

1 SPECIAL SESSION

2 H.7

3 Introduced by Representatives Stevens of Waterbury and Gonzalez of
4 Winooski

5 Referred to Committee on

6 Date:

7 Subject: Alcoholic beverages; Lottery Commission; Department of Liquor
8 Control

9 Statement of purpose of bill as introduced: This bill proposes to merge the
10 Department of Liquor and the Liquor Control Board with the Vermont Lottery
11 and the Lottery Commission to create the Department of Liquor and Lottery
12 and the Board of Liquor and Lottery. This bill also proposes to repeal the
13 prohibition on outdoor billboards and signs that advertise alcoholic beverages.

14 An act relating to creating the Department of Liquor and Lottery and the
15 Board of Liquor and Lottery

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

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

18 § 2. DEFINITIONS

19 As used in this title:

20 * * *

1 (3) “Board of Liquor and Lottery” means the board of control appointed
2 under the provisions of chapter 5 of this title.

3 (3)(4) “Boat” means a vessel suitably equipped and operated for the
4 transportation of passengers in interstate commerce.

5 (4)(5) “Caterer’s license” means a license issued by the ~~Liquor Control~~
6 Board of Liquor and Lottery authorizing the holder of a first-class license or
7 first- and third-class licenses to serve alcoholic beverages at a function located
8 on premises other than those occupied by a first-, first- and third-, or second-
9 class licensee to sell alcoholic beverages.

10 (5)(6) “Certificate of approval” means a license granted by the ~~Liquor~~
11 Control Board of Liquor and Lottery to a manufacturer or distributor of malt
12 beverages or vinous beverages, or both, that is not licensed under the
13 provisions of this title, that permits the licensee to sell those beverages to
14 holders of a packager’s or wholesale dealer’s license.

15 (6)(7) “Club” means an unincorporated association or a corporation
16 authorized to do business in this State, that has been in existence for at least
17 two consecutive years prior to the date of application for a license under this
18 title and owns, hires, or leases a building or space in a building that is suitable
19 and adequate for the reasonable and comfortable use and accommodation of its
20 members and their guests and contains suitable and adequate kitchen and
21 dining room space and equipment implements and facilities. A bona fide

1 unincorporated association or corporation whose officers and members consist
2 solely of veterans of the U.S. Armed Forces, or a subordinate lodge or local
3 chapter of any national fraternal order, ~~and which~~ that fulfills all requirements
4 of section 229 of this title, except that it has not been in existence for at least
5 two years, shall come within the terms of this definition six months after the
6 completion of its organization.

7 ~~(7)~~(8) “Commercial catering license” means a license granted by the
8 ~~Liquor Control Board of Liquor and Lottery~~ permitting a business licensed by
9 the Department of Health as a commercial caterer and having a commercial
10 kitchen facility in the home or place of business to sell alcoholic beverages at a
11 function previously approved by the local control commissioners.

12 ~~(8)~~(9) “Commissioner of Liquor ~~Control~~ and Lottery” means the
13 executive officer of the ~~Liquor Control Board of Liquor and Lottery~~ appointed
14 under the provisions of chapter 5 of this title.

15 ~~(9)~~(10) “Control commissioners” means the commissioners of a
16 municipality appointed under section 166 of this title.

17 (11) “Department” means the Department of Liquor and Lottery.

18 ~~(10)~~(12) “Destination resort master license” means a license granted by
19 the ~~Liquor Control Board of Liquor and Lottery~~ pursuant to section 242 of this
20 title permitting a destination resort to designate licensed caterers and
21 commercial caterers that will be permitted to cater individual events within the

1 boundaries of the resort without being required to obtain a request-to-cater
2 permit for each individual event. For purposes of a destination resort master
3 license, a “destination resort” is a resort that contains at least 100 acres of land,
4 offers at least 50 units of sleeping accommodations, offers meal and beverage
5 service to the public for consideration, and has related sports and recreational
6 facilities for the convenience or enjoyment of its guests. “Destination resort”
7 does not include the University of Vermont and State Agricultural College, the
8 Vermont State Colleges, or any other university, college, or postsecondary
9 school.

10 ~~(11)~~(13) “Dining car” means a railroad car on which meals are prepared
11 and served.

12 (14) “Division” means the Division of Liquor Control in the Department
13 of Liquor and Lottery.

14 ~~(12)~~(15) “Festival permit” means a permit granted by the ~~Department~~
15 Division of Liquor Control permitting a person to conduct an event at which
16 malt or vinous beverages, or both, are sold by the glass to the public, provided
17 the event is approved by the local control commissioners.

18 ~~(13)~~(16) “First-class license” means a license permitting the licensee to
19 sell malt ~~or~~ and vinous beverages to the public for consumption only on the
20 premises for which the license is granted.

21 ~~(14)~~(17) “Fortified wine permit” means a permit granted to a second-

1 class licensee that permits the licensee to export and sell fortified wines to the
2 public for consumption off the licensed premises.

3 (15)(18) “Fortified wines” ~~mean~~ means vinous beverages, including
4 those to which spirits have been added during manufacture, containing at least
5 16 percent alcohol but ~~no~~ not more than 23 percent alcohol by volume at 60
6 degrees Fahrenheit, and all vermouths containing ~~no~~ not more than 23 percent
7 alcohol by volume at 60 degrees Fahrenheit.

8 (16)(19) “Fourth-class license” means a license permitting a licensed
9 manufacturer or rectifier to sell by the unopened container and distribute by
10 the glass, with or without charge, beverages manufactured by the licensee.

11 (17)(20) “Home-fermented beverages” means malt or vinous beverages
12 produced at home and not for sale.

13 (18)(21) “Hotel” has the same meaning as in 32 V.S.A. § 9202(3) and as
14 determined by the ~~Liquor Control Board~~ of Liquor and Lottery.

15 (19)(22) “Industrial alcohol distributor’s license” means a license
16 granted by the ~~Liquor Control Board~~ of Liquor and Lottery that allows holders
17 to sell pure ethyl or grain alcohol of at least 190 proof in quantities of five
18 gallons or more directly to manufacturers, industrial users, hospitals, druggists,
19 and institutions of learning.

20 (20)(23) “Keg” means a reusable container capable of holding at least
21 five gallons of malt beverage or at least two-and-one-half gallons of vinous

1 beverage.

2 ~~(21)~~(24) “Legal age” means 21 years of age or older.

3 ~~(22)~~ “Liquor Control Board” means the board of control appointed
4 under the provisions of chapter 5 of this title.

5 ~~(23)~~(25) “Malt beverages” means all fermented beverages of any name
6 or description manufactured for sale from malt, wholly or in part, or from any
7 substitute therefor, known as, among other things, beer, ale, or lager,
8 containing not less than one percent nor more than 16 percent of alcohol by
9 volume at 60 degrees Fahrenheit.

10 ~~(24)~~(26) “Manufacturer’s or rectifier’s license” means a license granted
11 by the ~~Liquor Control Board~~ of Liquor and Lottery that permits the holder to
12 manufacture or rectify malt beverages, vinous beverages and fortified wines,
13 or spirits and fortified wines.

14 ~~(25)~~(27) “Minor” means an individual who has not attained 21 years
15 of age.

16 ~~(26)~~(28) “Outside consumption permit” means a permit granted by the
17 ~~Department~~ Division of Liquor Control allowing the holder of a first-class,
18 first- and third-class, or fourth-class license to allow for consumption of
19 alcoholic beverages in a delineated outside area.

20 ~~(27)~~(29) “Packager’s license” means a license granted by the ~~Liquor~~
21 ~~Control Board~~ of Liquor and Lottery permitting a person to bottle or otherwise

1 package alcoholic beverages for sale and to distribute and sell alcoholic
2 beverages at wholesale in this State.

3 (28)(30) "Person," as applied to licensees, means an individual who is a
4 citizen or a lawful permanent resident of the United States; a partnership
5 composed of individuals, a majority of whom are citizens or lawful permanent
6 residents of the United States; a corporation organized under the laws of this
7 State or another state in which a majority of the directors are citizens or lawful
8 permanent residents of the United States; or a limited liability company
9 organized under the laws of this State or another state in which a majority of
10 the members or managers are citizens or lawful permanent residents of the
11 United States.

12 (29)(31) ~~Request to cater~~ Request-to-cater permit" means a permit
13 granted by the ~~Department~~ Division of Liquor Control authorizing a licensed
14 caterer or commercial caterer to cater individual events.

15 (30)(32) "Retail dealer" means any person who sells or furnishes malt
16 or vinous beverages to the public.

17 (31)(33) "Retail delivery permit" means a permit granted by the
18 ~~Department~~ Division of Liquor Control that permits a second-class licensee to
19 deliver malt beverages ~~or~~ and vinous beverages sold from the licensed
20 premises for consumption off the premises to an individual who is ~~at least~~ 21
21 years of age or older at a physical address in Vermont.

1 ~~(32)~~(34) “Sampler flight” means a flight, ski, paddle, or any similar
2 device by design or name intended to hold alcoholic beverage samples for the
3 purpose of comparison.

4 ~~(33)~~(35) “Second-class license” means a license permitting the licensee
5 to export ~~malt beverages or vinous beverages~~ and to sell malt beverages ~~or~~ and
6 vinous beverages to the public for consumption off the premises for which the
7 license is granted.

8 ~~(34)~~(36) “Special event permit” means a permit granted by the
9 ~~Department~~ Division of Liquor Control permitting a licensed manufacturer or
10 rectifier to sell, by the glass or by the unopened bottle, alcoholic beverages
11 manufactured or rectified by the license holder at an event open to the public
12 that has been approved by the local control commissioners.

13 ~~(35)~~(37) “Special venue serving permit” means a permit granted by the
14 ~~Department~~ Division of Liquor Control permitting an art gallery, bookstore,
15 public library, or museum to conduct an event at which malt or vinous
16 beverages, or both, are served by the glass to the public. As used in this
17 section, “art gallery” means a fixed establishment whose primary purpose is to
18 exhibit or offer for sale works of art; “bookstore” means a fixed establishment
19 whose primary purpose is to offer books for sale; “public library” has the same
20 meaning as in 22 V.S.A. § 101; and “museum” has the same meaning as in
21 27 V.S.A. § 1151.

1 ~~(36)~~(38) “Specialty beer” means a malt beverage that contains more
2 than eight percent alcohol and not more than 16 percent alcohol by volume at
3 60 degrees Fahrenheit.

4 ~~(37)~~(39) “Spirits” means beverages that contain more than one percent
5 of alcohol obtained by distillation, by chemical synthesis, or through
6 concentration by freezing; vinous beverages containing more than 23 percent
7 of alcohol; and malt beverages containing more than 16 percent of alcohol by
8 volume at 60 degrees Fahrenheit.

9 ~~(38)~~(40) “Third-class license” means a license granted by the ~~Liquor~~
10 ~~Control Board of Liquor and Lottery~~ permitting the licensee to sell spirits and
11 fortified wines for consumption only on the premises for which the license is
12 granted.

13 ~~(39)~~(41) “Vinous beverages” means all fermented beverages of any
14 name or description manufactured or obtained for sale from the natural sugar
15 content of fruits or other agricultural product, containing sugar, the alcoholic
16 content of which is not less than one percent nor more than 16 percent by
17 volume at 60 degrees Fahrenheit.

18 ~~(40)~~(42) “Wholesale dealer’s license” means a license granted by the
19 ~~Liquor Control Board of Liquor and Lottery~~ permitting the holder to sell or
20 distribute malt ~~or~~ and vinous beverages to first- and second-class licensees, to
21 educational sampling event permit holders, and to agencies of the United

1 States.

2 Sec. 2. 7 V.S.A. § 5 is amended to read:

3 § 5. ~~DEPARTMENT~~ DIVISION OF LIQUOR CONTROL; RAFFLES FOR
4 RIGHT TO PURCHASE RARE AND UNUSUAL PRODUCTS

5 (a) Notwithstanding any provision of 13 V.S.A. chapter 51 to the contrary,
6 the ~~Department~~ Division of Liquor Control may conduct raffles for the right to
7 purchase certain rare and unusual spirits and fortified wines that are acquired
8 by the ~~Liquor Control Board~~ of Liquor and Lottery. A raffle conducted
9 pursuant to this section shall meet the following requirements:

10 * * *

11 (4) No Board member or employee of the Department of Liquor and
12 Lottery and no immediate family member of a Board member or employee of
13 the Department shall be permitted to enter the raffle.

14 * * *

15 Sec. 3. 7 V.S.A. § 61 is amended to read:

16 § 61. RESTRICTIONS; EXCEPTIONS

17 * * *

18 (b) Notwithstanding subsection (a) of this section, this chapter shall not
19 apply to:

20 * * *

21 (3) the furnishing, purchase, sale, barter, transportation, importation,

1 exportation, delivery, prescription, or possession of alcohol for manufacturing,
2 mechanical, medicinal, and scientific purposes, provided that it is done in
3 accordance with the rules of the ~~Liquor Control Board~~ of Liquor and Lottery
4 and licenses and permits issued by the Board of Liquor and Lottery or
5 ~~Department~~ Division of Liquor Control as provided in this title.

6 Sec. 4. 7 V.S.A. § 62 is amended to read:

7 § 62. HOURS OF SALE

8 * * *

9 (c) The ~~Liquor Control Board~~ of Liquor and Lottery may adopt rules
10 controlling hours of consumption and sale under this section and may extend
11 the hours of sale by holders of first- or first- and third-class licenses on New
12 Year's Day.

13 Sec. 5. 7 V.S.A. § 63 is amended to read:

14 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;

15 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

16 (a)(1) All spirits and fortified wines imported or transported into this State
17 shall be imported or transported by and through the ~~Liquor Control Board~~ of
18 Liquor and Lottery. A person importing or transporting or causing to be
19 imported or transported into this State any spirits or fortified wines, or both, in
20 violation of this section shall be imprisoned not more than one year or fined
21 not more than \$1,000.00, or both.

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(b)(1) Except as provided in sections 277, 278, and 283 of this title, all malt or vinous beverages, or both, imported or transported into this State shall be imported or transported by and through the holder of a wholesale dealer's license issued by the ~~Liquor Control Board~~ of Liquor and Lottery. A person importing or transporting or causing to be imported or transported into this State any malt or vinous beverages, or both, in violation of this section shall be imprisoned not more than one year or fined not more than \$1,000.00, or both.

* * *

Sec. 6. 7 V.S.A. § 64 is amended to read:

§ 64. SALE OF MALT BEVERAGES AND VINOUS BEVERAGES IN
KEGS

(a) A keg shall be sold by a second-class or fourth-class licensee only under the following conditions:

(1) The keg shall be tagged in a manner and with a label approved by the ~~Liquor Control Board~~ of Liquor and Lottery. The label shall be supplied and securely affixed to the keg by the wholesale dealer, or in the case of a second-class license issued for the premises of a licensed manufacturer or a fourth-class licensee, by the manufacturer.

* * *

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

1 § 66. HOME-FERMENTED MALT AND VINOUS BEVERAGES;

2 TASTING EVENT

3 * * *

4 (b) Home-fermented beverages produced pursuant to this section may be
5 transported to and offered for tasting at an organized event, exhibition, or
6 competition held for home-fermented beverages, provided all the following
7 conditions are met:

8 (1) The sponsor provides written notice of the event to the ~~Department~~
9 ~~ne~~ Division not later than 10 days prior to the date of the event. The notice
10 shall include a description of the delineated area in which the tastings will be
11 offered, and in the case of a competition, the names of the judges hired by the
12 sponsor.

13 * * *

14 (3) Tastings of home-fermented beverages are offered only within the
15 delineated area specified in the notice to the ~~Department~~ Division.

16 * * *

17 Sec. 8. 7 V.S.A. chapter 5 is redesignated to read:

18 CHAPTER 5. DEPARTMENT OF LIQUOR CONTROL AND LOTTERY

19 Sec. 9. 7 V.S.A. § 101 is amended to read:

20 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF

21 LIQUOR CONTROL AND LOTTERY; LIQUOR CONTROL

1 BOARD OF LIQUOR AND LOTTERY

2 (a)(1) The Department of Liquor Control and Lottery, created by 3 V.S.A.
3 § 212, shall administer the laws relating to alcoholic beverages, tobacco, and
4 the State Lottery. It shall include the Commissioner of Liquor Control and
5 Lottery and the ~~Liquor Control~~ Board of Liquor and Lottery.

6 (2) The Board of Liquor and Lottery shall supervise and manage the
7 sales of spirits and fortified wines pursuant to this title and the establishment
8 and management of the State Lottery pursuant to 31 V.S.A. chapter 14.

9 (3)(A) The Department of Liquor and Lottery shall be under the
10 immediate supervision and direction of the Commissioner of Liquor and
11 Lottery.

12 (B) The Division of Liquor Control is created within the Department
13 to administer and carry out the laws relating to alcohol and tobacco set forth in
14 this title.

15 (C) The Division of Lottery is created within the Department to
16 administer and carry out the laws relating to the State Lottery set forth in
17 31 V.S.A. chapter 14.

18 (D) The Commissioner, with the approval of the Governor, may
19 appoint a Deputy Commissioner of Liquor Control to supervise and direct the
20 Division of Liquor Control and a Deputy Commissioner of the State Lottery to
21 supervise and direct the Division of Lottery. Both Deputy Commissioners

1 shall be exempt from the classified service and shall serve at the pleasure of
2 the Commissioner.

3 (b)(1) ~~The Liquor Control Board of Liquor and Lottery~~ shall consist of five
4 ~~persons, not more than three members of which.~~ Not all members of the
5 Board shall belong to the same political party.

6 (2)(A) With the advice and consent of the Senate, the Governor shall
7 appoint the members of the Board for staggered ~~five-year~~ three-year terms.

8 * * *

9 (4) The Governor shall ~~biennially~~ designate a member of the Board to
10 be its Chair. The Chair shall have general charge of the offices and employees
11 of the Board.

12 (c) No member of the Board shall have a financial interest in any licensee
13 under this title or 31 V.S.A. chapter 14, nor shall any member of the Board
14 have a financial interest in any contract awarded by the Board or the
15 Department of Liquor and Lottery.

16 (d) The Governor shall annually submit a budget for the Department to the
17 General Assembly.

18 Sec. 10. 7 V.S.A. § 102 is amended to read:

19 § 102. REMOVAL

20 Notwithstanding any provision of 3 V.S.A. § 2004 to the contrary, after
21 notice and hearing, the Governor may remove a member of the ~~Liquor Control~~

1 Board of Liquor and Lottery for incompetency, failure to discharge his or her
2 duties, malfeasance, immorality, or other cause inimical to the general good of
3 the State. In case of such removal, the Governor shall appoint a person to fill
4 the unexpired term.

5 Sec. 11. 7 V.S.A. § 104 is amended to read:

6 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

7 The Board shall supervise and manage the sale of spirits and fortified wines
8 within the State in accordance with the provisions of this title, and through the
9 Commissioner of Liquor ~~Control~~ and Lottery shall:

10 (1)(A) ~~See~~ Ensure that the laws relating to alcohol and alcoholic
11 beverages are enforced, using for that purpose as much of the monies annually
12 available to the ~~Liquor Control~~ Board of Liquor and Lottery as may be
13 necessary.

14 (B) The ~~Liquor Control~~ Board of Liquor and Lottery and its agents
15 and investigators shall act in this respect in collaboration with sheriffs, deputy
16 sheriffs, constables, law enforcement officers certified as Level II or Level III
17 pursuant to 20 V.S.A. chapter 151, and members of village and city police
18 forces, control commissioners, the Attorney General, State's Attorneys, and
19 town and city grand jurors.

20 * * *

21 (12) Review the budget for the Department submitted by the

1 Commissioner and approve or amend it for submission to the Governor.

2 Sec. 12. 7 V.S.A. § 105 is amended to read:

3 § 105. DUTIES OF ATTORNEY GENERAL

4 The Attorney General shall collaborate with the ~~Liquor Control Board~~ of
5 Liquor and Lottery for the enforcement of the provisions of subdivision
6 104(1) of ~~section 104~~ of this title.

7 Sec. 13. 7 V.S.A. § 106 is amended to read:

8 § 106. COMMISSIONER OF LIQUOR ~~CONTROL~~ AND LOTTERY;
9 REPORTS; RECOMMENDATIONS

10 (a)(1) With the advice and consent of the Senate, the Governor shall
11 appoint from among ~~no~~ not fewer than three candidates proposed by the
12 ~~Liquor Control Board~~ of Liquor and Lottery a Commissioner of Liquor
13 ~~Control~~ and Lottery for a term of four years.

14 (2) The Board shall review the applicants for the position of
15 Commissioner of Liquor ~~Control~~ and Lottery and by a vote of the majority of
16 the members of the Board shall select candidates to propose to the Governor.
17 The Board shall consider each applicant's administrative expertise and his or
18 her knowledge regarding the business of distributing and selling alcoholic
19 beverages and administering the State Lottery.

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

1 appointed.

2 Sec. 14. 7 V.S.A. § 107 is amended to read:

3 § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL AND
4 LOTTERY

5 (a) The Commissioner of Liquor and Lottery shall direct and supervise the
6 Department of Liquor and Lottery and, subject to the direction of the Board,
7 shall see that the laws relating to alcohol and tobacco under this title and to the
8 State Lottery under 31 V.S.A. chapter 14 are carried out. The Commissioner
9 shall annually prepare a budget for the Department and submit it to the Board
10 for review pursuant to subdivision 104(12) of this chapter.

11 (b) The With respect to the laws relating to alcohol, the Commissioner of
12 Liquor Control shall:

13 (1) In towns that vote to permit the sale of spirits and fortified wines,
14 establish local agencies as the ~~Liquor Control Board~~ of Liquor and Lottery
15 shall determine. However, the Board shall not be obligated to establish an
16 agency in every town that votes to permit the sale of spirits and fortified
17 wines.

18 * * *

19 (4) Supervise the quantities and qualities of spirits and fortified wines to
20 be kept as stock in local agencies and recommend rules subject to approval and
21 adoption by the Board regarding the filling of requisitions for spirits and

1 fortified wines on the Commissioner of Liquor ~~Control~~ and Lottery.

2 (5) Purchase spirits and fortified wines for and in behalf of the ~~Liquor~~
3 ~~Control~~ Board of Liquor and Lottery; supervise their storage and distribution
4 to local agencies, third-class licensees, and holders of fortified wine permits;
5 and recommend rules subject to approval and adoption by the Board regarding
6 the sale and delivery from the central liquor warehouse.

7 * * *

8 Sec. 15. 7 V.S.A. § 108 is amended to read:

9 § 108. ENFORCEMENT BY BOARD; REGULATIONS; FORMS AND
10 REPORTS

11 The ~~Liquor Control~~ Board of Liquor and Lottery shall administer and
12 enforce the provisions of this title, and is authorized and empowered to adopt
13 rules and issue the necessary blanks, forms, and reports, except reports to the
14 Commissioner of Taxes and to the Commissioner of Public Safety, as may be
15 necessary to carry out the provisions of this title.

16 Sec. 16. 7 V.S.A. § 109 is amended to read:

17 § 109. AUDIT OF ACCOUNTS OF ~~LIQUOR CONTROL BOARD OF~~
18 LIQUOR AND LOTTERY

19 All accounts of the ~~Liquor Control~~ Board of Liquor and Lottery related to
20 its activities pursuant to this title shall be audited annually by the Auditor of
21 Accounts, and the annual report of the audit shall accompany the annual

1 reports of the ~~Liquor Control~~ Board of Liquor and Lottery.

2 Sec. 17. 7 V.S.A. § 110 is amended to read:

3 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF
4 LIQUOR CONTROL AND LOTTERY

5 If a person desires to purchase any class, variety, or brand of spirits or
6 fortified wine that a local agency or fortified wine permit holder does not have
7 in stock, the Commissioner of ~~Liquor Control~~ and Lottery shall order the
8 product upon the payment of a reasonable deposit by the purchaser in a
9 proportion of the approximate cost of the order as prescribed by the rules of
10 the ~~Liquor Control~~ Board of Liquor and Lottery.

11 Sec. 18. 7 V.S.A. § 111 is amended to read:

12 § 111. TRANSFER OF LOCAL AGENCY STORE IN CONJUNCTION
13 WITH SALE OF REAL PROPERTY OR BUSINESS

14 (a) If a proposed sale of real estate or a business in which a local agency
15 store is located is contingent on the transfer of the agency store's contract with
16 the Board to the buyer, the seller and buyer may, prior to completing the sale,
17 submit to the ~~Department~~ Division a request to approve the transfer of the
18 agency store's contract to the buyer. The request shall be accompanied by any
19 information required by the ~~Department~~ Division.

20 (b) The ~~Department~~ Division shall review the request and evaluate the
21 buyer based on the standards for evaluating an applicant for a new agency

1 store contract.

2 (c) Within 30 days after receiving the request and all necessary
3 information, the ~~Department~~ Division shall complete the evaluation of the
4 proposed transfer and notify the parties of whether the agency store's contract
5 may be transferred to the buyer.

6 (d)(1) If the transfer is approved, the contract shall transfer to the buyer
7 upon completion of the sale.

8 (2) If the transfer is denied, the seller may continue to operate the
9 agency store pursuant to the existing contract with the ~~Department~~ Board.

10 Sec. 19. 7 V.S.A. § 112 is amended to read:

11 § 112. LIQUOR CONTROL ENTERPRISE FUND

12 The Liquor Control Enterprise Fund is established. It shall consist of all
13 receipts from the sale of spirits, fortified wines, and other items by the ~~Liquor~~
14 ~~Control Board~~ of Liquor and Lottery and ~~Department~~ Division of Liquor
15 Control; fees paid to the ~~Department~~ Division of Liquor Control for the benefit
16 of the ~~Department~~ Division; all other amounts received by the ~~Department~~
17 Division of Liquor Control for its benefit; and all amounts that are from time
18 to time appropriated to the ~~Department~~ Division of Liquor Control.

19 Sec. 20. 7 V.S.A. § 113 is added to read:

20 § 113. ADMINISTRATION OF DEPARTMENT; APPORTIONMENT OF

21 COSTS

1 (a) The local control commissioners shall administer the rules furnished to
2 them by the ~~Liquor Control Board~~ of Liquor and Lottery, as necessary to carry
3 out the purposes of this title. Except as provided in subsection (b) of this
4 section, all applications for and forms of licenses and permits, and all rules,
5 shall be prescribed by the ~~Liquor Control Board~~ of Liquor and Lottery, which
6 shall prepare and issue the applications, forms, and rules.

7 * * *

8 Sec. 24. 7 V.S.A. § 201 is amended to read:

9 § 201. LICENSES CONTINGENT ON TOWN VOTE

10 Licenses of the first or second class shall not be granted by the control
11 commissioners or the ~~Liquor Control Board~~ of Liquor and Lottery to be
12 exercised in any city or town, the voters of which vote “No” on the question of
13 whether to permit the sale of malt beverages and vinous beverages pursuant to
14 section 161 of this title. Licenses of the third class shall not be granted by the
15 ~~Liquor Control Board~~ of Liquor and Lottery to be exercised in any city or
16 town, the voters of which vote “No” on the question of whether to sell fortified
17 wines and spirits pursuant to section 161 of this title.

18 Sec. 25. 7 V.S.A. § 202 is amended to read:

19 § 202. LICENSES TO ENFORCEMENT OFFICER OR CONTROL

20 COMMISSIONER; EXCEPTIONS

21 * * *

1 (b) A member of a local control commission to whom or in behalf of
2 whom a first- or second-class license was issued by that commission shall not
3 participate in any control commission action regarding any first- or second-
4 class license. If a majority of the members of a local control commission is
5 unable to participate in a control commission action regarding any first- or
6 second-class license, that action shall be referred to the ~~Liquor Control Board~~
7 of Liquor and Lottery for investigation and action.

8 (c) An application for a first- or second-class license by or in behalf of a
9 member of the local control commission or a complaint or disciplinary action
10 regarding a first- or second-class license issued by a commission on which any
11 member is a licensee shall be referred to the ~~Liquor Control Board~~ of Liquor
12 and Lottery for investigation and action.

13 Sec. 26. 7 V.S.A. § 203 is amended to read:

14 § 203. RESTRICTIONS; FINANCIAL INTERESTS; EMPLOYEES

15 (a)(1) Except as provided in section 271 of this title, a packager,
16 manufacturer, or rectifier licensed in Vermont or in another state, a certificate
17 of approval holder, or a wholesale dealer shall not have any financial interest
18 in the business of a first-, second-, or third-class licensee, and a first-, second-,
19 or third-class licensee ~~may~~ shall not have any financial interest in the business
20 of a packager, manufacturer, or rectifier licensed in Vermont or in another
21 state, a certificate of approval holder, or a wholesale dealer.

1 (b) Except for fees collected for first-, second-, and third-class licenses, the
2 fees collected pursuant to subsection (a) of this section shall be deposited in
3 the Liquor Control Enterprise Fund. The other fees shall be distributed as
4 follows:

5 * * *

6 (2) First- and second-class license fees: At least 50 percent of first-class
7 and second-class license fees shall go to the respective municipalities in which
8 the licensed premises are located, and the remaining percentage of those fees
9 shall go to the Liquor Control Enterprise Fund. A municipality may retain
10 more than 50 percent of the fees that the municipality collected for first- and
11 second-class licenses to the extent that the municipality has assumed
12 responsibility for enforcement of those licenses pursuant to a contract with the
13 ~~Department~~ Division. The ~~Liquor Control Board~~ of Liquor and Lottery shall
14 adopt rules regarding contracts entered into pursuant to this subdivision.

15 Sec. 28. 7 V.S.A. § 205 is amended to read:

16 § 205. TERMS OF PERMITS, LICENSES, AND CERTIFICATES

17 * * *

18 (b) A permit, license, or certificate may be renewed as follows:

19 (1) A first-class or second-class license, and an outside consumption
20 permit associated with a first-class license, may be renewed by:

21 * * *

1 (C) approval of the ~~Liquor Control Board~~ Board of Liquor and Lottery as
2 provided in section 221, 222, or 227 of this title.

3 (2) All other permits, licenses, and certificates may be renewed by:

4 (A) payment of the fee provided in section 204 of this title; and

5 (B) submission to the ~~Liquor Control Board~~ Board of Liquor and Lottery or
6 the ~~Department~~ Division, as appropriate, of an application demonstrating that
7 the holder satisfies all applicable rules and requirements.

8 Sec. 29. 7 V.S.A. § 206 is amended to read:

9 § 206. DISPOSAL OF FEES

10 The control commissioners shall collect all fees for first- and second-class
11 licenses and shall pay the fees to the ~~Department~~ Division and the city and
12 town treasurers of the respective cities and towns where the fees are collected
13 as provided in subsection 204(b) of this chapter. The portion of each fee paid
14 to the city or town may be used as it may direct, less a fee of \$5.00 to be
15 retained by the city or town clerk as a fee for issuing and recording the license.
16 Except as otherwise provided in sections 274 and 275 of this title, fees for all
17 other licenses shall be paid to the ~~Liquor Control Board~~ Board of Liquor and Lottery.

18 Sec. 30. 7 V.S.A. § 207 is amended to read:

19 § 207. CHANGE OF LOCATION

20 If a licensee desires to change the location of its business before the
21 expiration of its license, the licensee may submit an application to the ~~Liquor~~

1 ~~Control Board of Liquor and Lottery~~, which may amend the license to cover
2 the new premises without the payment of any additional fee.

3 Sec. 31. 7 V.S.A. § 209 is amended to read:

4 § 209. BANKRUPTCY, DEATH, AND REVOCATION

5 * * *

6 (d)(1) The holder of a manufacturer's or rectifier's license may pledge or
7 mortgage alcoholic beverages manufactured or rectified by the licensee and the
8 pledgee or mortgagee may retain possession of the alcoholic beverages and, if
9 the licensee defaults, may sell and dispose of the alcoholic beverages to
10 persons to whom the licensee might lawfully sell the alcoholic beverages,
11 subject to the same restrictions and regulations as the licensee, and to any
12 further restriction or rules prescribed by the ~~Liquor Control Board of Liquor~~
13 and Lottery with respect to advance notice to it of the sale and determination
14 by it of the persons entitled to buy and the manner of the sale.

15 (2) Any sale pursuant to a default on a pledge or mortgage shall not be
16 at public auction as required with respect to similar sales of other property, but
17 shall be upon not less than ten days' notice to the pledgor or mortgagor and for
18 the highest amount ~~which~~ that may be offered pursuant to the rules of the
19 ~~Liquor Control Board of Liquor and Lottery~~.

20 Sec. 32. 7 V.S.A. § 210 is amended to read:

21 § 210. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

1 ADMINISTRATIVE PENALTY

2 (a)(1) The control commissioners or the ~~Liquor Control Board~~ Board of Liquor
3 and Lottery shall have power to suspend or revoke any permit or license
4 granted pursuant to this title in the event the person holding the permit or
5 license shall at any time during the term of the permit or license conduct its
6 business in violation of this title, the conditions pursuant to which the permit
7 or license was granted, or any rule prescribed by the ~~Liquor Control Board~~ of
8 Liquor and Lottery.

9 (2) No revocation shall be made until the permittee or licensee has been
10 notified and given a hearing before the ~~Liquor Control Board~~ Board of Liquor and
11 Lottery, unless the permittee or licensee has been convicted by a court of
12 competent jurisdiction of violating the provisions of this title.

13 (3) In the case of a suspension, the permittee or licensee shall be
14 notified and given a hearing before the ~~Liquor Control Board~~ Board of Liquor and
15 Lottery or the local control commissioners, whichever applies.

16 * * *

17 (b)(1) As an alternative to and in lieu of the authority to suspend or revoke
18 any permit or license, the ~~Liquor Control Board~~ Board of Liquor and Lottery shall
19 also have the power to impose an administrative penalty of up to \$2,500.00 per
20 violation against a holder of a wholesale dealer's license or a holder of a first-,
21 second-, or third-class license for a violation of the conditions of the license or

1 of this title or of any rule adopted by the Board.

2 * * *

3 (4) For the first violation during a tobacco or alcohol compliance check
4 during any three-year period, a licensee or permittee shall receive a warning
5 and be required to attend a ~~Department~~ Division server training class.

6 * * *

7 Sec. 33. 7 V.S.A. § 211 is amended to read:

8 § 211. HEARING OFFICER

9 (a) The Chair of the ~~Liquor Control~~ Board of Liquor and Lottery may
10 appoint a hearing officer to conduct hearings pursuant to section 210 of this
11 title. A hearing officer may be a member of the Board appointed under section
12 210 of this title.

13 * * *

14 Sec. 34. 7 V.S.A. § 212 is amended to read:

15 § 212. COMPLAINTS AND PROSECUTIONS

16 The Commissioner of Liquor ~~Control~~ and Lottery or the local control
17 commissioners shall make complaint to the State's Attorney or town grand
18 juror of any unlawful furnishing, selling, or keeping for sale of alcohol or
19 alcoholic beverages, and provide evidence in support of the complaint to the
20 State's Attorney or town grand juror, who shall prosecute for the alleged
21 violation.

1 Sec. 35. 7 V.S.A. § 213 is amended to read:

2 § 213. LICENSEE EDUCATION

3 (a) A new first-class, second-class, third-class, fourth-class, or
4 manufacturer's or rectifier's license, or common carrier certificate shall not be
5 granted until the applicant has attended a ~~Department~~ Division of Liquor
6 Control in-person seminar or completed the appropriate ~~Department~~ Division
7 of Liquor Control online training program for the purpose of being informed
8 of the Vermont laws and rules pertaining to the purchase, storage, and sale of
9 alcoholic beverages. A corporation, partnership, or association shall designate
10 a director, partner, or manager who shall comply with the terms of this
11 subsection.

12 (b)(1) Every holder of a first-class, second-class, third-class, fourth-class,
13 or manufacturer's or rectifier's license, or common carrier certificate shall
14 complete the ~~Department~~ Division of Liquor Control in-person licensee
15 training seminar or the appropriate ~~Department~~ Division of Liquor Control
16 online training program at least once every two years. A corporation,
17 partnership, or association shall designate a director, partner, or manager who
18 shall comply with the terms of this subsection.

19 (2) A first-class, second-class, third-class, fourth-class, or
20 manufacturer's or rectifier's license shall not be renewed unless the
21 ~~Department's~~ Division's records show that the licensee has complied with the

1 terms of this subsection.

2 (c)(1) Each licensee, permittee, or common carrier certificate holder shall
3 ensure that every employee who is involved in the delivery, sale, or serving of
4 alcoholic beverages completes a training program approved by the ~~Department~~
5 Division of Liquor Control before the employee begins serving or selling
6 alcoholic beverages and at least once every 24 months thereafter. Each
7 licensee shall maintain written documentation, signed by each employee
8 trained, of each training program conducted.

9 (2) A licensee may comply with this requirement by conducting its own
10 training program on its premises, using information and materials furnished or
11 approved by the ~~Department~~ Division of Liquor Control. A licensee who fails
12 to comply with the requirements of this subsection shall be subject to a
13 suspension of the license issued under this title for ~~no~~ not less than one day.

14 (d) The following fees for ~~Department~~ Division of Liquor Control in-
15 person or online seminars ~~will~~ shall be paid:

16 * * *

17 Sec. 36. 7 V.S.A. § 214 is amended to read:

18 § 214. PROOF OF FINANCIAL RESPONSIBILITY

19 (a) Any first-, second-, or third-class licensee whose license is suspended
20 by the local control commissioners or suspended or revoked by the ~~Liquor~~
21 ~~Control Board~~ of Liquor and Lottery for selling or furnishing alcoholic

1 beverages to a minor, to a person apparently under the influence of alcohol, to
2 a person after legal serving hours, or to a person who it would be reasonable to
3 expect would be intoxicated as a result of the amount of alcoholic beverages
4 served to that person shall be required to furnish to the Commissioner a
5 certificate of financial responsibility within 60 days of the commencement of
6 the suspension or revocation or at the time of reinstatement of the license,
7 whichever is later. Financial responsibility may be established by any one or a
8 combination of the following: insurance, surety bond, or letter of credit.
9 Coverage shall be maintained at not less than \$25,000.00 per occurrence and
10 \$50,000.00 aggregate per occurrence. Proof of financial responsibility shall be
11 required for license renewal for the three years following the suspension or
12 revocation.

13 * * *

14 Sec. 37. 7 V.S.A. § 221 is amended to read:

15 § 221. FIRST-CLASS LICENSES

16 (a)(1) With the approval of the ~~Liquor Control Board~~ of Liquor and
17 Lottery, the control commissioners may grant a first-class license to a retail
18 dealer for the premises where the dealer carries on business if the retail dealer
19 submits an application and pays the fee provided in section 204 of this title,
20 and satisfies the Board that the premises:

21 * * *

1 Lottery, the control commissioners may grant a second-class license to a retail
2 dealer for the premises where the dealer carries on business if the retail dealer
3 submits an application and pays the fee provided in section 204 of this title and
4 satisfies the Board that the premises:

5 * * *

6 (2) The ~~Department~~ Division shall post notice of pending applications
7 on its website.

8 (b)(1) A second-class license permits the holder to export malt and vinous
9 beverages and to sell malt and vinous beverages to the public from the licensed
10 premises for consumption off the premises.

11 (2) The ~~Department~~ Division of Liquor Control may grant a second-
12 class licensee a fortified wine permit pursuant to section 225 of this chapter or
13 a retail delivery permit pursuant to section 226 of this chapter.

14 * * *

15 Sec. 39. 7 V.S.A. § 223 is amended to read:

16 § 223. THIRD-CLASS LICENSES

17 (a)(1) The ~~Liquor Control~~ Board of Liquor and Lottery may grant to a
18 person who operates a hotel, restaurant, club, boat, or railroad dining car, or
19 who holds a manufacturer's or rectifier's license, a third-class license if the
20 person files an application accompanied by the fee provided in section 204 of
21 this title for the premises in which the business of the hotel, restaurant, or club

1 is carried on or for the boat or railroad dining car.

2 * * *

3 (d)(1) Except as otherwise provided in subdivision (2) of this subsection
4 and section 271 of this title, a person who holds a third-class license shall
5 purchase from the ~~Liquor Control Board~~ Board of Liquor and Lottery all spirits and
6 fortified wines dispensed in accordance with the provisions of the third-class
7 license and this title.

8 * * *

9 Sec. 40. 7 V.S.A. § 224 is amended to read:

10 § 224. FOURTH-CLASS LICENSES

11 (a) The ~~Liquor Control Board~~ Board of Liquor and Lottery may grant up to a
12 combined total of ten fourth-class licenses to a manufacturer or rectifier that
13 submits an application and the fee provided in section 204 of this title.

14 * * *

15 Sec. 41. 7 V.S.A. § 225 is amended to read:

16 § 225. FORTIFIED WINE PERMITS

17 (a)(1) The ~~Department~~ Division of Liquor Control may grant a fortified
18 wine permit to a second-class licensee if the licensee files an application
19 accompanied by the fee provided in section 204 of this title.

20 (2) The ~~Department~~ Division of Liquor Control shall issue ~~no~~ not more
21 than 150 fortified wine permits in any single year.

1 (b)(1) A fortified wine permit holder may sell fortified wines to the public
2 from the licensed premises for consumption off the premises.

3 (2) A fortified wine permit holder shall purchase all fortified wines to
4 be offered for sale to the public pursuant to the permit through the ~~Liquor~~
5 ~~Control Board~~ of Liquor and Lottery at a price equal to ~~no~~ not more than 75
6 percent of the current retail price for the fortified wine established by the
7 Commissioner pursuant to subdivision 107(3)(B) of this title.

8 Sec. 42. 7 V.S.A. § 226 is amended to read:

9 § 226. RETAIL DELIVERY PERMITS

10 (a)(1) The ~~Department~~ Division of Liquor Control may grant a retail
11 delivery permit to a second-class licensee if the licensee files an application
12 accompanied by the fee provided in section 204 of this title.

13 (2) Notwithstanding subdivision (1) of this subsection, the ~~Department~~
14 Division of Liquor Control shall not grant a retail delivery permit in relation to
15 a second-class license issued to a licensed manufacturer or rectifier for the
16 manufacturer's or rectifier's premises.

17 (b) A retail delivery permit holder may deliver malt beverages ~~or~~ and
18 vinous beverages sold from the licensed premises for consumption off the
19 premises to an individual who is ~~at least~~ 21 years of age or older subject to the
20 following requirements:

21 * * *

1 employees of the club by a vote at annual meetings by the club's members,
2 directors, or other governing body, and shall report the salary set for the
3 members, officers, agents, or employees to the ~~Liquor Control Board~~ of Liquor
4 and Lottery.

5 * * *

6 Sec. 45. 7 V.S.A. § 241 is amended to read:

7 § 241. CATERER'S LICENSE; COMMERCIAL CATERING LICENSE

8 (a) The ~~Liquor Control Board~~ of Liquor and Lottery may issue a caterer's
9 license or a commercial catering license to a person who holds a first-class
10 license or first- and third-class licenses.

11 (b) The ~~Liquor Control Board~~ of Liquor and Lottery shall adopt rules as
12 necessary to effectuate the purposes of this section.

13 Sec. 46. 7 V.S.A. § 242 is amended to read:

14 § 242. DESTINATION RESORT MASTER LICENSES

15 (a) The ~~Liquor Control Board~~ of Liquor and Lottery may grant a
16 destination resort master license to a person that operates a destination resort if
17 the applicant files an application with the ~~Liquor Control Board~~ of Liquor and
18 Lottery accompanied by the license fee provided in section 204 of this title. In
19 addition to any information required pursuant to rules adopted by the Board,
20 the application shall:

21 * * *

1 (b) A licensee may, upon five days' notice to the ~~Department~~ Division,
2 amend the list of licensed caterers and commercial caterers that are designated
3 in the destination resort master license.

4 (c) The holder of the destination resort master license shall, at least two
5 days prior to the date of the event, provide the ~~Department~~ Division and local
6 control commissioners with written notice of an event within the resort
7 boundaries that will be catered pursuant to the master license. A licensed
8 caterer or commercial caterer that is designated in the master license shall not
9 be required to obtain a request-to-cater permit to cater an event occurring
10 within the destination resort boundaries if the master licensee has provided the
11 ~~Department~~ Division and local control commissioners with the required notice
12 pursuant to this subsection.

13 * * *

14 Sec. 47. 7 V.S.A. § 243 is amended to read:

15 § 243. REQUEST-TO-CATER PERMIT

16 (a) The ~~Department~~ Division of Liquor Control may issue a request-to-
17 cater permit to the holder of a caterer's license or commercial caterer's license
18 if the licensee:

19 * * *

20 Sec. 48. 7 V.S.A. § 251 is amended to read:

21 § 251. EDUCATIONAL SAMPLING EVENT PERMIT

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Sec. 53. 7 V.S.A. § 256 is amended to read:

§ 256. PROMOTIONAL TASTINGS FOR LICENSEES

(a)(1) At the request of a first- or second-class licensee, a holder of a manufacturer's, rectifier's, or wholesale dealer's license may distribute without charge to the first- or second-class licensee's management and staff, provided they are of legal age and are off duty for the rest of the day, two ounces per person of vinous or malt beverages for the purpose of promoting the beverage.

* * *

(3) No permit is required for a tasting pursuant to this subsection, but written notice of the event shall be provided to the ~~Department~~ Division of Liquor Control at least two days prior to the date of the tasting.

(b)(1) At the request of a holder of a wholesale dealer's license, a first-class licensee may dispense malt or vinous beverages for promotional purposes without charge to invited management and staff of first-, second-, or third-class licensees, provided they are of legal age.

* * *

(4) No permit is required for a tasting pursuant to this subsection, but the wholesale dealer shall provide written notice of the event to the ~~Department~~ Division of Liquor Control at least 10 days prior to the date of the tasting.

1 (c)(1) Upon receipt of a first- or second-class application by the
2 ~~Department~~ Division, a holder of a wholesale dealer's license may dispense
3 malt or vinous beverages for promotional purposes without charge to invited
4 management and staff of the business that has applied for a first- or second-
5 class license, provided they are of legal age.

6 * * *

7 (5) No permit is required under this subdivision, but the wholesale
8 dealer shall provide written notice of the event to the ~~Department~~ Division at
9 least five days prior to the date of the tasting.

10 Sec. 54. 7 V.S.A. § 258 is amended to read:

11 § 258. PROMOTIONAL RAILROAD TASTING PERMIT

12 The ~~Department~~ Division of Liquor Control may grant to a person that
13 operates a railroad a tasting permit that permits the holder to conduct tastings
14 of alcoholic beverages in the dining car if the person files with the ~~Department~~
15 Division an application along with the fee provided in section 204 of this title.

16 Sec. 55. 7 V.S.A. § 259 is amended to read:

17 § 259. TASTING EVENTS; AGE AND TRAINING OF SERVERS

18 No individual who is under 18 years of age or who has not received training
19 as required by the ~~Department~~ Division may serve alcoholic beverages at a
20 tasting event under this subchapter.

21 Sec. 56. 7 V.S.A. § 271 is amended to read:

1 § 271. MANUFACTURER'S OR RECTIFIER'S LICENSE

2 (a) The ~~Liquor Control~~ Board of Liquor and Lottery may grant a
3 manufacturer's or rectifier's license upon application and payment of the fee
4 provided in section 204 of this title that permits the license holder to
5 manufacture or rectify:

6 * * *

7 (b) Except as otherwise provided in section 224 of this title and subsections
8 (d)-(f) of this section:

9 (1) spirits and fortified wine may be manufactured for sale to the ~~Liquor~~
10 ~~Control Board~~ of Liquor and Lottery or for export, or both; and

11 * * *

12 (d)(1) The ~~Liquor Control~~ Board of Liquor and Lottery may grant to a
13 licensed manufacturer or rectifier a first-class license or a first- and a third-
14 class license permitting the licensee to sell alcoholic beverages to the public at
15 an establishment located at the manufacturer's premises, provided the
16 manufacturer or rectifier owns or has direct control over that establishment.

17 * * *

18 (e) The ~~Liquor Control~~ Board of Liquor and Lottery may grant a licensed
19 manufacturer of malt beverages a second-class license permitting the licensee
20 to sell alcoholic beverages to the public anywhere on the manufacturer's
21 premises.

1 (f)(1) A licensed manufacturer or rectifier may serve alcoholic beverages
2 with or without charge at an event held on the premises of the licensee or at a
3 location on the contiguous real estate of the licensee, provided the licensee at
4 least five days before the event gives the ~~Department~~ Division written notice
5 of the event, including details required by the ~~Department~~ Division.

6 (2) Any beverages not manufactured by the licensee ~~and that are served~~
7 at the event shall be purchased on invoice from a licensed manufacturer or
8 wholesale dealer or the ~~Liquor Control Board~~ of Liquor and Lottery.

9 Sec. 57. 7 V.S.A. § 272 is amended to read:

10 § 272. PACKAGER'S LICENSE

11 (a) The ~~Liquor Control Board~~ of Liquor and Lottery may grant a
12 packager's license to a person if the person:

13 * * *

14 (3) satisfies the Commissioner of Liquor ~~Control~~ and Lottery as to its
15 compliance with the rules of the Board relating to the cleanliness of the
16 applicant's facilities for storage and bottling of alcoholic beverages.

17 * * *

18 Sec. 58. 7 V.S.A. § 273 is amended to read:

19 § 273. WHOLESALE DEALER'S LICENSE

20 (a) The ~~Liquor Control Board~~ of Liquor and Lottery may grant a wholesale
21 dealer's license to a person if the person:

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Sec. 59. 7 V.S.A. § 274 is amended to read:

§ 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT
OR VINOUS BEVERAGES

(a) The ~~Liquor Control~~ Board of Liquor and Lottery may grant to a manufacturer or distributor of malt or vinous beverages that is not licensed under the provisions of this title a certificate of approval if the manufacturer or distributor does all of the following:

* * *

(3) Pays the fee provided in section 204 of this title to the ~~Department~~ Division of Liquor Control by a certified check payable to the State of Vermont or another form of payment approved by the ~~Liquor Control~~ Board of Liquor and Lottery. If the Board does not grant the application, the certified check or payment shall be returned to the applicant.

* * *

(d)(1) The ~~Liquor Control~~ Board of Liquor and Lottery may suspend or revoke a certificate of approval if the holder fails to comply with the rules of the Board or to submit reports to the Commissioner of Taxes in accordance with all applicable laws and rules.

* * *

Sec. 60. 7 V.S.A. § 275 is amended to read:

1 § 275. SOLICITOR'S LICENSE

2 (a) The ~~Liquor Control~~ Board of Liquor and Lottery may grant an
3 individual a solicitor's license if he or she does all of the following:

4 (1) Submits an application to the ~~Liquor Control~~ Board of Liquor and
5 Lottery on a form prescribed by the Board. The application shall include, at a
6 minimum, the name, residence, and business address of the applicant, the
7 name and address of the vendor or employer to be represented by the
8 applicant, and an agreement by the applicant to comply with the rules of the
9 Board.

10 * * *

11 (3) Pays the fee provided in section 204 of this title to the ~~Department~~
12 Division of Liquor Control by certified check made payable to the State of
13 Vermont. The certified check shall be returned to the applicant if the Board
14 does not grant him or her a license under this section.

15 * * *

16 (c) The ~~Liquor Control~~ Board of Liquor and Lottery may suspend or
17 revoke a solicitor's license for failure to comply with any rule of the Board or
18 for other cause. A solicitor's license shall not be revoked until the license
19 holder has had an opportunity for a hearing following reasonable notice.

20 * * *

21 Sec. 61. 7 V.S.A. § 276 is amended to read:

1 § 276. INDUSTRIAL ALCOHOL DISTRIBUTOR'S LICENSE

2 (a) The ~~Liquor Control Board~~ Board of Liquor and Lottery may grant an
3 industrial alcohol distributor's license upon application and payment of the fee
4 provided in section 204 of this title.

5 * * *

6 Sec. 62. 7 V.S.A. § 277 is amended to read:

7 § 277. MALT AND VINOUS BEVERAGE CONSUMER SHIPPING
8 LICENSE

9 (a)(1) A manufacturer or rectifier of malt or vinous beverages licensed in
10 Vermont may be granted an in-state consumer shipping license by filing with
11 the ~~Department~~ Division of Liquor Control an application in a form required
12 by the Commissioner accompanied by a copy of the applicant's current
13 Vermont manufacturer's license and the fee provided in section 204 of this
14 title.

15 (2) An in-state consumer shipping license may be renewed annually by
16 submitting to the ~~Department~~ Division the fee provided in section 204 of this
17 title accompanied by a copy of the licensee's current Vermont manufacturer's
18 license.

19 (b)(1) A manufacturer or rectifier of malt or vinous beverages licensed in
20 another state that operates a brewery or winery in the United States and holds
21 valid state and federal permits and licenses may be granted an out-of-state

1 consumer shipping license by filing with the ~~Department~~ Division of Liquor
2 Control an application in a form required by the Commissioner accompanied
3 by copies of the applicant's current out-of-state manufacturer's license and the
4 fee provided in section 204 of this title.

5 (2) An out-of-state consumer shipping license may be renewed annually
6 by submitting to the ~~Department~~ Division the fee provided in section 204 of
7 this title accompanied by the licensee's current out-of-state manufacturer's
8 license.

9 * * *

10 (c)(1) A consumer shipping license granted pursuant to this section shall
11 permit the licensee to ship malt or vinous beverages produced by the licensee
12 to private residents for personal use and not for resale.

13 * * *

14 (3) The beverages shall be shipped by common carrier certified by the
15 ~~Department~~ Division pursuant to section 280 of this subchapter. The common
16 carrier shall comply with all the following:

17 * * *

18 Sec. 63. 7 V.S.A. § 278 is amended to read:

19 § 278. VINOUS BEVERAGE RETAIL SHIPPING LICENSE

20 (a) A manufacturer or rectifier of vinous beverages that is licensed in ~~state~~
21 the State or ~~out-of-state~~ outside the State and holds valid state and federal

1 permits and operates a winery in the United States may apply for a retail
2 shipping license by filing with the ~~Department~~ Division of Liquor Control an
3 application in a form required by the Commissioner accompanied by a copy of
4 its in-state or out-of-state license and the fee provided in section 204 of this
5 title.

6 (b) The retail shipping license may be renewed annually by submitting to
7 the ~~Department~~ Division the fee provided in section 204 of this title
8 accompanied by the licensee's current in-state or out-of-state manufacturer's
9 license.

10 * * *

11 (d) The retail shipping license holder shall provide to the ~~Department~~
12 Division documentation of the annual and monthly number of gallons sold.

13 * * *

14 Sec. 64. 7 V.S.A. § 279 is amended to read:

15 § 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
16 REQUIREMENTS

17 A holder of a shipping license granted pursuant to section 277 or 278 of this
18 subchapter shall comply with all of the following:

19 * * *

20 (2) Not ship to any address in a municipality that the ~~Department~~
21 Division of Liquor Control identifies as having voted to be "dry."

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(4) Report at least twice per year to the ~~Department~~ Division if a holder of a consumer shipping license and once per year if a holder of a retail shipping license in a manner and form required by the Commissioner all the following information:

* * *

(6) Permit the State Treasurer, the ~~Department~~ Division of Liquor Control, and the Department of Taxes, separately or jointly, upon request, to perform an audit of its records.

(7) If an out-of-state license holder, be deemed to have consented to the jurisdiction of the ~~Liquor Control Board of Liquor and Lottery, Department~~ Division of Liquor Control, or any other State agency and the Vermont State courts concerning enforcement of this or other applicable laws and rules.

* * *

(9) Comply with all applicable laws and ~~Liquor Control Board of~~ Liquor and Lottery rules.

* * *

Sec. 65. 7 V.S.A. § 280 is amended to read:

§ 280. COMMON CARRIERS; REQUIREMENTS

(a) A common carrier shall not deliver malt or vinous beverages pursuant to this chapter until it has complied with the training provisions in section 213

1 of this title and been certified by the ~~Department~~ Division of Liquor Control.

2 * * *

3 Sec. 66. 7 V.S.A. § 281 is amended to read:

4 § 281. PROHIBITIONS

5 * * *

6 (c) For any violation of sections 277-280 of this subchapter, the ~~Liquor~~
7 ~~Control Board~~ of Liquor and Lottery may suspend or revoke a license issued
8 under section 277 or 278 of this subchapter, in addition to any other remedies
9 available to the Board.

10 Sec. 67. 7 V.S.A. § 282 is amended to read:

11 § 282. RULEMAKING

12 The ~~Liquor Control Board~~ of Liquor and Lottery and the Commissioner of
13 Taxes may adopt rules and forms necessary to implement sections 277-281 of
14 this subchapter.

15 Sec. 68. 7 V.S.A. § 283 is amended to read:

16 § 283. VINOUS BEVERAGE STORAGE AND SHIPPING LICENSE

17 (a) The ~~Liquor Control Board~~ of Liquor and Lottery may, pursuant to rules
18 adopted by the Board, grant a vinous beverage storage and shipping license to
19 a person that submits an application and pays the fee provided in section 204
20 of this title.

21 * * *

1 Sec. 69. 7 V.S.A. § 422 is amended to read:

2 § 422. TAX ON SPIRITS AND FORTIFIED WINES

3 (a) A tax is assessed on the gross revenue from the sale of spirits and
4 fortified wines in the State of Vermont by the ~~Liquor Control Board~~ of Liquor
5 and Lottery or the retail sale of spirits and fortified wines in Vermont by a
6 manufacturer or rectifier of spirits or fortified wines, in accordance with the
7 provisions of this title. The tax shall be at the following rates based on the
8 gross revenue of the retail sales by the seller in the current year:

9 * * *

10 Sec. 70. 7 V.S.A. § 423 is amended to read:

11 § 423. RULES

12 (a) The ~~Liquor Control Board~~ of Liquor and Lottery shall adopt rules as it
13 deems necessary for the proper administration and collection of the tax
14 imposed under section 422 of this title.

15 * * *

16 Sec. 71. 7 V.S.A. § 424 is amended to read:

17 § 424. COLLECTION

18 The ~~Liquor Control Board~~ of Liquor and Lottery shall collect the tax
19 imposed under section 422 of this title. The taxes collected on sales by the
20 ~~Liquor Control Board~~ of Liquor and Lottery shall be paid weekly to the State
21 Treasurer, and the taxes collected on sales by a manufacturer or rectifier shall

1 be paid quarterly to the State Treasurer.

2 Sec. 72. 7 V.S.A. § 503 is amended to read:

3 § 503. SATISFACTION OF JUDGMENT; REVOCATION OF LICENSE

4 If a licensee fails to satisfy a judgment entered under section 501 of this
5 title for 30 days after the judgment is entered, the local control commissioners
6 or the ~~Liquor Control~~ Board of Liquor and Lottery shall revoke its license. A
7 license shall not be granted to a person against whom a judgment has been
8 recovered until the judgment is satisfied.

9 Sec. 73. 7 V.S.A. § 561 is amended to read:

10 § 561. AUTHORITY OF LIQUOR CONTROL INVESTIGATORS;

11 ARREST FOR UNLAWFULLY MANUFACTURING,

12 POSSESSING, OR TRANSPORTING ALCOHOLIC BEVERAGES;

13 SEIZURE OF PROPERTY

14 (a) The Director of ~~the Enforcement Division of~~ for the Department
15 Division of Liquor Control and investigators employed by the ~~Liquor Control~~
16 Board of Liquor and Lottery or by the ~~Department~~ Division of Liquor Control
17 shall be certified as Level III law enforcement officers by the Vermont
18 Criminal Justice Training Council and shall have the same powers and
19 immunities as those conferred on the State Police by 20 V.S.A. § 1914.

20 (b) The Commissioner of ~~Liquor Control and Lottery~~, the Director of ~~the~~
21 ~~Enforcement Division of~~ for the Department Division of Liquor Control, an

1 investigator employed by the ~~Liquor Control~~ Board of Liquor and Lottery or
2 by the ~~Department~~ Division of Liquor Control, or any other law enforcement
3 officer may arrest or take into custody pursuant to the Vermont Rules of
4 Criminal Procedure a person whom he or she finds in the act of manufacturing
5 alcohol or possessing a still or other apparatus for the manufacture of alcohol;
6 unlawfully selling, bartering, possessing, furnishing, or transporting alcohol;
7 or unlawfully selling, furnishing, or transporting alcoholic beverages, and shall
8 seize the alcohol, vessels, and implements of sale and the stills or other
9 apparatus for the manufacture of alcohol in the possession of the person. He
10 or she may also seize and take into custody any property described in this
11 section.

12 Sec. 74. 7 V.S.A. § 562 is amended to read:

13 § 562. SEARCH WARRANTS

14 (a) If a State's Attorney, the Commissioner of Liquor ~~Control and Lottery~~,
15 an investigator duly acting for the ~~Liquor Control~~ Board of Liquor and
16 Lottery, a control commissioner, or a town grand juror makes a complaint
17 under oath or affirmation to a judge of the Criminal Division of the Superior
18 Court that he or she or they have reason to believe that alcoholic beverages or
19 alcohol ~~are~~ is kept or deposited for sale or distribution contrary to law, or that
20 alcohol is manufactured or possessed contrary to law, in any kind of vehicle,
21 ~~air or water craft~~ aircraft, watercraft, or other conveyance, or a dwelling house,

1 railway car, or building, or place in the county, the judge shall issue a warrant
2 to search the premises described in the complaint.

3 * * *

4 Sec. 75. 7 V.S.A. § 567 is amended to read:

5 § 567. FORFEITURE OF SEIZED PROPERTY

6 * * *

7 (b) Alcoholic beverages, alcohol, or other property that is adjudged
8 forfeited and condemned under this section shall be turned over to the
9 Commissioner of Liquor ~~Control~~ and Lottery for the benefit of the State.

10 Sec. 76. 7 V.S.A. § 588 is amended to read:

11 § 588. FEES OF SHERIFF, CONSTABLE, OR POLICE OFFICER

12 When a sheriff, constable, or police officer makes a search under this title
13 pursuant to a warrant, he or she shall receive a fee for the search,
14 reimbursement for mileage at the rate set pursuant to 32 V.S.A. § 1267, and
15 the sum that he or she actually paid out for necessary assistance, if:

16 (1) the Commissioner of Liquor ~~Control~~ and Lottery deems the amount
17 to be reasonable; and

18 (2) the officer declares under oath that the money was expended as
19 claimed, and, if applicable, states the name of his or her assistant and the
20 amount paid for the assistance.

21 Sec. 77. 7 V.S.A. § 590 is amended to read:

1 § 590. ~~LIQUOR CONTROL BOARD OF LIQUOR AND LOTTERY;~~

2 RULES

3 The ~~Liquor Control Board of Liquor and Lottery~~ shall adopt rules as
4 necessary to effectuate the purposes of section 589 of this title.

5 Sec. 78. 7 V.S.A. § 659 is amended to read:

6 § 659. REFUSAL OR NEGLECT OF OFFICERS TO PERFORM DUTIES

7 (a) The county sheriffs, sheriff's deputies, constables, officers or members
8 of the village or city police, State Police, and investigators of the ~~Liquor~~
9 ~~Control Board of Liquor and Lottery~~ shall have the authority and duty to see
10 ensure that the provisions of this title and the rules adopted by the ~~Liquor~~
11 ~~Control Board of Liquor and Lottery~~ pursuant to this title are enforced within
12 their respective jurisdictions. Any officer who willfully refuses or neglects to
13 perform the duties imposed upon him or her by this section shall be fined not
14 more than \$500.00 or imprisoned not more than 90 days, or both.

15 * * *

16 Sec. 79. 7 V.S.A. § 660 is amended to read:

17 § 660. ADVERTISING

18 (a) ~~A person shall not display on~~ Any outside billboards or signs ~~erected on~~
19 ~~the highway any that contain an~~ advertisement of any kind relating to alcoholic
20 beverages, or indicate where alcoholic beverages may be procured shall
21 comply with the requirements of 10 V.S.A. chapter 21. A person who violates

1 any provision of this section shall be fined not more than \$100.00 nor less than
2 \$10.00, for each offense, and a conviction for a violation shall be cause for
3 revoking the person's license issued under this title.

4 * * *

5 Sec. 80. 7 V.S.A. § 661 is amended to read:

6 § 661. VIOLATIONS OF TITLE

7 (a)(1) A person that furnishes, sells, or keeps with intent to sell, or bottles
8 or prepares for sale any alcoholic beverages, except as authorized by this title,
9 or sells, barter, transports, imports, exports, delivers, prescribes, furnishes, or
10 possesses alcohol, except as authorized by the ~~Liquor Control Board of Liquor~~
11 and Lottery, or that unlawfully manufactures alcohol or possesses a still or
12 other apparatus for the manufacture of alcohol shall be imprisoned not more
13 than 12 months nor less than three months or fined not more than \$1,000.00
14 nor less than \$100.00, or both.

15 * * *

16 (b) A person that willfully violates a provision of this title for which no
17 other penalty is prescribed or that willfully violates a rule of the ~~Liquor~~
18 Control Board of Liquor and Lottery shall be imprisoned not more than three
19 months nor less than one month or fined not more than \$200.00 nor less than
20 \$50.00, or both.

21 * * *

1 Sec. 81. 7 V.S.A. § 701 is amended to read:

2 § 701. DEFINITIONS

3 As used in this chapter:

4 (1) “Certificate of approval” means an authorization by the ~~Liquor~~
5 ~~Control Board~~ of Liquor and Lottery pursuant to section 274 of this title to a
6 manufacturer or distributor of malt beverages or vinous beverages, or both, not
7 licensed under the provisions of this title, to sell those beverages to holders of
8 a packager’s or wholesale dealer’s license issued by the Board pursuant to
9 section 272 or 273 of this title.

10 * * *

11 Sec. 82. 7 V.S.A. § 1001 is amended to read:

12 § 1001. DEFINITIONS

13 As used in this chapter:

14 (1) “Board” means the ~~Liquor Control Board~~ of Liquor and Lottery.

15 (2) “Commissioner” means the Commissioner of Liquor ~~Control~~ and
16 Lottery.

17 * * *

18 (5) “Tobacco license” means a license issued by the ~~Department~~
19 Division of Liquor Control under this chapter permitting the licensee to engage
20 in the retail sale of tobacco products or locate a vending machine on the
21 premises identified in the license.

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* * *

Sec. 83. 7 V.S.A. § 1002 is amended to read:

§ 1002. LICENSE REQUIRED; APPLICATION; FEE; ISSUANCE

(a)(1) No person shall engage in the retail sale of tobacco products, tobacco substitutes, or tobacco paraphernalia in his or her place of business without a tobacco license obtained from the ~~Department~~ Division of Liquor Control.

(2) No person shall engage in the retail sale of tobacco substitutes without also obtaining a tobacco substitute endorsement from the ~~Department~~ Division of Liquor Control.

* * *

(d)(1) For a license or endorsement required under this section, a person shall apply to the legislative body of the municipality and shall pay the following fees:

(A) to the ~~Department~~ Division of Liquor Control, the applicable liquor license fee provided in section 204 of this title for a liquor license and a tobacco license;

(B) to the legislative body of the municipality, a fee of \$110.00 for a tobacco license or renewal; and

(C) to the legislative body of the municipality, a fee of \$50.00 for a tobacco substitute endorsement as provided in subdivision (a)(2) of this section.

1 comply with this subdivision.

2 (2) Ensure that every employee involved in the sale of tobacco products
3 completes a ~~Department~~ Division of Liquor Control in-person or online
4 training program or other training programs approved by the ~~Department~~
5 Division before the employee begins selling or providing tobacco products,
6 and at least once every 24 months thereafter. A licensee may comply with this
7 subdivision by conducting its own training program on its premises using
8 information and materials furnished by the ~~Department~~ Division of Liquor
9 Control. A licensee that fails to comply with the requirements of this
10 subsection shall be subject to suspension of its tobacco license for ~~no~~ not less
11 than one day.

12 (3) Fees for ~~Department~~ Division of Liquor Control in-person and
13 online seminars for tobacco only shall be \$10.00 per person.

14 Sec. 85. 7 V.S.A. § 1007 is amended to read:

15 § 1007. FURNISHING TOBACCO TO PERSONS UNDER 18 YEARS OF
16 AGE; REPORT

17 * * *

18 (b)(1) The ~~Department~~ Division of Liquor Control shall conduct or
19 contract for compliance tests of tobacco licensees as frequently and as
20 comprehensively as necessary to ensure consistent statewide compliance with
21 the prohibition on sales to persons under 18 years of age of at least 90 percent

1 for buyers who are 16 or 17 years of age. An individual under 18 years of age
2 participating in a compliance test shall not be in violation of section 1005 of
3 this title.

4 * * *

5 (3) The ~~Department~~ Division shall report to the House Committee on
6 General, Housing and Military Affairs, the Senate Committee on Economic
7 Development, Housing and General Affairs, and the Tobacco Evaluation and
8 Review Board annually, on or before January 15, the methodology and results
9 of compliance tests conducted during the previous year. The provisions of
10 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the required
11 report to be made under this ~~subsection~~ subdivision.

12 Sec. 86. 7 V.S.A. § 1008 is amended to read:

13 § 1008. RULEMAKING

14 The ~~Liquor Control Board~~ of Liquor and Lottery shall adopt rules for the
15 administration and enforcement of this chapter.

16 Sec. 87. 7 V.S.A. § 1011 is amended to read:

17 § 1011. COMMERCIAL CIGARETTE ROLLING MACHINES

18 * * *

19 (b) A person who knowingly violates subsection (a) of this section shall be
20 subject to the following civil penalties:

21 * * *

1 Sec. 90. 31 V.S.A. § 654 is redesignated and amended to read:

2 § ~~654~~ 651. POWERS AND DUTIES OF BOARD OF LIQUOR AND
3 LOTTERY

4 The ~~Commission~~ Board of Liquor and Lottery shall adopt rules pursuant to
5 3 V.S.A. chapter 25, governing the establishment and operation of the State
6 Lottery. The rules may include the following:

7 * * *

8 (7) Lottery product sales locations, which may include State agency
9 liquor stores; private business establishments, except establishments holding
10 first- or first- and third-class licenses pursuant to Title 7; fraternal, religious,
11 and volunteer organizations; town clerks' offices; and State fairs, race tracks,
12 and other sporting arenas.

13 * * *

14 (11) Apportionment of total revenues, within limits hereinafter
15 specified, accruing to the State Lottery Fund among:

16 (A) the payment of prizes to winning ticket holders;

17 (B) the payment of all costs incurred in the creation, operation, and
18 administration of the ~~lottery~~ State Lottery, including compensation of the
19 ~~Commission Board, Director~~ Commissioner of Liquor and Lottery, employees
20 of the Department of Liquor and Lottery, consultants, and contractors, and
21 other necessary expenses;

1 (C) the repayment of monies advanced to the State Lottery Fund for
2 initial funding of the ~~lottery~~ State Lottery;

3 * * *

4 Sec. 91. 31 V.S.A. § 654a is redesignated and amended to read:

5 § ~~654a~~ 652. MULTIJURISDICTIONAL LOTTERY ~~GAME~~ GAMES

6 (a)(1) In addition to the Tri-State Lotto Compact provided for in
7 subchapter 2 of this chapter, and the other authority to operate lotteries
8 contained in this chapter, the ~~Commission~~ Board of Liquor and Lottery is
9 authorized to negotiate and contract with ~~up to~~ not more than four
10 multijurisdictional lotteries to offer and provide multijurisdictional lottery
11 games. The ~~Commission~~ Board may join any multijurisdictional lottery that
12 provides indemnification for its standing committee members, officers,
13 directors, employees, and agents.

14 (2)(A) The ~~Commission~~ Board shall adopt ~~rules under 3 V.S.A.~~
15 ~~chapter 25~~ procedures pursuant to 3 V.S.A. § 835 to govern the establishment
16 and operation of any multijurisdictional lottery game authorized by this
17 section. For each procedure proposed to be adopted or amended pursuant to
18 this section, the Board shall publish the proposal on the Department of Liquor
19 and Lottery's website, provide notice of the proposal to all persons licensed to
20 sell lottery tickets, provide not less than 30 days for public comment on the
21 proposal, and hold not less than two public hearings at which members of the

1 public may seek additional information or submit oral or written comments on
2 the proposal.

3 (B) The Board of Liquor and Lottery shall not be required to initiate
4 rulemaking pursuant to 3 V.S.A. § 831(c) in relation to a procedure adopted
5 pursuant to this section.

6 (C) A procedure adopted pursuant to this section shall have the force
7 of law and be binding on all persons who play or sell the multijurisdictional
8 lottery game.

9 * * *

10 (c) The provisions of subdivisions 674L.1.1A through 674L.1.1I of this
11 title shall apply to the payment of prizes to a person other than a winner for
12 prizes awarded under any multijurisdictional lottery authorized by this section,
13 except that the ~~Vermont Lottery Commission~~ Board of Liquor and Lottery
14 shall be responsible for implementing such the provisions under this section,
15 rather than the Tri-State Lotto Commission.

16 Sec. 92. ADOPTION OF PROCEDURES; REPEAL OF RULES

17 On or before September 15, 2018, the Board of Liquor and Lottery shall
18 adopt procedures governing the operation of all multijurisdictional lottery
19 games offered pursuant to 31 V.S.A. § 654a. Upon the adoption of procedures
20 governing the operation of a multijurisdictional lottery game, any rules
21 adopted pursuant to 3 V.S.A. chapter 25 in relation to that game shall be

1 deemed to be repealed.

2 Sec. 93. 31 V.S.A. § 655 is redesignated and amended to read:

3 § ~~655~~ 653. LICENSE FEES

4 A license fee shall be charged for each sales license granted to a person for
5 the purpose of selling lottery tickets at the time the person is first granted a
6 license. The fee shall be fixed by the ~~Commission~~ Board of Liquor and
7 Lottery, but no license fee in excess of \$50.00 may be charged.

8 Sec. 94. 31 V.S.A. § 656 is redesignated and amended to read:

9 § ~~656~~ 654. INTERSTATE LOTTERY; CONSULTANT; MANAGEMENT

10 (a) The ~~Commission~~ Board of Liquor and Lottery may develop and operate
11 a lottery or the State may enter into a contractual agreement with another state
12 or states to provide for the operation of the ~~lottery~~ Lottery. Approval of the
13 Joint Fiscal Committee and the Governor shall be required for such contractual
14 agreements with other states.

15 (b) If no interstate contract is entered into, the ~~Commission~~ Board shall
16 obtain the service of an experienced lottery design and implementation
17 consultant. The fee for the consultant may be fixed or may be based upon a
18 percentage of gross receipts realized from the ~~lottery~~ Lottery.

19 (c) The ~~Commission~~ Board may enter into a facilities management type of
20 agreement for operation of the ~~lottery~~ Lottery by a third party.

21 Sec. 95. 31 V.S.A. § 657 is redesignated and amended to read:

1 § ~~657~~ 655. DIRECTOR AND DUTIES OF THE COMMISSIONER

2 (a) The State Lottery shall be under the immediate supervision and
3 direction of a ~~Lottery Director~~ the Commissioner of Liquor and Lottery. The
4 ~~Director shall devote his or her entire time and attention to the duties of his or~~
5 ~~her office and shall not be engaged in any other profession or occupation. The~~
6 ~~Office of Director of the State Lottery is an executive position and shall not be~~
7 ~~included in the plan of classification of State employees, notwithstanding~~
8 ~~3 V.S.A. § 310(a).~~

9 (b) The ~~Director~~ Commissioner shall:

10 (1) ~~supervise~~ Supervise and administer the operation of the ~~lottery~~
11 Lottery within the rules adopted by the ~~Commission;~~ Board of Liquor and
12 Lottery.

13 (2) ~~subject~~ Subject to the approval of the ~~Commission~~ Board, enter into
14 ~~such contracts as may be required~~ necessary for the proper creation,
15 administration, operation, modification, and promotion of the ~~lottery~~ State
16 Lottery or any part ~~thereof~~ of the Lottery. These contracts shall not be
17 assignable;.

18 (3) ~~license~~ License sales agents and suspend or revoke any license in
19 accordance with the provisions of this chapter and the rules of the
20 ~~Commission;~~ Board.

21 (4) ~~act~~ Act as Secretary to the ~~Commission~~ Board, but as a nonvoting

1 member of the ~~Commission;~~ Board.

2 (5) ~~employ such~~ Employ professional and secretarial staff as ~~may be~~
3 required necessary to carry out the functions of the ~~Commission~~ Division of
4 the Lottery. 3 V.S.A. chapter 13 shall apply to employees of the ~~Commission;~~
5 ~~and~~ Division.

6 (6) ~~annually~~ Anually prepare a budget and submit it to the ~~Commission~~
7 Board.

8 Sec. 96. 31 V.S.A. § 658 is redesignated and amended to read:

9 § ~~658~~ 656. STATE LOTTERY FUND

10 (a) There is hereby created in the State Treasury a separate fund to be
11 known as the State Lottery Fund. ~~This fund~~ The Fund shall consist of all
12 revenues received from the Treasurer for initial funding, from sale of lottery
13 tickets, from license fees, and from all other money credited or transferred
14 from any other fund or source pursuant to law. The monies in the State
15 Lottery Fund shall be disbursed pursuant to subdivision ~~654(11)~~ 651(11) of
16 this title, and shall be disbursed by the Treasurer on warrants issued by the
17 Commissioner of Finance and Management, when authorized by the
18 Commissioner of Liquor and Lottery Director and approved by the
19 Commissioner of Finance and Management.

20 (b) Expenditures for administrative and overhead expenses of the operation
21 of the ~~lottery~~ State Lottery, except agent and bank commissions, shall be paid

1 from ~~lottery~~ Lottery receipts from an appropriation authorized for that
2 purpose. Agent commissions shall be set by the ~~Lottery Commission~~ Board of
3 Liquor and Lottery and ~~may~~ shall not exceed 6.25 percent of gross receipts and
4 bank commissions ~~may~~ shall not exceed ~~±~~ one percent of gross receipts. Once
5 the draw game results become official, the payment of any commission on any
6 draw game ticket that wins at least \$10,000.00 shall be made through the
7 normal course of processing payments to lottery agents, regardless of whether
8 the winning ticket is claimed.

9 (c) ~~No~~ Not less than 50 percent of gross receipts shall be paid out as prizes.

10 (d) Annuities for lottery winners shall be purchased by the State Treasurer.

11 The State Treasurer shall make all investments of State Lottery Fund monies.

12 Sec. 97. 31 V.S.A. § 659 is redesignated and amended to read:

13 § ~~659~~ 657. REPORT OF THE COMMISSION BOARD

14 The ~~Commission~~ Board of Liquor and Lottery shall make an annual report
15 to the Governor and to the General Assembly on or before the 10th day of
16 January in each year, ~~including therein~~. The report shall include an account of
17 ~~it's~~ the Board's actions, and the receipts derived under the provisions of this
18 chapter, the practical effects of the application ~~thereof~~ of the proceeds of the
19 Lottery, and any recommendation for legislation ~~which that~~ that the Commission
20 Board deems advisable.

21 Sec. 98. 31 V.S.A. § 660 is redesignated and amended to read:

1 § ~~660~~ 658. ~~POST-AUDITS~~ POSTAUDITS

2 All ~~lottery~~ State Lottery accounts and transactions of the ~~Lottery~~
3 ~~Commission~~ Board of Liquor and Lottery shall be subject to annual ~~post-audits~~
4 postaudits conducted by independent auditors retained by the ~~Commission~~
5 Board for this purpose. The ~~Commission~~ Board may order ~~such~~ other audits
6 as it deems necessary and desirable.

7 Sec. 99. 31 V.S.A. § 661 is redesignated and amended to read:

8 § ~~664~~ 659. SALES AND PURCHASE OF LOTTERY TICKETS

9 The following acts relating to the purchase and sale of lottery tickets are
10 prohibited:

11 * * *

12 (4) No member of the ~~Commission~~ Board of Liquor and Lottery or
13 employee of the ~~Commission~~ Department of Liquor and Lottery, or ~~members~~
14 member of ~~their~~ his or her immediate household, may claim or receive prize
15 money ~~hereunder~~ under this chapter.

16 Sec. 100. 31 V.S.A. § 662 is redesignated to read:

17 § ~~662~~ 660. UNCLAIMED PRIZE MONEY

18 Sec. 101. 31 V.S.A. § 663 is redesignated to read:

19 § ~~663~~ 661. STATE GAMING LAWS INAPPLICABLE AS TO LOTTERY

20 Sec. 102. 31 V.S.A. § 665 is redesignated to read:

21 § ~~665~~ 662. PENALTIES

1 Sec. 103. 31 V.S.A. § 666 is redesignated to read:

2 § ~~666~~ 663. PUBLICATION OF ODDS

3 Sec. 104. 31 V.S.A. § 667 is redesignated and amended to read:

4 § ~~667~~ 664. FISCAL COMMITTEE REVIEW

5 * * *

6 (b) This section shall not apply in the event the ~~Commission~~ Board of
7 Liquor and Lottery enters into a facilities management agreement pursuant to
8 the provisions of subsection ~~656(e)~~ 654(c) of this title.

9 Sec. 105. 31 V.S.A. § 674 is amended to read:

10 § 674. PROCEDURES AND CONDITIONS GOVERNING THE
11 TRI-STATE LOTTERY-ARTICLE II

12 * * *

13 Q. The Vermont Board of Liquor and Lottery ~~Commission~~ shall be
14 immune from:

15 * * *

16 Sec. 106. 3 V.S.A. § 212 is amended to read:

17 § 212. DEPARTMENTS CREATED

18 The following administrative departments are hereby created, through the
19 instrumentality of which the Governor, under the Constitution, shall exercise
20 such functions as are by law assigned to each department respectively:

21 * * *

1 and the State Lottery.

2 (B) All positions and appropriations of the Department of Liquor
3 Control and the State Lottery shall be transferred to the Department of Liquor
4 and Lottery.

5 (3)(A) The Commissioner of Liquor Control shall become the
6 Commissioner of Liquor and Lottery.

7 (B) The Commissioner of Liquor and Lottery shall assume all the
8 powers, duties, rights, and responsibilities of the Commissioner of Liquor
9 Control and the Director of the State Lottery.

10 Sec. 109. LEGISLATIVE COUNCIL; PREPARATION OF A DRAFT BILL

11 On or before January 15, 2019, the Office of Legislative Council shall
12 prepare and submit a draft bill to the House Committees on General, Housing,
13 and Military Affairs and on Government Operations and the Senate
14 Committees on Economic Development, Housing and General Affairs and on
15 Government Operations that makes statutory amendments of a technical nature
16 and identifies all statutory sections that the General Assembly may need to
17 amend substantively to effect the intent of this act.

18 Sec. 110. COMMISSIONER OF LIQUOR AND LOTTERY; CURRENT

19 TERM; APPOINTMENT OF SUCCESSOR

20 The Commissioner of Liquor and Lottery in office on July 1, 2018 shall be
21 deemed to have commenced a four-year term pursuant to 7 V.S.A. § 106(a)(1)

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

6 Sec. 111. REPEAL

7 2016 Acts and Resolves No. 144, Sec. 20 is repealed.

8 Sec. 112. DEPARTMENT OF LIQUOR AND LOTTERY; ANNUAL
9 REPORTS

10 The Commissioner of Liquor and Lottery and the Board of Liquor and
11 Lottery shall report annually on or before January 15 of 2019, 2020, and 2021
12 to the House Committees on Corrections and Institutions, on Government
13 Operations, and on General, Housing, and Military Affairs and the Senate
14 Committees on Economic Development, Housing and General Affairs, on
15 Government Operations, and on Institutions regarding the Department of
16 Liquor and Lottery's success in carrying out the functions of the former
17 Department of Liquor Control and the State Lottery. The report shall
18 specifically identify any improvements in efficiency and customer service
19 levels, as well as any savings or additional costs, that have resulted from the
20 merger of the two entities. The report shall also provide detailed information
21 regarding the Department's progress with respect to securing a facility that will

1 meet its office and warehouse needs. In addition, the report shall include any
2 recommendations for legislative action that may be necessary to effect the
3 intent of this act.

4 Sec. 113. TRANSITION

5 (a)(1) The Commissioner of Liquor Control, in consultation with the
6 Secretary of Administration, the Commissioner of Finance and Management,
7 the Commissioner of Human Resources, the Director of the Lottery, the Liquor
8 Control Board, and the Lottery Commission, shall take any action necessary to
9 enable the merger of the Department of Liquor Control and the Liquor Control
10 Board with the State Lottery and the Lottery Commission to form the
11 Department of Liquor and Lottery and the Board of Liquor and Lottery on
12 July 1, 2018.

13 (2) The Secretary of Administration, the Commissioner of Finance and
14 Management, the Commissioner of Human Resources, the Director of the
15 Lottery, the Liquor Control Board, and the Lottery Commission shall
16 cooperate with the Commissioner and provide any necessary assistance to
17 enable the merger of the Department of Liquor Control and the Liquor Control
18 Board with the State Lottery and the Lottery Commission on July 1, 2018.

19 (b)(1) The Governor shall appoint, with the advice and consent of the
20 Senate, five members from the Liquor Control Board and the Lottery
21 Commission to form the Board of Liquor and Lottery on July 1, 2018.

1 (2) The Governor shall not appoint more than three members from
2 either the Liquor Control Board or the Lottery Commission to serve on the
3 Board of Liquor and Lottery.

4 (3) The Governor shall designate one of the appointees to serve as the
5 Chair of the Board.

6 (4) Notwithstanding 7 V.S.A. § 101, the Governor shall designate two
7 members of the Board whose terms shall expire on January 31, 2021 and three
8 members whose terms shall expire on January 31, 2023.

9 Sec. 114. LOTTERY AGENT SALES PRACTICES; INTEGRITY;

10 REVIEW; REPORT

11 (a) The Commissioner of Liquor and Lottery shall conduct a review of:

12 (1) lottery prize winners by agency location to determine whether a
13 disproportionate number of winning tickets sold by each lottery agent was
14 purchased by the owner or an employee of the agent, or by an immediate
15 family member of the owner or of an employee of the agent; and

16 (2) the sales, fraud prevention, and security practices of each lottery
17 agent to determine whether those practices are sufficient to preserve the
18 integrity of the Lottery and to avoid the occurrence or appearance of
19 illegitimate winnings by the owner or an employee of the agent, or by an
20 immediate family member of the owner or an employee of the agent.

21 (b) On or before October 1, 2018, the Commissioner shall submit a written

1 report on the findings of the review conducted pursuant to subsection (a) of
2 this section to the Joint Fiscal Committee. The report shall include a
3 recommendation regarding whether a lottery sales agent, the owner or
4 employee of a sales agent, and the members of the immediate household of a
5 sales agent or owner or employee of a sales agent should be prohibited from
6 purchasing lottery tickets from the agent's licensed sales location.

7 Sec. 115. EFFECTIVE DATES

8 (a) This section and Secs. 108 and 113 shall take effect on passage.

9 (b) The remaining sections of this act shall take effect on July 1, 2018.