

1 H.451

2 Introduced by Representatives Buxton of Tunbridge and Zagar of Barnard

3 Referred to Committee on

4 Date:

5 Subject: Alcohol; general provisions; licensing; nano breweries

6 Statement of purpose of bill as introduced: This bill proposes to create a
7 separate license for nano brewers of beer, to permit manufacturers of beer to
8 ship their products directly to retailers, and to increase the maximum annual
9 amount of beer or wine that a manufacturer with a retail shipping license may
10 sell directly to retailers and restaurants.

11 An act relating to nano breweries

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

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

14 § 2. DEFINITIONS

15 * * *

16 (27) “Special events permit”: a permit granted by the Liquor Control
17 Board permitting a ~~person holding a manufacturer’s or rectifier’s license~~
18 licensed manufacturer, rectifier, or nano brewer to sell by the glass or by
19 unopened bottle spirits, malt beverages, or vinous beverages manufactured or
20 rectified by the license holder at an event open to the public that has been

1 approved by the local licensing authority. For the purposes of tasting only, the
2 permit holder may distribute, with or without charge, beverages manufactured
3 by the permit holder by the glass no more than two ounces per product and
4 eight ounces total of malt or vinous beverages and no more than one ounce in
5 total of spirits to each individual. No more than 36 special events permits may
6 be issued to a ~~holder of a manufacturer's or rectifier's license~~ licensed
7 manufacturer, rectifier, or nano brewer during a year. A special ~~event~~ events
8 permit shall be valid for the duration of each public event or four days,
9 whichever is shorter. Requests for a special events permit, accompanied by the
10 fee as required by subdivision 231(13) of this title, shall be submitted to the
11 Department of Liquor Control at least five days prior to the date of the event.
12 Each manufacturer ~~or~~, rectifier, or nano brewer planning to attend a single
13 special event under this permit may be listed on a single permit. However,
14 each attendance at a special event shall count toward the manufacturer's ~~or~~,
15 rectifier's, or nano brewer's ~~36 special-event permit~~ special event permit
16 limitation.

17 (28) "Fourth-class license" or "farmers' market license": the license
18 granted by the Liquor Control Board permitting a manufacturer or rectifier of
19 malt or vinous beverages or spirits, or a nano brewer to sell by the unopened
20 container and distribute, by the glass with or without charge, beverages
21 manufactured by the licensee. No more than a combined total of ten

1 fourth-class and farmers' market licenses may be granted to a licensed
2 manufacturer ~~or~~, rectifier, or nano brewer. At only one fourth-class license
3 location, a manufacturer or rectifier of vinous beverages, malt beverages, or
4 spirits, or a nano brewer may sell by the unopened container and distribute by
5 the glass, with or without charge, vinous beverages, malt beverages, or spirits
6 produced by no more than five additional manufacturers ~~or~~, rectifiers, or nano
7 brewers, provided these beverages are purchased on invoice from the
8 manufacturer ~~or~~, rectifier, or nano brewer. A manufacturer or rectifier of
9 vinous beverages, malt beverages, or spirits, or a nano brewer may sell its
10 product to no more than five additional manufacturers ~~or~~, rectifiers, or nano
11 brewers. A fourth-class licensee may distribute by the glass no more than two
12 ounces of malt or vinous beverage with a total of eight ounces to each retail
13 customer and no more than one-quarter ounce of spirits with a total of one
14 ounce to each retail customer for consumption on the manufacturer's premises
15 or at a farmers' market. A farmers' market license is valid for all dates of
16 operation for a specific farmers' market location.

17 * * *

18 (38) "Nano brewer's license": a license granted by the Liquor Control
19 Board that permits the holder to manufacture up to 62,000 gallons per year of
20 malt beverages for export and sale to bottlers or wholesale dealers. A licensed
21 nano brewer may sell malt beverages to the public in unopened bottles for

1 consumption off the premises from any location on the licensed premises. A
2 licensed nano brewer may transport the malt beverages it manufactures in
3 barrels, kegs, bottles, or growlers within the State for sale to licensed retail
4 dealers and to the State border for transportation and sale outside Vermont.
5 The Liquor Control Board may grant a licensed nano brewer a first-class
6 restaurant license or a first- and third-class restaurant license permitting the
7 licensee to sell alcoholic beverages to the public at the nano brewer's premises
8 provided the nano brewer owns or has direct control over the establishment.

9 Sec. 2. 7 V.S.A. § 242 is added to read:

10 § 242. NANO BREWER'S LICENSE

11 (a) The Liquor Control Board may grant a nano brewer's license to an
12 applicant pursuant to its rules if the control commissioners have approved the
13 completed application and the applicant has paid the fee required pursuant to
14 section 231 of this title.

15 (b) Rules and regulations applicable to second-class licenses and pertaining
16 to financial responsibility, education of employees, age of employees, hours of
17 sale, age of purchasers, the selling and furnishing to apparently intoxicated
18 persons, and leases of businesses shall all apply to nano brewer's licenses.

1 Sec. 3. 7 V.S.A. § 230 is amended to read:

2 § 230. RESTRICTIONS; FINANCIAL INTERESTS; DISPLAY OF
3 LICENSE; EMPLOYEES

4 (a) Except as provided in ~~subdivision~~ subdivisions 2(15) and (38) of this
5 title, a bottler, manufacturer, ~~or~~ rectifier, or nano brewer, licensed in Vermont
6 or in another state, a certificate of approval holder, or wholesale dealer shall
7 not have any financial interest in the business of a first-, second-, or third-class
8 license, and a first-, second-, or third-class licensee may not have any financial
9 interest in the business of a bottler, manufacturer, or rectifier licensed in
10 Vermont or in another state, a certificate of approval holder, or wholesale
11 dealer. However, a manufacturer of malt beverages may have a financial
12 interest in the business of a first- or second-class license, and a first- or
13 second-class licensee may have a financial interest in the business of a
14 manufacturer of malt beverages, provided a first- or second-class licensee does
15 not purchase, possess, or sell the malt beverages produced by a manufacturer
16 with which there is any financial interest. All licenses or permits granted
17 under this title shall be conspicuously displayed on the premises for which the
18 license or permit is granted. Any manufacturer of malt beverages that has a
19 financial interest in a first- or second-class licensee and any first- or
20 second-class licensee that has a financial interest in a manufacturer of malt
21 beverages, as permitted under this section, shall provide to the Department of

1 Liquor Control and the applicable wholesale dealer written notification of that
2 financial interest and the licensees involved. A wholesale dealer shall not be in
3 violation of this section for delivering malt beverages to a first- or second-class
4 licensee that is prohibited from purchasing, possessing, or selling those malt
5 beverages under this section.

6 * * *

7 Sec. 4. 7 V.S.A. § 231 is amended to read:

8 § 231. FEES FOR LICENSES AND PERMITS; DISPOSITION OF FEES

9 (a) The following fees shall be paid:

10 * * *

11 (7) For a shipping license for vinous or malt beverages:

12 (A) In-state consumer shipping license, initial and renewal, \$300.00.

13 (B) Out-of-state consumer shipping license, initial and renewal,
14 \$300.00.

15 (C) Retail shipping license, \$230.00.

16 * * *

17 (23) For a nano brewer's permit, \$240.00.

18 * * *

1 Sec. 5. 7 V.S.A. § 67 is amended to read:

2 § 67. ALCOHOLIC BEVERAGE TASTINGS; PERMIT; PENALTIES

3 (a) Upon submission to the Department of a written application in a form
4 required by the Department accompanied by the permit fee as required by
5 subdivision 231(15) of this title at least five days prior to the date of the
6 alcoholic beverage tasting event, and the applicant is determined to be in good
7 standing, the Department of Liquor Control may grant a permit to conduct a
8 beverage tasting event to:

9 * * *

10 (2) A licensed manufacturer or rectifier of vinous or malt beverages, or a
11 nano brewer. The permit authorizes the permit holder to dispense to retail
12 customers of legal age for consumption on the premises of a second-class
13 licensee beverages produced by the manufacturer ~~or~~ rectifier, or nano brewer
14 by the glass not to exceed two ounces of each beverage with a total of eight
15 ounces of vinous or malt beverages. A manufacturer ~~or~~ rectifier, or nano
16 brewer may conduct no more than 48 tastings per year.

17 * * *

18 (d) Promotional alcoholic beverage tasting:

19 (1) At the request of a holder of a first- or second-class license, a holder
20 of a manufacturer's, rectifier's, nano brewer's, or wholesale dealer's license
21 may distribute without charge to the first- or second-class licensee's

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

11 * * *

12 Sec. 6. 7 V.S.A. § 66 is amended to read:

13 § 66. MALT AND VINOUS BEVERAGE SHIPPING LICENSE; ~~IN-STATE~~
14 IN-STATE; OUT-OF-STATE, PROHIBITIONS; PENALTIES

15 (a) A manufacturer or rectifier of vinous beverages or malt beverages, or a
16 nano brewer licensed in Vermont may be granted an in-state consumer
17 shipping license by filing with the Department of Liquor Control an
18 application in a form required by the Department accompanied by a copy of
19 the applicant's current Vermont ~~manufacturer's~~ license and the fee as required
20 by subdivision 231(a)(7)(A) of this title. This consumer shipping license may
21 be renewed annually by filing the renewal fee as required by subdivision

1 231(a)(7)(A) of this title accompanied by a copy of the licensee's current
2 Vermont ~~manufacturer's~~ license.

3 * * *

4 (c) A manufacturer or rectifier of malt beverages or vinous beverages that
5 is licensed ~~in-state~~ in State or ~~out-of-state~~ out of State and holds valid State and
6 federal permits and operates a brewery or winery in the United States, may
7 apply for a retail shipping license by filing with the Department of Liquor
8 Control an application in a form required by the Department accompanied by a
9 copy of its in-state or out-of-state license and the fee as required by subdivision
10 231(a)(7)(C) of this title. The retail shipping license may be renewed annually
11 by filing the renewal fee as required by subdivision 231(a)(7)(C) of this title
12 accompanied by the licensee's current in-state or out-of-state manufacturer's
13 license. This license permits the holder, which includes the holder's affiliates,
14 franchises, and subsidiaries, to sell up to ~~5,000~~ 10,000 gallons of malt
15 beverages or vinous beverages a year directly to first- or second-class licensees
16 and deliver the beverages by common carrier, the manufacturer's or rectifier's
17 own vehicle, or the vehicle of an employee of a manufacturer or rectifier,
18 provided that the beverages are sold on invoice, and no more than ~~400~~ 200
19 gallons per month are sold to any single first- or second-class licensee. The
20 retail shipping license holder shall report to the Department documentation of
21 the annual and monthly number of gallons sold. Vinous beverages and malt

1 beverages sold under this section may be delivered by the vehicle of a
2 second-class license holder if the second-class licensee cannot obtain the
3 vinous beverages or malt beverages from a wholesale dealer.

4 * * *

5 Sec. 7. EFFECTIVE DATE

6 This act shall take effect on January 1, 2016.