

1 S.250

2 Introduced by Senator Mullin

3 Referred to Committee on

4 Date:

5 Subject: Alcoholic beverages; licensing; manufacturers of spirits

6 Statement of purpose of bill as introduced: This bill proposes to create a farm  
7 distiller's license for manufacturers of spirits made from Vermont agricultural  
8 products or Vermont maple sap, and to define Vermont spirits and Vermont  
9 barrel aged maple spirits.

10 An act relating to farm distilleries and Vermont barrel aged maple spirits

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

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

13 § 2. DEFINITIONS

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

16 \* \* \*

17 (27) "Special events permit": a permit granted by the Liquor Control  
18 Board permitting a ~~person holding a manufacturer's or rectifier's license~~  
19 licensed manufacturer, rectifier, or a farm distiller to sell by the glass or by  
20 unopened bottle spirits, fortified wines, malt beverages, or vinous beverages

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

18 (28) "Fourth-class license" or "farmers' market license": the license  
19 granted by the Liquor Control Board permitting a ~~manufacturer or rectifier of~~  
20 ~~malt beverages, vinous beverages, fortified wines, or spirits~~ licensed  
21 manufacturer, rectifier, or farm distiller to sell by the unopened container and

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

1 manufacturer's premises. A farmers' market license is valid for all dates of  
2 operation for a specific farmers' market location.

3 \* \* \*

4 (36) "Outside consumption permit": a permit granted by the Liquor  
5 Control Board allowing the holder of a first-class ~~or, first-~~ and third-class  
6 license holder and, fourth-class license holder, or farm distiller's license to  
7 allow for consumption of alcohol in a delineated outside area.

8 \* \* \*

9 (40) "Farm distiller's license": a license granted by the Liquor Control  
10 Board that permits the holder to manufacture Vermont spirits and Vermont  
11 barrel aged maple spirits for export and for sale as provided in section 242 of  
12 this title.

13 (41) "Vermont spirits": spirits manufactured from fruit, vegetables,  
14 grain, grain products, honey, sap, or other agricultural products, of which at  
15 least 75 percent by volume, exclusive of water, was grown or produced in  
16 Vermont.

17 (42) "Vermont barrel aged maple spirits": spirits that are manufactured  
18 from Vermont maple sap and aged in oak barrels as provided in section 70 of  
19 this title.

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

2 § 242. FARM DISTILLER'S LICENSES

3 (a) The Liquor Control Board may grant a farm distiller's license to a  
4 person if the person files an application accompanied by the license fee  
5 provided in section 231 of this title for the premises in which the farm  
6 distillery will be operated. An applicant for a farm distiller's license shall  
7 satisfy the Liquor Control Board that the applicant is the owner or lessee of the  
8 premises and that the premises are operated for the purpose covered by the  
9 license.

10 (b) The holder of a farm distiller's license may sell a combined total of no  
11 more than 20,000 gallons per year of Vermont spirits and Vermont barrel aged  
12 maple spirits.

13 (c) A licensed farm distiller shall be permitted to sell Vermont spirits and  
14 Vermont barrel aged maple spirits:

15 (1) to the Liquor Control Board; or

16 (2) from the licensed premises:

17 (A) by the unopened container for consumption off the  
18 premises; or

19 (B) by the glass for consumption on the premises.

20 (d)(1) A licensed farm distiller may distribute by the glass, without charge,  
21 and for consumption on the licensed premises a total of no more than one

1 ounce of Vermont spirits or Vermont barrel aged maple spirits, or both,  
2 manufactured by the licensee.

3 (2) A licensed farm distiller may distribute by the glass, without charge,  
4 and for consumption on the licensed premises up to four mixed drinks  
5 containing a combined total of no more than one ounce of Vermont spirits or  
6 Vermont barrel aged maple spirits, or both, manufactured by the licensee.

7 (e) Rules applicable to second-class licenses and pertaining to financial  
8 responsibility; education of employees, age of employees, hours of sale, age of  
9 purchasers, the selling and furnishing to apparently intoxicated persons; and  
10 leases of businesses shall all apply in like manner to holders of farm distiller's  
11 licenses.

12 (f) The Liquor Control Board may approve up to one branch location for  
13 the farm distillery as part of a farm distiller's license. An applicant wishing to  
14 operate a branch location shall satisfy the Liquor Control Board that the  
15 applicant is the owner or lessee of the branch location's premises and that the  
16 branch location's premises are operated for the purpose covered by the license.  
17 If approved by the Liquor Control Board, the branch location shall be  
18 considered part of the licensed premises and subject to all applicable  
19 requirements of this section. All activities permitted at the licensed farm  
20 distillery shall also be permitted at the approved branch location.

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

2 § 70. VERMONT BARREL AGED MAPLE SPIRITS

3 (a) Spirits may not be advertised, described, labeled, named, sold, or  
4 referred to for marketing or sales purposes as “Vermont barrel aged maple  
5 spirits” unless all the following conditions are satisfied:

6 (1) The spirits are manufactured in Vermont.

7 (2) The sole ingredient of the spirits, exclusive of water, is maple sap  
8 that was entirely produced within Vermont.

9 (3) The spirits are aged in oak barrels.

10 (b) Any person that violates subsection (a) of this section shall be fined not  
11 more than \$1,000.00.

12 (c) In addition to any other penalties, the Liquor Control Board may  
13 suspend or revoke the license of a manufacturer, rectifier, or farm distiller that  
14 violates this section.

15 Sec. 4. 7 V.S.A. § 67 is amended to read:

16 § 67. ALCOHOLIC BEVERAGE TASTINGS; PERMIT; PENALTIES

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, or wholesale dealer’s license may distribute  
21 without charge to the first- or second-class licensee’s management and staff,

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

12 \* \* \*

13 Sec. 5. 7 V.S.A. § 230 is amended to read:

14 § 230. RESTRICTIONS; FINANCIAL INTERESTS; DISPLAY OF  
15 LICENSE; EMPLOYEES

16 (a) Except as provided in subdivision 2(15) and section 242 of this title, a  
17 bottler, manufacturer, ~~or~~ rectifier, or farm distiller licensed in Vermont or in  
18 another state, a certificate of approval holder, or wholesale dealer shall not  
19 have any financial interest in the business of a first-, second-, or third-class  
20 license, and a first-, second-, or third-class licensee may not have any financial  
21 interest in the business of a bottler, manufacturer, ~~or~~ rectifier, or farm distiller



1 licensed in Vermont or in another state, a certificate of approval holder, or  
2 wholesale dealer. However, a manufacturer of malt beverages may have a  
3 financial interest in the business of a first- or second-class license, and a  
4 first- or second-class licensee may have a financial interest in the business of a  
5 manufacturer of malt beverages, provided a first- or second-class licensee does  
6 not purchase, possess, or sell the malt beverages produced by a manufacturer  
7 with which there is any financial interest. All licenses or permits granted  
8 under this title shall be conspicuously displayed on the premises for which the  
9 license or permit is granted. Any manufacturer of malt beverages that has a  
10 financial interest in a first- or second-class licensee and any first- or  
11 second-class licensee that has a financial interest in a manufacturer of malt  
12 beverages, as permitted under this section, shall provide to the Department of  
13 Liquor Control and the applicable wholesale dealer written notification of that  
14 financial interest and the licensees involved. A wholesale dealer shall not be in  
15 violation of this section for delivering malt beverages to a first- or second-class  
16 licensee that is prohibited from purchasing, possessing, or selling those malt  
17 beverages under this section.

18 \* \* \*

19 Sec. 6. 7 V.S.A. § 231 is amended to read:

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

21 (a) The following fees shall be paid:

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(25) For a farm distiller's license, \$100.00.

Sec. 7. 7 V.S.A. § 239 is amended to read:

§ 239. LICENSEE EDUCATION

(a) A new first-class, second-class, third-class, fourth-class, ~~or~~ farmers' market, or farm distiller's license shall not be granted until the applicant has met with a liquor control investigator or training specialist for the purpose of being informed of the Vermont liquor laws; and rules, ~~and regulations~~ pertaining to the purchase, storage, and sale of ~~alcohol~~ alcoholic beverages.

A corporation, partnership, or association shall designate a director, partner, or manager who shall comply with the terms of this subsection.

(b) Every first-class, second-class, third-class, fourth-class, or farmers' market licensee and every holder of a manufacturer's, rectifier's, or farm distiller's license shall complete the Department of Liquor Control licensee training seminar at least once every two years. A corporation, partnership, or association shall designate a director, partner, or manager who shall comply with the terms of this subsection. A first-class, second-class, third-class, fourth-class, ~~or~~ farmers' market, farm distiller's license, or manufacturer's or rectifier's license shall not be renewed unless the records of the Department of

1       Liquor Control show that the licensee has complied with the terms of this  
2       subsection.

3   \* \* \*

4       Sec. 8. EFFECTIVE DATE

5       This act shall take effect on July 1, 2016.