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S.250

~~An act relating to alcoholic beverages~~

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

~~TO THE HOUSE OF REPRESENTATIVES:~~

~~The Committee on General, Housing and Military Affairs to which was referred Senate Bill No. 250 entitled "An act relating to alcoholic beverages" respectfully reports that it has considered the same and recommends that the House propose to the Senate that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following::~~

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

§ 2. DEFINITIONS

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

* * *

(5) ~~"Cabaret license": a first class license or first and third class licenses where the business is devoted primarily to providing entertainment, dancing, and the sale of alcoholic beverages to the public and not the service of food. The holder of a "cabaret license" shall serve food at all times when open for business and shall have adequate and sanitary space and equipment for preparing and serving food. However, the gross receipts from the sale of food shall be less than the combined receipts from the sales of alcoholic beverages,~~

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1 entertainment, and dancing in the prior reporting year. All laws and
2 regulations pertaining to a first class license or first- and third- class licenses
3 shall apply to the first class or first- and third- class cabaret licenses.

4 [Repealed.]

5 (6) “Caterer’s license”: a license issued by the Liquor Control Board
6 authorizing the holder of a first-class license or first- and third-class licenses
7 for a ~~cabaret~~, restaurant, or hotel premises to serve malt or vinous beverages,
8 spirits, or fortified wines at a function located on premises other than those
9 occupied by a first-, first- and third-, or second-class licensee to sell alcoholic
10 beverages.

11 * * *

12 (15) “Manufacturer’s or rectifier’s license”: a license granted by the
13 Liquor Control Board that permits the holder to manufacture or rectify ~~spirits~~
14 ~~or malt beverages, or vinous beverages and fortified wines, or spirits and~~
15 fortified wines. Spirits and fortified wines may be manufactured or rectified
16 by a license holder for export and sale to the Liquor Control Board, ~~or and~~ malt
17 beverages and vinous beverages may be manufactured or rectified by a license
18 holder for export and sale to bottlers or wholesale dealers. This license permits
19 a manufacturer of vinous beverages or fortified wines to receive from another
20 manufacturer licensed in or outside this State bulk shipments of vinous
21 beverages to rectify with the licensee’s own product, provided that the vinous

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1 beverages or fortified wines produced by a Vermont manufacturer may contain
2 no more than 25 percent imported vinous beverage. The Liquor Control Board
3 may grant to a licensed manufacturer or rectifier of spirits, fortified wines,
4 vinous beverages, or malt beverages a first-class ~~restaurant or cabaret~~ license
5 or a first- and a third-class ~~restaurant or cabaret~~ license permitting the licensee
6 to sell alcoholic beverages to the public only at the manufacturer's premises,
7 which for the purposes of a manufacturer of malt beverages, includes up to two
8 licensed establishments that are located on the contiguous real estate of the
9 holder of the manufacturer's license, provided the manufacturer or rectifier
10 owns or has direct control over those establishments. ~~A manufacturer of malt~~
11 ~~beverages who also holds a first class restaurant or cabaret license may serve~~
12 ~~to a customer malt beverage by the glass, not to exceed eight glasses at one~~
13 ~~time and not to exceed four ounces in each glass.~~ The Liquor Control Board
14 may grant to a licensed manufacturer or a rectifier of malt beverages a second-
15 class license permitting the licensee to sell alcoholic beverages to the public
16 anywhere on the manufacturer's or rectifier's premises. A licensed
17 manufacturer or rectifier ~~of vinous beverages~~ may serve, with or without
18 charge, at an event held on the premises of the licensee or the vineyard
19 ~~property~~ at a location on the contiguous real estate of the licensee, spirits,
20 fortified wines, vinous beverages, and malt beverages, provided the licensee
21 gives the Department written notice of the event, including details required by

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1 the Department, at least five days before the event. Any beverages not
2 manufactured by the licensee and served at the event shall be purchased on
3 invoice from a licensed manufacturer or wholesale dealer or the Liquor Control
4 Board.

5 (16) “Person,”: as applied to licensees, means individuals an individual
6 who are citizens is a citizen or a lawful permanent resident of the United
7 States, partnerships; a partnership composed of individuals, a majority of
8 whom are citizens or lawful permanent residents of the United States, and
9 corporations; a corporation organized under the laws of this State or another
10 state in which a majority of the directors are citizens or lawful permanent
11 residents of the United States and to; or a limited liability companies company
12 organized under the laws of this State or another state in which a majority of
13 the members or managers are citizens or lawful permanent residents of the
14 United States.

15 * * *

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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 or rectifier to sell by the glass or by unopened bottle
19 spirits, fortified wines, malt beverages, or vinous beverages manufactured or
20 rectified by the license holder at an event open to the public that has been
21 approved by the local licensing authority. For the purposes of tasting only, the

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1 permit holder may distribute, with or without charge, beverages manufactured
2 by the permit holder by the glass no more than two ounces per product and
3 eight ounces total of malt beverages or vinous beverages and no more than one
4 ounce in total of spirits or fortified wines to each individual. No more than
5 104 special events permits may be issued to a ~~holder of a manufacturer's or~~
6 ~~rectifier's license~~ licensed manufacturer or rectifier during a year. A special
7 ~~event~~ events permit shall be valid for the duration of each public event or four
8 days, whichever is shorter. Requests for a special events permit, accompanied
9 by the fee as required by subdivision 231(13) of this title, shall be submitted to
10 the Department of Liquor Control at least five days prior to the date of the
11 event. Each manufacturer or rectifier planning to attend a single special event
12 under this permit may be listed on a single permit. However, each attendance
13 at a special event shall count toward the manufacturer's or rectifier's annual
14 limit of 104 special event permit limitation special events permits.

15 (28) "Fourth-class license" or "farmers' market license": the license
16 granted by the Liquor Control Board permitting a ~~manufacturer or rectifier of~~
17 ~~malt beverages, vinous beverages, fortified wines, or spirits~~ licensed
18 manufacturer or rectifier to sell by the unopened container and distribute by the
19 glass with or without charge, beverages manufactured by the licensee. No
20 more than a combined total of ten fourth-class and farmers' market licenses
21 may be granted to a licensed manufacturer or rectifier. At only one

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

* * *

19
20 (36) "Outside consumption permit": a permit granted by the Liquor
21 Control Board allowing the holder of a first-class ~~or, first-~~ and third-class

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1 ~~license holder and, or~~ fourth-class license holder to allow for consumption of
2 alcohol in a delineated outside area.

3 * * *

4 (40) “Retail delivery permit”: a permit granted by the Liquor Control
5 Board that permits a second-class licensee to deliver malt beverages or vinous
6 beverages sold ~~by the licensee to the purchaser at a location from the licensed~~
7 ~~premises for consumption off the premises to an individual who is at least 21~~
8 ~~years of age at a physical address in Vermont.~~

9 (41) “Destination resort master license”: a license granted by the Liquor
10 Control Board pursuant to section 472 of this title permitting a destination
11 resort to designate licensed caterers and commercial caterers that will be
12 permitted to cater individual events within the boundaries of the resort without
13 being required to obtain a request to cater permit for each individual event.
14 For purposes of a destination resort master license, a “destination resort” is a
15 resort that contains at least 100 acres of land, offers at least 50 units of sleeping
16 accommodations, offers food and beverage service to the public for
17 consideration, and has related sports and recreational facilities for the
18 convenience or enjoyment of its guests. “Destination resort” does not include
19 the University of Vermont, the Vermont State Colleges, or any other
20 university, college, or postsecondary school.

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1 Sec. 2. 7 V.S.A. § 67 is amended to read:

2 § 67. ALCOHOLIC BEVERAGE TASTINGS; PERMIT; PENALTIES

3 * * *

4 (d) Promotional alcoholic beverage tasting:

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

18 * * *

19 (e) Tastings for product quality assurance. A licensed manufacturer or
20 rectifier may distribute to its management and staff who are directly involved
21 in the production of the licensee's products, provided they are of legal drinking

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1 age and at the licensed premises, samples of the licensee's products for the
2 purpose of assuring the quality of the products. Each sample of vinous or malt
3 beverages shall be no larger than two ounces, and each sample of spirits or
4 fortified wines shall be no larger than one-quarter ounce. No permit is
5 required under this subsection.

6 (f) Age and training of servers. No individual who is under ~~the age of~~
7 18 years of age or who has not received training as required by the Department
8 may serve alcoholic beverages at an event under this section.

9 (f)(g) Penalties. The holder of a permit issued under this section that
10 provides alcoholic beverages to an underage individual or permits an
11 individual under ~~the age of~~ 18 years of age to serve alcoholic beverages at a
12 beverage tasting event under this section shall be fined not less than \$500.00
13 nor more than \$2,000.00 or imprisoned not more than two years, or both.

14 Sec. 3. ~~7 V.S.A. § 70 is added to read:~~

15 ~~§ 70. MANUFACTURERS OF MALT BEVERAGES; TRANSFER OF~~
16 ~~MALT BEVERAGES BETWEEN LICENSED LOCATIONS~~

17 ~~(a) A licensed manufacturer of malt beverages may transfer malt beverages~~
18 ~~to a second licensed manufacturer of malt beverages without payment of taxes~~
19 ~~pursuant to section 421 of this title provided:~~

20 ~~(1) the manufacturers are part of the same company;~~

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~~(2) one manufacturer owns the controlling interest in the other
manufacturer; or~~

~~(3) the controlling interest in each manufacturer is owned by the same
person.~~

~~(b) For each transfer of malt beverages pursuant to this section, the
manufacturers shall:~~

~~(1) document on invoices the amount of malt beverages transferred
without payment of taxes; and~~

~~(2) prepare and maintain records of each transfer in accordance
with all applicable federal laws and regulations.~~

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~~See 4-7~~ V.S.A. § 231 is amended to read:

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

(a) The following fees shall be paid:

(1) For a manufacturer's or rectifier's license to manufacture or rectify
malt beverages ~~and, or~~ vinous beverages ~~and fortified wines,~~ or to manufacture
or rectify spirits and fortified wines, ~~\$310285.00~~ for ~~either~~ each license.

* * *

(11) For up to ten fourth-class ~~vinous~~ licenses, \$70.00.

* * *

(25) For a retail delivery permit, \$100.00.

(26) For a destination resort master license, \$1,000.00.

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* * *

Sec. 54. 7 V.S.A. § 222 is amended to read:

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

With the approval of the Liquor Control Board, the control commissioners may grant the following licenses to a retail dealer for the premises where the dealer carries on business:

(1) Upon making application and paying the license fee provided in section 231 of this title, a first-class license which authorizes the dealer to sell malt and vinous beverages for consumption only on those premises, and upon satisfying the Liquor Control Board that the premises are leased, rented, or owned by the retail dealer and are devoted primarily to dispensing meals to the public, except clubs and cabarets, and that the premises have adequate and sanitary space and equipment for preparing and serving meals. The term “public” includes patrons of hotels, boarding houses, restaurants, dining cars, and similar places where meals are served. A retail dealer carrying on business in more than one place shall acquire a first-class license for each place where the retail dealer sells malt and vinous beverages. No malt or vinous beverages shall be sold by a first-class licensee to a minor. Partially consumed bottles of vinous beverages or specialty beers that were purchased with a meal may be

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1 removed from first-class licensed premises provided the beverages are
2 recapped or resealed.

3 * * *

4 (7)(A)(i) The Liquor Control Board may grant a retail delivery permit to
5 a second-class licensee if the licensee files an application accompanied by the
6 fee provided in section 231 of this title.

7 (ii) Notwithstanding subdivision (i) of this subdivision (7)(A), the
8 Liquor Control Board shall not grant a retail delivery permit in relation to a
9 second-class license issued to a licensed manufacturer or rectifier for the
10 manufacturer's or rectifier's premises.

11 (B)(i) A retail delivery permit holder may deliver malt beverages or
12 vinous beverages sold from the licensed premises for consumption off the
13 premises to ~~the purchaser at a location in Vermont between the hours of~~
14 ~~9:00 a.m. an individual who is at least 21 years of age subject to the following~~
15 ~~requirements: and 5:00 p.m.~~

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16 (i) Deliveries shall only be made by the permit holder or an
17 employee of the permit holder.

18 (ii) Deliveries shall only occur between the hours of 9:00 a.m. ~~and~~
19 ~~5:00 p.m.~~ ~~(ii)~~

20 (iii) Deliveries shall only be made to a physical address located in
21 Vermont.

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1 (iv) An employee of a retail delivery permit holder shall not be
2 permitted to make deliveries of malt beverages or vinous beverages pursuant to
3 the permit unless he or she has completed a training program approved by the
4 Department as required pursuant to section 239 of this chapter.

5 (v) Malt beverages and vinous beverages delivered pursuant to a
6 retail delivery permit shall be for personal use and not for resale.

7 Sec. C) The 5. RETAIL DELIVERY PERMIT; RULEMAKING

8 On or before January 1, 2017, the Liquor Control Board shall adopt rules
9 necessary to implement the retail delivery permit created by Sec. 4 of this
10 subdivision (7)-act. The rules shall include:

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11 (1) minimum insurance requirements for a retail delivery permit holder;

12 (2) limitations on the quantity of malt beverages and vinous beverages
13 that may be delivered;

14 (3) training and age requirements for employees permitted to make
15 deliveries; and

16 (4) requirements related to age verification of delivery recipients,
17 recordkeeping, labeling of deliveries, and the identification of delivery
18 personnel or delivery vehicles.

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1 Sec. 6. 7 V.S.A. § 224 is amended to read: ___

2 § 224. THIRD-CLASS LICENSES; OPEN CONTAINERS

3 (a) The Liquor Control Board may grant to a person who operates a hotel,
4 restaurant, ~~cabaret~~, or club a license of the third class if the person files an
5 application accompanied by the license fee as provided in section 231 of this
6 title for the premises in which the business of the hotel, restaurant, ~~cabaret~~, or
7 club is carried on. The holder of a third-class license may sell spirits and
8 fortified wines for consumption only on the premises covered by the license.
9 The applicant for a third-class license shall satisfy the Liquor Control Board
10 that the applicant is the bona fide owner or lessee of the premises and that the
11 premises are operated for the purpose covered by the license.

12 * * *

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

14 § 242. DESTINATION RESORT MASTER LICENSES

15 (a) The Liquor Control Board may grant a destination resort master license
16 to a person that operates a destination resort if the applicant files an application
17 with the Liquor Control Board accompanied by the license fee provided in
18 section 231 of this title. In addition to any information required pursuant to
19 rules adopted by the Board, the application shall:

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1 (1) designate all licensed caterers and commercial caterers that are
2 proposed to be permitted to cater individual events within the boundaries of the
3 resort pursuant to the destination resort master license;

4 (2) demonstrate that the destination resort:

5 (A) contains at least 100 acres of land; and

6 (B) offers at least 50 units of sleeping accommodations; and

7 (3) include a plan of the destination resort that sets forth:

8 (A) the destination resort boundaries;

9 (B) the ownership of the destination resort lands;

10 (C) the location and general design of buildings and other
11 improvements within the resort boundaries; and

12 (D) the location of any sports and recreational facilities within the
13 resort boundaries.

14 (b) A licensee may, upon five days' notice to the Department, amend the
15 list of licensed caterers and commercial caterers that are designated in the
16 destination resort master license.

17 (c) The holder of the destination resort master license shall, at least two
18 days prior to the date of the event, provide the Department and local control
19 commissioners with written notice of an event within the resort boundaries that
20 will be catered pursuant to the master [license](#). A licensed caterer or
21 commercial caterer that is designated in the master license shall not be required

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1 to obtain a request to cater permit to cater an event occurring within the
2 destination resort boundaries if the master licensee has provided the
3 Department and local control commissioners with the required notice pursuant
4 to this subsection.

5 (d) Real estate of a destination resort master license holder that is not
6 contiguous with the license holder's principal premises or is located in a
7 different municipality from the license holder's principal premises may be
8 included in the destination resort's boundaries if it is clearly identified and
9 delineated on the plan of the destination resort that is submitted pursuant to
10 subsection (a) of this section.

11 Sec. 8. 7 V.S.A. § 421 is amended to read:

12 § 421. TAX ON MALT AND VINOUS BEVERAGES

13 (a) Every bottler and wholesaler shall pay to the Commissioner of Taxes
14 the sum of 26 and one-half cents per gallon for every gallon or its equivalent of
15 malt beverage containing not more than six percent of alcohol by volume at
16 60 degrees Fahrenheit sold by them to retailers in the State and the sum of
17 55 cents per gallon for each gallon of malt beverage containing more than six
18 percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of
19 vinous beverages sold by them to retailers in the State and shall also pay to the
20 Liquor Control Board all fees for bottler's and wholesaler's licenses. A
21 manufacturer or rectifier of malt or vinous beverages shall pay the taxes

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1 required by this subsection to the Commissioner of Taxes for all malt and
2 vinous beverages manufactured or rectified by them and sold at retail.

3 * * *

4 (c)(1) For the purpose of ascertaining the amount of tax, ~~on or before the~~
5 ~~tenth day of each calendar month~~ on the filing dates set out in subdivision (2)
6 of this subsection according to tax liability, each bottler and wholesaler shall
7 transmit to the Commissioner of Taxes, upon a form prepared and furnished by
8 the Commissioner, a statement or return under oath or affirmation showing the
9 quantity of malt and vinous beverages sold by the bottler or wholesaler during
10 the preceding ~~calendar month~~ filing period, and report any other information
11 requested by the Commissioner accompanied by payment of the tax required
12 by this section. The amount of tax computed under subsection (a) of this
13 section shall be rounded to the nearest whole cent. At the same time this form
14 is due, each bottler and wholesaler also shall transmit to the Commissioner in
15 electronic format a separate report showing the description, quantity, and price
16 of malt and vinous beverages sold by the bottler or wholesaler to each retail
17 dealer as defined in subdivision 2(18) of this title; provided, however, for
18 direct sales to retail dealers by manufacturers or rectifiers of vinous beverages,
19 the report required by this subsection may be submitted in a nonelectronic
20 format.

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1 (2) Where the tax liability for the immediately preceding full calendar
2 year has been (or would have been in cases when the business was not
3 operating for the entire year):

4 (A) \$2,000.00 or less, then payment of the tax and submission of the
5 documents required by this section shall be due and payable in quarterly
6 installments on or before the 25th day of the calendar month succeeding the
7 quarter ending the last day of March, June, September, and December of each
8 year; or

9 (B) More than \$2,000.00, then payment of the tax and submission of
10 the documents required by this section shall be due and payable monthly on or
11 before the 25th (23rd of February) day of the month following the month for
12 which the tax is due.

13 * * *

14 Sec. 9. 7 V.S.A. § 423 is amended to read:

15 § 423. REGULATIONS RULES

16 (a) The ~~tax commissioner~~ Commissioner of Taxes and the ~~liquor control~~
17 ~~board~~ Liquor Control Board shall ~~make~~ adopt such rules and ~~regulations~~ as
18 they deem necessary for the proper administration and collection of the tax
19 imposed under section 422 of this title.

20 (b) Notwithstanding subsection (a) of this section, where the spirits and
21 fortified wines tax liability of a manufacturer or rectifier under section 422 of

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1 this title for the immediately preceding full calendar year has been (or would
2 have been in cases when the business was not operating for the entire year)
3 \$1,000.00 or less, the tax imposed on the manufacturer or rectifier by section
4 422 of this title shall be due and payable in one annual payment on or before
5 the 25th day of January. Where the spirits and fortified wines tax liability of a
6 manufacturer or rectifier under section 422 of this title for the immediately
7 preceding full calendar year has been (or would have been in cases when the
8 business was not operating for the entire year) more than \$1,000.00, the tax
9 imposed on the manufacturer or rectifier by section 422 of this title shall be
10 due and payable in quarterly installments on or before the 25th day of the
11 calendar month succeeding the quarter ending the last day of March, June,
12 September, and December of each year.

13 Sec. 10. 7 V.S.A. § 424 is amended to read:

14 § 424. COLLECTION

15 The ~~liquor control board~~ Liquor Control Board shall collect the tax imposed
16 under section 422 of this title ~~from the purchaser thereof~~. The taxes so
17 collected on sales by the Liquor Control Board shall be paid weekly to the ~~state~~
18 ~~treasurer~~ State Treasurer, and the taxes collected on sales by a manufacturer or
19 rectifier shall be paid quarterly to the State Treasurer.

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1 Sec. 11. 32 V.S.A. § 9202 is amended to read:

2 § 9202. DEFINITIONS

3 The following words, terms, and phrases when used in this chapter shall
4 have the meanings ascribed to them in this section unless the context clearly
5 indicates a different meaning:

6 * * *

7 (4) “Operator” means any person, or his or her agent, operating a hotel,
8 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or
9 otherwise; and any person, or his or her agent, charging for a taxable meal or
10 alcoholic beverage; and any person, or his or her agent, engaged in both of the
11 foregoing activities. In the event that an operator is a corporation or other
12 entity, the term “operator” shall include any officer or agent of such
13 corporation or other entity who, as an officer or agent of the corporation, is
14 under a duty to pay the gross receipts tax to the Commissioner as required by
15 this chapter.

16 * * *

17 (11) “Alcoholic beverages” means any malt beverages, vinous
18 beverages, ~~or spirituous liquors~~ spirits, or fortified wines as defined in
19 7 V.S.A. § 2 and served on premises by a holder of a first or third class license
20 issued under 7 V.S.A. chapter ~~9~~ for immediate consumption. “Alcoholic
21 beverages” do not include any beverages served under the circumstances

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1 enumerated in subdivision 9202(10)(D)(ii) of this chapter under which
2 beverages are excepted from the definition of “taxable meal.”

3 * * *

4 Sec. 12. 32 V.S.A. § 9741 is amended to read:

5 § 9741. SALES NOT COVERED

6 Retail sales and use of the following shall be exempt from the tax on retail
7 sales imposed under section 9771 of this title and the use tax imposed under
8 section 9773 of this title.

9 * * *

10 (10) Sales of meals or alcoholic beverages taxed or exempted under
11 chapter 225 of this title, or any alcoholic beverages provided for immediate
12 consumption.

13 * * *

14 Sec. 13. DEPARTMENT OF TAXES; STUDY OF TRANSFER OF MALT
15 BEVERAGES BETWEEN LICENSED MANUFACTURING
16 LOCATIONS; REPORT

17 (a) The Department of Taxes, in consultation with the Department of
18 Liquor Control and interested stakeholders, shall study the bulk transfer of
19 malt beverages without the payment of taxes pursuant to 7 V.S.A. § 421
20 between licensed manufacturers of malt beverages that are under the same
21 ownership. In particular, the Department shall study:

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1 (1) what legislative, regulatory, or administrative changes, if any, are
2 necessary to enable the bulk transfer of malt beverages without the payment of
3 taxes pursuant to 7 V.S.A. § 421 between licensed manufacturers of malt
4 beverages that are under the same ownership; and

5 (2) whether permitting the bulk transfer of malt beverages without the
6 payment of taxes pursuant to 7 V.S.A. § 421 between licensed manufacturers
7 of malt beverages that are under the same ownership would adversely impact
8 the State's tax revenues.

9 (b) On or before January 15, 2017, the Department of Taxes shall submit a
10 written report to the House Committees on General, Housing and Military
11 Affairs and on Ways and Means, and the Senate Committees on Economic
12 Development, Housing and General Affairs and on Finance regarding its
13 findings and any recommendations for legislative action.

14 (c) For purposes of this section, two licensed manufacturers of malt
15 beverages are "under the same ownership" if:

16 (1) the manufacturers are part of the same company;

17 (2) one manufacturer owns the controlling interest in the other
18 manufacturer; or

19 (3) the controlling interest in each manufacturer is owned by the same
20 person.

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1 Sec. 14. 7 V.S.A. § 101 is amended to read:

2 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF
3 LIQUOR CONTROL; LIQUOR CONTROL BOARD

4 (a) The Department of Liquor Control, created by 3 V.S.A. § 212, shall
5 include the Commissioner of Liquor Control and the Liquor Control Board.

6 (b)(1) The Liquor Control Board shall consist of five persons, not more
7 than three members of which shall belong to the same political party.

8 (2)(A) ~~Biennially, with~~ With the advice and consent of the Senate, the
9 Governor shall appoint ~~a person as a member~~ members of ~~such the~~ the Board for a
10 ~~staggered five-year term, whose~~ staggered five-year terms.

11 (B) The Governor shall fill a vacancy occurring during a term by an
12 appointment for the unexpired term in accordance with the provisions of
13 3 V.S.A. § 257(b).

14 (C) A member's term of office shall commence on February 1 of the
15 year in which ~~such appointment is made~~ the member is appointed.

16 (3) A member of the Board may serve for no more than two
17 consecutive full terms. A member who is appointed to fill a vacancy occurring
18 during a term may serve two consecutive full terms in addition to the
19 unexpired portion of the term during which the member is first appointed.

20 (4) The Governor shall biennially designate a member of ~~such the~~ the Board
21 to be its Chair.

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1 Sec. ~~4015~~. 7 V.S.A. § 102 is amended to read:

2 § 102. REMOVAL

3 ~~After Notwithstanding any provision of 3 V.S.A. § 2004 to the contrary,~~
4 ~~after~~ notice and hearing, the ~~governor~~ Governor may remove a member of the
5 ~~liquor control board~~ Liquor Control Board for incompetency, failure to
6 discharge his or her duties, malfeasance, immorality, or other cause inimical to
7 the general good of the ~~state~~ State. In case of such removal, the ~~governor~~
8 Governor shall appoint a person to fill the unexpired term.

9 Sec. ~~416~~. 7 V.S.A. § 106 is amended to read:

10 § 106. COMMISSIONER OF LIQUOR CONTROL; REPORTS;

11 ~~-~~ RECOMMENDATIONS

12 ~~The board shall employ an executive officer, who shall be the secretary of~~
13 ~~the board and shall be called the commissioner of liquor control. The~~
14 ~~commissioner shall be appointed for an indefinite period and shall be subject to~~
15 ~~removal upon the majority vote of the entire board. At such times and in such~~
16 ~~detail as the board directs, the commissioner shall make reports to the board~~
17 ~~concerning the liquor distribution system of the state, together with such~~
18 ~~recommendations as he deems proper for the promotion of the general good of~~
19 ~~the state.~~

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1 (a)(1) With the advice and consent of the Senate, the Governor shall
2 appoint from among no fewer than three candidates proposed by the Liquor
3 Control Board a Commissioner of Liquor Control for a term of four years.

4 (2) The Board shall review the applicants for the position of
5 Commissioner of Liquor Control and by a vote of the majority of the members
6 of the Board shall select candidates to propose to the Governor. The Board
7 shall consider each applicant's administrative expertise and his or her
8 knowledge regarding the business of distributing and selling alcoholic
9 beverages.

10 (b) The Commissioner shall serve at the pleasure of the Governor until the
11 end of the term for which he or she is appointed or until a successor is
12 appointed.

13 Sec. ~~4217~~. 7 V.S.A. § 107 is amended to read:

14 § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

15 The Commissioner of Liquor Control shall:

16 (1) In towns ~~which~~ that vote to permit the sale of spirits and fortified
17 wines, establish ~~such number of~~ local agencies ~~therein~~ as the Board shall
18 determine, ~~enter into agreements for the rental of necessary and adequate~~
19 ~~quarters, and employ suitable assistants for the operation thereof.~~ However, it
20 ~~shall not be obligatory upon~~ the Liquor Control Board shall not be obligated to

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1 establish an agency in every town ~~which~~ that votes to permit the sale of spirits
2 and fortified wines.

3 (2) ~~Make regulations~~ Recommend rules subject to ~~the approval of and~~
4 adoption by the Board governing the hours during which ~~such~~ local agencies
5 shall be open for the sale of spirits and fortified wines ~~and governing~~ the
6 qualifications, ~~department, and salaries~~ of the agencies' employees, and the
7 business, operational, financial, and revenue standards that must be met for the
8 establishment of an agency and its continued operation.

9 (3) ~~Make regulations~~ Recommend rules subject to ~~the approval of and~~
10 adoption by the Board governing:

11 (A) the prices at which spirits shall be sold by local agencies, the
12 method for their delivery, and the quantities of spirits that may be sold to any
13 one person at any one time; and

14 (B) the minimum prices at which fortified wines shall be sold by
15 local agencies and second-class licensees that hold fortified wine permits, the
16 method for their delivery, and the quantities of fortified wines that may be sold
17 to any one person at any one time.

18 (4) Supervise the quantities and qualities of spirits and fortified wines to
19 be kept as stock in local agencies and ~~make regulations~~ recommend rules
20 subject to ~~the approval of and~~ adoption by the Board regarding the filling of
21 requisitions therefor on the Commissioner of Liquor Control.

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1 (5) Purchase through the Commissioner of Buildings and General
2 Services spirits and fortified wines for and in behalf of the Liquor Control
3 Board, supervise ~~the their~~ storage ~~thereof~~ and ~~the~~ distribution to local agencies,
4 druggists ~~and, licensees of the third class,~~ third-class licensees, and holders of
5 fortified wine permits, and ~~make regulations~~ recommend rules subject to ~~the~~
6 approval ~~of~~ and adoption by the Board regarding the sale and delivery from the
7 central storage plant.

8 (6) Check and audit the income and disbursements of all local agencies,
9 and the central storage plant.

10 (7) Report to the Board regarding the State's liquor control system and
11 make recommendations for the promotion of the general good of the State.

12 (8) Devise methods and plans for eradicating intemperance and
13 promoting the general good of the ~~state~~ State and make effective such methods
14 and plans as part of the administration of this title.

15 Sec. ~~4318~~. RULEMAKING

16 On or before July 1, 2017, the Commissioner shall prepare and submit to
17 the Liquor Control Board for its approval and adoption his or her
18 recommendation for rules to govern the business, operational, financial, and
19 revenue standards for local agencies as necessary to implement this act.

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1 Sec. 4419. LEGISLATIVE COUNCIL; DRAFT LEGISLATION

2 On or before January 15, 2017, the Office of Legislative Council, in
3 consultation with the Commissioner of Liquor Control, the Liquor Control
4 Board, and the Office of the Attorney General, shall prepare and submit a draft
5 bill to the House Committee on General, Housing and Military Affairs and the
6 Senate Committee on Economic Development, Housing and General Affairs
7 that makes statutory amendments of a technical nature to improve the clarity of
8 Title 7 through the reorganization of its provisions and the modernization of its
9 statutory language. The draft bill shall also identify all statutory
10 sectionsprovisions of Title 7 that the General Assembly shall amend
11 substantivelymay require amendment in order to remove out-of-date and
12 obsolete provisions or to reflect more accurately the current practices and
13 programs of the Liquor Control Board and the Department of Liquor Control.

14 The Office of Legislative Council shall consult with the Commissioner of
15 Liquor Control, the Liquor Control Board, and the Office of the Attorney
16 General to identify language requiring modernization and provisions that are
17 out-of-date, obsolete, or do not reflect accurately the current practices and
18 programs of the Liquor Control Board and the Department of Liquor Control,

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19 Sec. 4520. COMMISSIONER OF LIQUOR CONTROL; CURRENT TERM;

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20 _ APPOINTMENT OF SUCCESSOR

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1 The Commissioner of Liquor Control in office on the effective date of this
2 act shall be deemed to have commenced a four-year term pursuant to 7 V.S.A.
3 § 106(a)(1) on February 1, 2016. The Commissioner shall serve until the end
4 of the four-year term or until a successor is appointed as provided pursuant to
5 7 V.S.A. § 106. Notwithstanding any provision of 3 V.S.A. § 2004 or
6 7 V.S.A. § 106(b) to the contrary, during this current term, the Governor may
7 remove the Commissioner for cause after notice and a hearing.

8 Sec. 16. EFFECTIVE DATE 21. CURRENT LIQUOR CONTROL BOARD

9 MEMBERS; TERM

10 (a) This section shall take effect on July 1, 2016.

11 (b) In Sec. 4 LIMIT

12 For purposes of the term limit set forth in 7 V.S.A. § 101(b)(3), the current
13 term of each of the Liquor Control Board members in office on the effective
14 date of this act shall be deemed to be that member's first consecutive term as a
15 member of the Board.

16 Sec. 22. RECAPTURE OF LOST SALES OF SPIRITS AND FORTIFIED

17 WINES; DEPARTMENT OF LIQUOR CONTROL; PROPOSAL

18 (a) In order to increase revenue by recapturing sales of spirits and fortified
19 wines that are lost to neighboring states, the Commissioner of Liquor Control
20 shall develop a written proposal to improve, diversify, and increase the number
21 of Vermont's agency liquor stores. The proposal shall include an optimal

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1 number of State agency liquor stores, taking into account population,
2 geography, and proximity to Vermont's borders, and a recommendation for
3 any legislative action that is necessary to implement it.

4 (b) The proposal also shall consider and address the following:

5 (1) The distribution of agency liquor stores in rural areas and
6 underserved portions of the State, and whether additional stores that are
7 permitted to carry a smaller or more limited selection of products should be
8 added to serve such areas.

9 (2) Whether to create a new type of agency liquor store that owns the
10 spirits and fortified wines it sells.

11 (3) Whether to permit certain agency liquor stores to decide to carry a
12 modified selection of products subject to minimum requirements established
13 by the Liquor Control Board.

14 (c) On or before January 15, 2017, the Commissioner shall submit the
15 proposal to the House Committees on General, Housing and Military Affairs
16 and on Ways and Means, and the Senate Committees on Economic
17 Development, Housing and General Affairs and on Finance.

18 Sec. 23. EFFECTIVE DATES

19 (a) In Sec. 3, 7 V.S.A. § 231, subdivisions (a)(1) (manufacturer's or
20 rectifier's license) and (a)(11) (fourth-class license) shall take effect on July 2,
21 2016. The remaining provisions of Sec. 43 shall take effect on July 1, 2016.

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(e)–(b) In Sec. 4, 7 V.S.A. § 222, subdivision (7) shall take effect on
January 1, 2017. The remaining provisions of Sec. 4 shall take effect on July
1, 2016.

(c) This section and the remaining sections of this act shall take effect on
July 1, 2016.

(Committee vote: _____)

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Representative

FOR THE COMMITTEE

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