

H.240

An act relating to Executive Branch fees

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 26, 7 V.S.A. § 231, in subsection (a) subdivision (5), by striking out the following “\$130.00” and inserting in lieu thereof the following:  
\$140.00

Second: By striking out Secs. 27 and 28 in their entirety.

Third: By striking out Sec. 30 in its entirety and inserting in lieu thereof a new Sec. 30 to read as follows:

Sec. 30. 7 V.S.A. § 1002 is amended to read:

§ 1002. LICENSE REQUIRED; APPLICATION; FEE; ISSUANCE

\* \* \*

(d) A person applying simultaneously for a tobacco license and a liquor license shall apply to the legislative body of the municipality and shall pay to the ~~department~~ Department only the fee required to obtain the liquor license. A person applying ~~only~~ for a tobacco license shall submit a fee of ~~\$10.00~~ \$100.00 to the legislative body of the municipality for each tobacco license or renewal. The municipal clerk shall forward the application to the ~~department~~ Department, and the ~~department~~ Department shall issue the tobacco license. ~~The municipal clerk shall retain \$5.00 of this fee, and the remainder shall be deposited in the treasury of the municipality~~ The tobacco license fee shall be

forwarded to the Commissioner for deposit in the Liquor Control Enterprise Fund.

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Fourth: By adding internal captions and new Secs. 35, 36, and 37, to read as follows:

\* \* \* State Police Dispatch Fees \* \* \*

Sec. 35. UNIFORM DISPATCH FEES

The Commissioner of Public Safety shall adopt rules establishing uniform statewide fees for dispatch services provided by or under the direction of the Department of Public Safety. In setting the fees, the Commissioner shall consult with sheriffs and other entities that provide dispatch services.

\* \* \* Break-Open Tickets \* \* \*

Sec. 36. REPEAL

32 V.S.A. chapter 239 (game of chance) is repealed.

Sec. 37. 7 V.S.A. chapter 26 is added to read:

CHAPTER 26. BREAK-OPEN TICKETS

§ 901. DEFINITIONS

As used in this chapter:

(1) “Break-open ticket” means a lottery using a card or ticket of the so-called pickle card, jar ticket, or break-open variety commonly bearing the

name “Lucky 7,” “Nevada Club,” “Victory Bar,” “Texas Poker,” “Triple Bingo,” or any other name.

(2) “Commissioner” means the Commissioner of Liquor Control.

(3) “Distributor” means a person who purchases break-open tickets from a manufacturer and sells or distributes break-open tickets at wholesale in Vermont. “Distributor” shall include any officer, employee, or agent of a corporation or dissolved corporation who has a duty to act for the corporation in complying with the requirements of this chapter. “Distributor” shall not include a person who distributes only jar tickets which are used only for merchandise prizes.

(4) “Manufacturer” means a person who designs, assembles, fabricates, produces, constructs, or otherwise prepares a break-open ticket for sale to a distributor.

(5) “Nonprofit organization” means a nonprofit corporation which is qualified for tax exempt status under the provisions of 26 U.S.C. § 501(c) and which has engaged, in good faith, in charitable, religious, educational, or civic activities in this State on a regular basis during the preceding year. “Nonprofit organization” also includes churches, schools, fire departments, municipalities, fraternal organizations, and organizations that operate agricultural fairs or field days and which have engaged, in good faith, in charitable, religious,

educational, or civic activities in this State on a regular basis during the preceding year.

(6) "Seller" means a nonprofit organization that sells break-open tickets at retail.

(7) "Seller's agent" means the owner of a premises where alcohol is served who has entered into a written agreement with a nonprofit organization to sell tickets at retail on behalf of the nonprofit organization.

§ 902. LICENSE REQUIRED

(a) Any manufacturer, distributor, seller, or seller's agent shall be licensed by the Commissioner.

(b) Upon application and payment of the fee, the Commissioner may issue the following licenses to qualified applicants:

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|--|-------------------|
| <u>(1) Manufacturer annual license</u>   | <u>\$7,500.00</u> |
| <u>(2) Distributor annual license</u>    | <u>\$7,500.00</u> |
| <u>(3) Seller's annual license</u>       | <u>\$ 50.00</u>   |
| <u>(4) Seller's agent annual license</u> | <u>\$ 50.00</u>   |

(c) A license shall not be granted to an individual who has been convicted of a felony within five years of the license application nor to an entity in which any partner, officer, or director has been convicted of a felony within five years of the application.

(d) Licenses issued under this section may be renewed annually from the date of issue or last renewal, upon reapplication and payment of the licensing fee.

(e) A seller or a seller's agent must display his or her license in a conspicuous public place or in an area near where the break-open tickets are sold.

(f) All fees collected pursuant to this section shall be deposited into the Liquor Control Fund.

§ 903. DISTRIBUTION

(a) Only a licensed seller or licensed seller's agent may sell tickets at retail. A seller or seller's agent shall buy tickets for resale only from a licensed distributor. A distributor shall buy tickets only from a licensed manufacturer, and shall only sell tickets to a licensed seller or seller's agent.

(b) A distributor shall not distribute a box of break-open tickets unless the box bears indicia as required by the Commissioner. A distributor shall not distribute a box of break-open tickets in this State with a prize payout of less than 60 percent. A person shall not distribute or sell a break-open ticket at retail unless the ticket bears a unique serial number.

(c) When making a sale of break-open tickets, a distributor shall require a seller or seller's agent to present evidence of a valid license under this chapter.

(d) A seller may sell break-open tickets on the premises of a club as defined in subdivision 2(7) of this title. All proceeds from the sale of break-open tickets shall be used by the seller exclusively for charitable, religious, educational, and civic undertakings, with only the following costs deducted from the proceeds:

(1) the actual cost of the break-open tickets;

(2) the prizes awarded;

(3) reasonable legal fees necessary to organize the nonprofit organization and to assure compliance with all legal requirements; and

(4) reasonable accounting fees necessary to account for the proceeds from the sale of break-open tickets by the seller.

(e) Notwithstanding 13 V.S.A. § 2143, a seller's agent may sell break-open tickets at premises licensed to sell alcoholic beverages if the seller's agent meets the requirements of section 904 of this title. All proceeds from the sale of break-open tickets by a seller's agent shall be remitted to the seller, except for:

(1) the actual cost of the break-open tickets;

(2) the prizes awarded; and

(3) any taxes due on the sale of break-open tickets under 32 V.S.A. chapter 245.

§ 904. REQUIREMENTS FOR A SELLER'S AGENT

(a) In order to sell break-open tickets, a seller's agent shall enter into a written agreement with the seller. The written agreement shall include the terms required by the Commissioner but at a minimum shall be filed with the Commissioner and include the names of individuals representing the seller and the seller's agent, contact information for those individuals, and the responsibility and duties of each party. The seller's agent shall file a copy of the written agreement with the Commissioner.

(b) The seller's agent must remit to the seller at least quarterly the proceeds owed to the seller under the written agreement, along with a copy of the report due under section 905 of this title.

§ 905. RECORDS; REPORT

(a) Each distributor, manufacturer, seller, and seller's agent licensed under this chapter shall maintain records and books relating to the distribution and sale of break-open tickets and to any other expenditure required by the Commissioner. A licensee shall make its records and books available to the Commissioner for auditing.

(b) Each licensed distributor shall file with the Commissioner on the same schedule as the distributor files sales tax returns the following information for the preceding reporting period:

(1) the names of organizations to which break-open tickets were sold;

(2) the number of break-open tickets sold to each organization; and

(3) the ticket denomination and serial numbers of tickets sold.

(c) Each licensed manufacturer shall file with the Commissioner quarterly reports on or before April 25, July 25, October 25, and January 25 for the quarter ending prior to the month in which the report is due. The reports shall contain the following information for the reporting period:

(1) the names of distributors to which deals of break-open ticket were sold;

(2) the number of deals of break-open tickets sold to each distributor; and

(3) the ticket denomination and serial numbers for each deal.

(d) Each licensed seller that sells tickets shall file with the Commissioner quarterly reports on or before April 25, July 25, October 25, and January 25 for the quarter ending prior to the month in which the report is due. The reports shall contain any information required by the Commissioner, but shall include:

(1) the number of boxes purchased and the actual cost of the break-open tickets;

(2) the prizes awarded;

(3) any reasonable legal fees necessary to organize the nonprofit organization and to assure compliance with all legal requirements;

(4) any reasonable accounting fees necessary to account for the proceeds from the sale of break-open tickets by the seller; and

(5) the amount of proceeds dedicated to the charitable purpose of the organization.

(e) Each licensed seller's agent that sells tickets shall file with the Commissioner quarterly reports on or before April 25, July 25, October 25, and January 25 for the quarter ending prior to the month in which the report is due. The reports shall contain any information required by the Commissioner, but shall include:

(1) the number of boxes purchased, the number of tickets in each box, and the retail sale value of the tickets;

(2) the actual cost of the break-open tickets;

(3) the prizes awarded;

(4) the amount of funds remitted to the seller; and

(5) evidence of taxes paid under 32 V.S.A. chapter 245 on the boxes purchased by the seller's agent.

(f) Records and reports filed under this section shall be subject to the provisions of 32 V.S.A. § 3102, except as necessary for the administration of this chapter.

(g) The Commissioner of Liquor Control shall provide the records and reports filed under this section to the Attorney General and Commissioner of Taxes upon request.

§ 906. RULES

The Department of Liquor Control shall regulate the sale of break-open tickets in this State. The Commissioner may adopt regulations for the licensure and reporting requirements under this chapter to establish indicia for boxes of break-open tickets and to establish reasonable reporting and accounting requirements on manufacturers, distributors, sellers, and seller's agents of break-open tickets to ensure the requirements of this chapter are met.

§ 907. ENFORCEMENT

(a) Any person who intentionally violates section 903 of this title shall be fined not more than \$500.00 for each violation.

(b) Any person who intentionally violates section 902, 904, or 905 of this title shall be fined not more than \$10,000.00 for the first offense and fined not more than \$20,000.00 or imprisoned not more than one year, or both, for each subsequent offense.

(c) In addition to the criminal penalties provided under subsections (a) and (b) of this section, any person who violates a provision of this chapter shall be subject to one or both of the following penalties:

(1) revocation or suspension by the Commissioner of a license granted pursuant to this chapter; or

(2) confiscation of break-open tickets or confiscation of the revenues derived from the sale of those tickets, or both.

§ 908. APPEALS

Any licensee aggrieved by an action taken under this chapter and any person aggrieved by the Commissioner's refusal to issue or renew a license under this chapter may appeal in writing within 30 days of the Commissioner's decision to the Liquor Control Board for review of such action. The Board shall thereafter grant a hearing subject to the provisions of 3 V.S.A. chapter 25 upon the matter and notify the aggrieved person in writing of its determination. The Board's determination may be appealed within 30 days to the Vermont Supreme Court. Appeal pursuant to this section shall be the exclusive remedy for contesting the Commissioner's action under this chapter.

And by renumbering the remaining sections to be numerically correct.