for the~~  
3 ~~permit is as required by subdivision 231(13) of this title, and shall be paid to~~  
4 ~~the department of liquor control.~~ A special event permit shall be valid for the  
5 duration of each public event or four days, whichever is shorter. Requests for  
6 a special events' permit, accompanied by the fee as required by subdivision  
7 231(13) of this title, shall be submitted to the department of liquor control ~~and~~  
8 ~~received by the department~~ at least ~~15~~ five days prior to the date of the event.  
9 Each manufacturer or rectifier planning to attend a single special event under  
10 this permit may be listed on a single permit. However, each attendance at a  
11 special event shall count toward the manufacturer's or rectifier's ~~12~~ 36  
12 special-event-permit limitation.

13 (28) "Fourth class license" or "farmers' market license": the license  
14 granted by the liquor control board permitting a manufacturer or rectifier of  
15 malt or vinous beverages or spirits to sell ~~fortified wines manufactured by the~~  
16 ~~licensed manufacturer or rectifier and vinous beverages~~ by the unopened bottle  
17 and distribute, with or without charge, ~~those~~ beverages manufactured by the  
18 licensee or other manufacturer or rectifier by the glass no more than two  
19 ounces of malt or vinous beverage with a total of eight ounces to each retail  
20 customer and no more than one-quarter ounce of spirits with a total of one  
21 ounce to each retail customer for consumption on the manufacturer's premises

1 or at a farmers' market. No more than a combined total of ten fourth class and  
2 farmers' market licenses may be granted to a licensed manufacturer or  
3 rectifier. A farmers' market license is valid for all dates of operation for a  
4 specific farmers' market location.

5 \* \* \*

6 Sec. 2. 7 V.S.A. § 64(b) is amended to read:

7 (b) A keg shall be sold by a second class licensee only under the following  
8 conditions:

9 \* \* \*

10 (4) The licensee shall collect a deposit of at least \$25.00 which shall be  
11 returned to the purchaser upon return of the keg with the label intact.

12 Sec. 3. 7 V.S.A. § 67 is amended to read:

13 § 67. ~~WINE AND MALT~~ ALCOHOLIC BEVERAGE TASTINGS; PERMIT;

14 PENALTIES

15 (a) ~~Provided an applicant submits to the department of liquor control~~ Upon  
16 submission to the department of a written application in a form required by the  
17 department accompanied by the permit fee as required by subdivision 231(15)  
18 of this title at least ~~45~~ five days prior to the date of the ~~wine or malt~~ alcoholic  
19 beverage tasting event, and the applicant is determined to be in good standing,  
20 the department of liquor control may grant a permit to conduct a ~~wine or malt~~  
21 beverage tasting event to:

1           (1) A second class licensee. The permit authorizes the employees of the  
2 permit holder to dispense ~~vinous or malt beverages~~ to retail customers of legal  
3 age on the licensee's premises vinous or malt beverages by the glass not to  
4 exceed two ounces of each vinous or malt beverage with a total of eight ounces  
5 of vinous or malt beverages. Vinous or malt beverages for the tasting shall be  
6 from the inventory of the licensee or purchased from a wholesale dealer.  
7 ~~Pursuant to this permit, a second class licensee may conduct no more than 30~~  
8 ~~tastings a year.~~

9           (2) A licensed manufacturer or rectifier of vinous or malt beverages.  
10 The permit authorizes the permit holder to dispense ~~beverages produced by the~~  
11 ~~manufacturer or rectifier~~ to retail customers of legal age for consumption on  
12 the premises of a second class licensee ~~or at a farmers' market~~ beverages  
13 produced by the manufacturer or rectifier by the glass not to exceed two  
14 ounces of each beverage with a total of eight ounces of vinous or malt  
15 beverages. ~~Pursuant to this permit, a~~ A manufacturer or rectifier may conduct  
16 no more than one tasting a day ~~on the premises of a second class licensee. No~~  
17 ~~more than four tasting permits per month for a tasting event held on the~~  
18 ~~premises of second class licensees shall be permitted.~~

19           ~~(3) A licensed manufacturer or rectifier of vinous beverages with a~~  
20 ~~fourth class or farmers' market license. The licenses authorize the licensee to~~  
21 ~~dispense, with or without charge, vinous beverages by the glass, not to exceed~~

1 ~~two ounces per product and a total of eight ounces to a retail customer of legal~~  
2 ~~age for consumption on the licensee's premises or at a farmers' market.~~

3 (b) A wine or beer tasting event held pursuant to ~~this section, not to include~~  
4 ~~tasting events conducted on the premises of a manufacturer or rectifier or on~~  
5 ~~the premises of a fourth class licensee pursuant to subdivision (a)(3) of this~~  
6 ~~section or promotional tastings pursuant to subsection (d) of this section~~  
7 subdivisions (a)(1) and (2) of this section, not including an alcohol beverage  
8 tasting conducted on the premises of the manufacturer or rectifier, shall  
9 comply with the following:

10 (1) ~~May continue~~ Continue for no more than six hours ~~in duration~~, with  
11 no more than six beverages to be offered at a single event, and no more than  
12 two ounces of any single beverage and no more than a total of eight ounces of  
13 various vinous or malt beverages to be dispensed to a customer. No more than  
14 eight customers may be served at one time.

15 (2) ~~Shall be~~ Be conducted totally within an area that is clearly cordoned  
16 off by barriers that extend no further than 10 feet from the point of service, and  
17 a sign that clearly states that no one under the age of 21 may participate in the  
18 tasting shall be placed in a visible location at the entrance to the tasting area.

19 (c) The holder of a permit issued under this section shall keep an accurate  
20 accounting of the ~~vinous or malt~~ beverages consumed at a tasting event and  
21 shall be responsible for complying with all applicable laws under this title.

1 (d) Promotional ~~wine or beer~~ alcoholic beverage tasting:

2 (1) At the request of a holder of a first class or second class license, a  
3 holder of a manufacturer's, rectifier's, or wholesale dealer's license may  
4 distribute without charge to the first or second class licensee's management  
5 and staff, provided they are of legal drinking age and are off duty for the rest of  
6 the day, two ounces per person of vinous or malt beverages for the purpose of  
7 promoting the beverage. At the request of a holder of a third class license, a  
8 manufacturer or rectifier of spirits may distribute without charge to the third  
9 class licensee's management and staff, provided they are of legal drinking age  
10 and are off duty for the rest of the day, one-quarter ounce of each beverage and  
11 no more than a total of one ounce to each individual for the purpose of  
12 promoting the beverage. No permit is required under this subdivision, but  
13 written notice of the event shall be provided to the department of liquor control  
14 at least five days prior to the date of the tasting.

15 \* \* \*

16 (f) The holder of a permit issued under this section that provides alcoholic  
17 beverages to an underage individual or permits an individual under the age of  
18 18 to serve alcoholic beverages at a ~~wine or malt~~ beverage tasting event under  
19 this section shall be fined not less than \$500.00 nor more than \$2,000.00 or  
20 imprisoned not more than two years, or both.

1 Sec. 4. 7 V.S.A. § 222 is amended to read:

2 § 222. FIRST AND SECOND CLASS LICENSES, GRANTING OF; SALE  
3 TO MINORS; CONTRACTING FOR FOOD SERVICE

4 With the approval of the liquor control board, the control commissioners  
5 may grant to a retail dealer ~~in respect to~~ for the premises ~~wherein~~ where the  
6 dealer ~~shall carry~~ carries on business the following:

7 (1) Upon making application and paying the license fee provided in  
8 section 231 of this title, a first class license ~~for the premises where such dealer~~  
9 ~~shall carry on the business~~ which ~~shall authorize such~~ authorizes the dealer to  
10 sell malt and vinous beverages for consumption only on ~~such~~ those premises,  
11 and upon satisfying the liquor control board that ~~such~~ the premises are leased,  
12 rented, or owned by ~~such~~ the retail dealer and are devoted primarily to  
13 dispensing ~~food~~ as meals to the public, except clubs and cabarets, and that ~~such~~  
14 the premises have adequate and sanitary space and equipment ~~devoted to~~ for  
15 preparing and serving meals. The term "public" ~~shall include any part of the~~  
16 ~~public as is represented by~~ includes patrons of hotels, boarding houses,  
17 restaurants, dining cars, and similar places where meals are served. A retail  
18 dealer carrying on business in more than one place shall ~~be required to~~ acquire  
19 a first class license for each place where ~~he shall so sell~~ the retail dealer sells  
20 malt and vinous beverages. No malt or vinous beverages shall be sold by a  
21 first class licensee to a minor. Partially consumed bottles of vinous beverages

1 or specialty beers that were purchased with a meal may be removed from first  
2 class licensed premises provided the beverages are recapped or resealed.

3 \* \* \*

4 Sec. 5. 7 V.S.A. § 228 is amended to read:

5 § 228. DINING CARS AND BOATS; FIRST OR THIRD CLASS LICENSE;  
6 PURCHASE OF LIQUORS OUTSIDE STATE; PROMOTIONAL  
7 RAILROAD TASTING PERMIT

8 (a) The liquor control board may grant to a ~~corporation operating~~ person  
9 that operates a boat or dining car engaged in interstate commerce a license of  
10 the first class or third class upon the application and payment ~~by such~~  
11 ~~corporation~~ of the license fee as provided in section 231 of this title. A  
12 ~~corporation which~~ person that operates a dining car or boat engaged in  
13 interstate commerce may procure spirituous liquors outside the state of  
14 Vermont.

15 (b) The liquor control board may grant to a person that operates a railroad a  
16 tasting permit that permits the holder to conduct tastings of Vermont-produced  
17 alcoholic beverages in the dining car, provided the person files with the  
18 department an application along with the permit fee required pursuant to  
19 subdivision 231(a)(21) of this title.



1 commissioner, a statement or return under oath or affirmation showing the  
2 quantity of malt and vinous beverages sold by ~~such~~ the bottler or wholesaler  
3 during the preceding calendar month, and report ~~such further~~ any other  
4 information as requested by the commissioner ~~shall prescribe. At the time of~~  
5 ~~filing such report, such wholesaler and bottler shall also pay to the~~  
6 ~~commissioner~~ accompanied by payment of the tax ~~provided~~ required by this  
7 section. The amount of tax computed under subsection (a) of this section shall  
8 be rounded to the nearest whole cent.

9 (d) The exemption provided in this section for beverages sold on ~~the Ethan~~  
10 ~~Allen Air Force reservation and firing range and at the Air Force bases at~~  
11 ~~St. Albans and at the North Concord Air Force station at North Concord or any~~  
12 ~~other~~ armed forces' installation presently existing in the state ~~or which may in~~  
13 ~~the future be established shall be~~ is allowed only if ~~such sale is~~ the sales are  
14 evidenced by a proper voucher or affidavit, in ~~such a~~ form as prescribed by the  
15 commissioner of taxes ~~shall prescribe~~, which shall be ~~attached to and made~~ a  
16 part of the return filed.

17 \* \* \*

18 § 422. TAX ON SPIRITUOUS LIQUOR

19 A tax of 25 percent of the gross revenues is ~~hereby~~ assessed on the sale of  
20 spirituous liquor ~~as defined in section 2 of this title other than, including~~  
21 fortified wine, sold by or through the liquor control board or sold by a

1 manufacturer or rectifier of spirituous liquor in accordance with the provisions  
2 of this title. ~~A tax of 25 percent of the gross revenues is hereby assessed on the~~  
3 ~~sale of fortified wine so sold.~~

4 Sec. 8. EFFECTIVE DATE

5 This act shall take effect on passage.