

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 138
3 entitled “An act relating to promoting economic development” respectfully
4 reports that it has considered the same and recommends that the bill be
5 amended as follows:

6 First: By striking out in their entirety Secs. 1–4 (Vermont employment
7 growth incentive); 20 (angel investor tax credit; millennial enterprise zone tax
8 credit); and 21 (down payment assistance program)

9 Second: By striking out in their entirety Secs. 50–57 (fortified wines) and
10 inserting in lieu thereof new Secs. 50–61 to read:

11 Sec. 50. 7 V.S.A. § 2 is amended to read:

12 § 2. DEFINITIONS

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

15 * * *

16 (15) “Manufacturer’s or rectifier’s license”: a license granted by the
17 Liquor Control Board that permits the holder to manufacture or rectify
18 ~~spirituous liquors~~ spirits or fortified wines for export and sale to the Liquor
19 Control Board, or malt beverages and vinous beverages for export and sale to
20 bottlers or wholesale dealers. This license permits a manufacturer of vinous
21 beverages or fortified wines to receive from another manufacturer licensed in

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

1 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 * * *

6 (19) “Second-class license”: a license granted by the control
7 commissioners permitting the licensee to export malt or vinous beverages and
8 to sell malt or vinous beverages to the public for consumption off the premises
9 for which the license is granted. The Liquor Control Board may grant a
10 second-class licensee a fortified wine permit that permits the licensee to export
11 and to sell fortified wines to the public for consumption off the licensed
12 premises.

13 (20) “Spirits” or “spirituous liquors”: beverages that contain more than
14 one percent of alcohol obtained by distillation, by chemical synthesis, or
15 through concentration by freezing; ~~and~~ vinous beverages containing more than
16 ~~16~~ 23 percent of alcohol; and ~~all vermouths of any alcohol content~~; malt
17 beverages containing more than 16 percent of alcohol or more than six percent
18 of alcohol if the terminal specific gravity thereof is less than 1.009; in each
19 case measured by volume at 60 degrees Fahrenheit.

20 * * *

1 produced by no more than five additional manufacturers or rectifiers, provided
2 these beverages are purchased on invoice from the manufacturer or rectifier. A
3 manufacturer or rectifier of vinous beverages, malt beverages, fortified wines,
4 or spirits may sell its product to no more than five additional manufacturers or
5 rectifiers. A fourth-class licensee may distribute by the glass no more than two
6 ounces of malt or vinous beverage with a total of eight ounces to each retail
7 customer and no more than one-quarter ounce of spirits or fortified wine with a
8 total of one ounce to each retail customer for consumption on the
9 manufacturer’s premises or at a farmers’ market. A farmers’ market license is
10 valid for all dates of operation for a specific farmers’ market location.

11 * * *

12 (38) “Fortified wines”: vinous beverages, including those to which
13 spirits have been added during manufacture, containing at least 16 percent
14 alcohol but no more than 23 percent alcohol by volume at 60 degrees
15 Fahrenheit, and all vermouths containing no more than 23 percent alcohol by
16 volume at 60 degrees Fahrenheit.

17 Sec. 51. 7 V.S.A. § 104 us amended to read:

18 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

19 The Board shall have supervision and management of the sale of ~~spirits~~
20 ~~liquors~~ spirits and fortified wines within the State in accordance with the
21 provisions of this title, and through the Commissioner of Liquor Control shall:

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Sec. 52. 7 V.S.A. § 107 is amended to read:

§ 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

The ~~commissioner of liquor control~~ Commissioner of Liquor Control shall:

* * *

(2) Make regulations subject to the approval of the ~~board~~ Board governing the hours during which such agencies shall be open for the sale of ~~spirituous liquors, spirits and fortified wines and~~ governing the qualifications and, department, and salaries of the agencies' employees therein and the salaries thereof.

(3) Make regulations subject to the approval of the ~~board~~ Board governing:

(A) the prices at which ~~spirituous liquors~~ spirits shall be sold ~~in such~~ by local agencies, and the method of for their delivery thereof, and the quantities of spirituous liquors to spirits that may be sold to any one person at any one time; and

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

1 and General Services upon the payment of a reasonable deposit by the
2 purchaser in such proportion of the approximate cost of the order as shall be
3 prescribed by the regulations of the ~~liquor control board~~ Liquor Control Board.

4 Sec. 54. 7 V.S.A. § 112 is amended as follows:

5 § 112. LIQUOR CONTROL FUND

6 The ~~liquor control fund~~ Liquor Control Fund is hereby established. It shall
7 consist of all receipts from the sale of spirits, fortified wines, and other items
8 by the ~~department of liquor control~~ Department of Liquor Control; fees paid to
9 the ~~department of liquor control~~ Department of Liquor Control for the benefit
10 of the ~~department~~ Department; all other amounts received by the ~~department of~~
11 ~~liquor control~~ Department of Liquor Control for its benefit; and all amounts
12 ~~which that~~ are from time to time appropriated to the ~~department of liquor~~
13 ~~control~~ Department of Liquor Control.

14 Sec. 55. 7 V.S.A. § 222 is amended to read:

15 § 222. FIRST- AND SECOND-CLASS LICENSES, GRANTING OF; SALE

16 TO MINORS; CONTRACTING FOR FOOD SERVICE

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

20 * * *

1 (C) The holder of a third-class license may serve a sampler flight of
2 up to four ounces in the aggregate of ~~spirituous liquors~~ spirits or fortified wines
3 to a single customer at one time.

4 (6) The Liquor Control Board may grant a fortified wine permit to a
5 second-class licensee if the licensee files an application accompanied by the
6 license fee as provided in section 231 of this title. The holder of a fortified
7 wine permit may sell fortified wines to the public from the licensed premises
8 for consumption off the premises. The Liquor Control Board shall issue no
9 more than 150 fortified wine permits in any single year. The holder of a
10 fortified wine permit shall purchase all fortified wines to be offered for sale to
11 the public pursuant to the permit through the Liquor Control Board at a price
12 equal to no more than 75 percent of the current retail price for the fortified
13 wine established by the Commissioner pursuant to subdivision 107(3)(B) of
14 this title.

15 Sec. 56. 7 V.S.A. § 224 is amended to read:

16 § 224. ~~THIRD-CLASS~~ THIRD-CLASS LICENSES; OPEN CONTAINERS

17 (a) The ~~liquor control board~~ Liquor Control Board may grant to a person
18 who operates a hotel, restaurant, cabaret, or club a license of the third class if
19 the person files an application accompanied by the license fee as provided in
20 section 231 of this title for the premises in which the business of the hotel,
21 restaurant, cabaret, or club is carried on. The holder of a ~~third-class~~ third-class

1 license may sell ~~spirituous liquors~~ spirits and fortified wines for consumption
2 only on the premises covered by the license. The applicant for a ~~third-class~~
3 third-class license shall satisfy the ~~liquor control board~~ Liquor Control Board
4 that the applicant is the bona fide owner or lessee of the premises and that the
5 premises are operated for the purpose covered by the license.

6 * * *

7 (c) A person who holds a ~~third-class~~ third-class license shall purchase from
8 the ~~liquor control board~~ Liquor Control Board all ~~spirituous liquors~~ spirits and
9 fortified wines dispensed in accordance with the provisions of the ~~third-class~~
10 third-class license and this title.

11 Sec. 57. 7 V.S.A. § 225 is amended to read:

12 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

13 (a) The ~~liquor control board~~ Liquor Control Board may grant an
14 educational sampling event permit to a person to conduct an event that is open
15 to the public and at which malt beverages, vinous beverages, fortified wines, or
16 ~~spirituous liquors~~ spirits, or all ~~three~~ four are served only for the purposes of
17 marketing and educational sampling, provided the event is also approved by
18 the local licensing authority. At least 15 days prior to the event, an applicant
19 shall submit an application to the ~~department~~ Department in a form required by
20 the ~~department~~ Department. The application shall include a list of the
21 alcoholic beverages to be acquired for sampling at the event, and the

1 application shall be accompanied by a fee in the amount required pursuant to
2 section 231 of this title. No more than four educational sampling event permits
3 shall be issued annually to the same person. An educational sampling event
4 permit shall be valid for no more than four consecutive days. The permit
5 holder shall ~~assure~~ ensure all the following:

6 * * *

7 (b) An educational sampling event permit holder:

8 * * *

9 (2) May transport malt beverages, vinous beverages, fortified wines, and
10 ~~spirituous liquors~~ spirits to the event site, and those beverages may be served at
11 the event by the permit holder or the holder's employees, volunteers, or
12 representatives of a manufacturer, bottler, or importer participating in the
13 event, provided they meet the server age and training requirements under this
14 chapter.

15 (3) ~~[Deleted.]~~ [Repealed.]

16 * * *

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

19 * * *

20 (3) Spirituous liquors: \$19.80 per gallon served.

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

1 Sec. 58. 7 V.S.A. § 231 is amended to read:

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

3 (a) The following fees shall be paid:

4 * * *

5 (23) For a fortified wine permit, \$100.00.

6 * * *

7 Sec. 59. 7 V.S.A. § 422 is amended to read:

8 § 422. TAX ON SPIRITUOUS LIQUOR

9 (a) A tax is assessed on the gross revenue ~~on~~ from the retail sale of
10 ~~spirituous liquor~~ spirits and fortified wines in the State of Vermont, ~~including~~
11 ~~fortified wine, sold by the Liquor Control Board, or sold by~~ the retail sale of
12 spirits and fortified wines in Vermont by a manufacturer or rectifier of
13 ~~spirituous liquor~~ spirits or fortified wines, in accordance with the provisions of
14 this title. The tax shall be at the following rates based on the gross revenue of
15 the retail sales by the seller in the current year:

16 (1) if the gross revenue of the seller is \$500,000.00 or lower, the rate of
17 tax is five percent;

18 (2) if the gross revenue of the seller is between \$500,000.00 and
19 \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues
20 over \$500,000.00;

1 shall include a recommendation regarding the appropriate number of fortified
2 wine permits to be issued pursuant to 7 V.S.A. § 222.

3 Third: By striking out in its entirety Sec. 100 (effective dates) and inserting
4 in lieu thereof a new Sec. 100 to read:

5 Sec. 100. EFFECTIVE DATE

6 This act shall take effect on July 1, 2015.

7 and by renumbering the remaining sections and any internal cross-references to
8 be numerically correct.

9

10 (Committee vote: _____)

11

12

Senator _____

13

FOR THE COMMITTEE