

SPECIAL SESSION

H.7

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

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

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

§ 2. DEFINITIONS

As used in this title:

* * *

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

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

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

(5)(6) “Certificate of approval” means a license granted by the ~~Liquor~~
~~Control~~ Board of Liquor and Lottery to a manufacturer or distributor of malt
beverages or vinous beverages, or both, that is not licensed under the

provisions of this title, that permits the licensee to sell those beverages to holders of a packager's or wholesale dealer's license.

~~(6)~~(7) "Club" means an unincorporated association or a corporation authorized to do business in this State; that has been in existence for at least two consecutive years prior to the date of application for a license under this title and owns, hires, or leases a building or space in a building that is suitable and adequate for the reasonable and comfortable use and accommodation of its members and their guests and contains suitable and adequate kitchen and dining room space and equipment implements and facilities. A bona fide unincorporated association or corporation whose officers and members consist solely of veterans of the U.S. Armed Forces, or a subordinate lodge or local chapter of any national fraternal order, ~~and which~~ that fulfills all requirements of section 229 of this title; except that it has not been in existence for at least two years; shall come within the terms of this definition six months after the completion of its organization.

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

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

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

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

~~(10)~~(12) “Destination resort master license” means a license granted by the ~~Liquor Control~~ Board of Liquor and Lottery pursuant to section 242 of this title permitting a destination resort to designate licensed caterers and commercial caterers that will be permitted to cater individual events within the boundaries of the resort without being required to obtain a request-to-cater permit for each individual event. For purposes of a destination resort master license, a “destination resort” is a resort that contains at least 100 acres of land, offers at least 50 units of sleeping accommodations, offers meal and beverage service to the public for consideration, and has related sports and recreational facilities for the convenience or enjoyment of its guests. “Destination resort” does not include the University of Vermont and State Agricultural College, the Vermont State Colleges, or any other university, college, or postsecondary school.

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

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

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

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

~~(14)~~(17) “Fortified wine permit” means a permit granted to a second-class licensee that permits the licensee to export and sell fortified wines to the public for consumption off the licensed premises.

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

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

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

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

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

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

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

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

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

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

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

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

(27)(29) “Packager’s license” means a license granted by the ~~Liquor Control~~ Board of Liquor and Lottery permitting a person to bottle or otherwise package alcoholic beverages for sale and to distribute and sell alcoholic beverages at wholesale in this State.

(28)(30) “Person,” as applied to licensees, means an individual who is a citizen or a lawful permanent resident of the United States; a partnership composed of individuals, a majority of whom are citizens or lawful permanent residents of the United States; a corporation organized under the laws of this State or another state in which a majority of the directors are citizens or lawful permanent residents of the United States; or a limited liability company organized under the laws of this State or another state in which a majority of

the members or managers are citizens or lawful permanent residents of the United States.

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

~~(30)~~(32) “Retail dealer” means any person who sells or furnishes malt or vinous beverages to the public.

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

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

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

~~(34)~~(36) “Special event permit” means a permit granted by the ~~Department~~ Division of Liquor Control permitting a licensed manufacturer or

rectifier to sell, by the glass or by the unopened bottle, alcoholic beverages manufactured or rectified by the license holder at an event open to the public that has been approved by the local control commissioners.

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

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

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

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

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

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

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

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

(a) Notwithstanding any provision of 13 V.S.A. chapter 51 to the contrary, the ~~Department~~ Division of Liquor Control may conduct raffles for the right to purchase certain rare and unusual spirits and fortified wines that are acquired

by the ~~Liquor Control Board~~ of Liquor and Lottery. A raffle conducted pursuant to this section shall meet the following requirements:

* * *

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

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

§ 61. RESTRICTIONS; EXCEPTIONS

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

* * *

(3) the furnishing, purchase, sale, barter, transportation, importation, exportation, delivery, prescription, or possession of alcohol for manufacturing, mechanical, medicinal, and scientific purposes, provided that it is done in accordance with the rules of the ~~Liquor Control Board~~ of Liquor and Lottery and licenses and permits issued by the Board of Liquor and Lottery or ~~Department~~ Division of Liquor Control as provided in this title.

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

§ 62. HOURS OF SALE

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

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

§ 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;

PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

(a)(1) All spirits and fortified wines imported or transported into this State shall be imported or transported by and through the ~~Liquor Control~~ Board of Liquor and Lottery. A person importing or transporting or causing to be imported or transported into this State any spirits or fortified wines, 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.

* * *

(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.

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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:

§ 66. HOME-FERMENTED MALT AND VINOUS BEVERAGES;
TASTING EVENT

* * *

(b) Home-fermented beverages produced pursuant to this section may be transported to and offered for tasting at an organized event, exhibition, or

competition held for home-fermented beverages, provided all the following conditions are met:

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

* * *

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

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

CHAPTER 5. DEPARTMENT OF LIQUOR ~~CONTROL~~ AND LOTTERY

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

§ 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF
LIQUOR ~~CONTROL~~ AND LOTTERY; ~~LIQUOR CONTROL~~
BOARD OF LIQUOR AND LOTTERY

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

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

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

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

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

(D) The Commissioner, with the approval of the Governor, may appoint a Deputy Commissioner of Liquor Control to supervise and direct the Division of Liquor Control and a Deputy Commissioner of the State Lottery to supervise and direct the Division of Lottery. Both Deputy Commissioners shall be exempt from the classified service and shall serve at the pleasure of the Commissioner.

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

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

* * *

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

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

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

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

§ 102. REMOVAL

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

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

§ 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

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

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

* * *

(12) Review the budget for the Department submitted by the Commissioner and approve or amend it for submission to the Governor.

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

§ 105. DUTIES OF ATTORNEY GENERAL

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

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

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

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

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

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

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

§ 107. DUTIES OF COMMISSIONER OF LIQUOR ~~CONTROL~~ AND
LOTTERY

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

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

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

* * *

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

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

* * *

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 112. LIQUOR CONTROL ENTERPRISE FUND

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

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

§ 113. ADMINISTRATION OF DEPARTMENT; APPORTIONMENT OF
COSTS

The administrative and operating costs of the Department of Liquor and Lottery that are not specific to either the Division of Liquor Control or the Division of Lottery and the cost of any functions that are shared in common by the two Divisions shall be allocated to and paid from the Liquor Control Enterprise Fund and the State Lottery Fund based on generally accepted accounting principles.

Sec. 21. USE OF DEPARTMENTAL ADMINISTRATIVE RESOURCES;
APPORTIONMENT OF COSTS; REPORT

On or before January 15, 2019, the Commissioner of Liquor and Lottery shall submit a written report to the House and Senate Committees on Appropriations regarding the allocation of costs to the Liquor Control Enterprise Fund and the State Lottery Fund pursuant to 7 V.S.A. § 113 and the method used for allocating those costs.

Sec. 22. 7 V.S.A. § 162 is amended to read:

§ 162. REPORT

After any annual town meeting in which a town votes on the questions set forth in section 161 of this title, the town clerk shall report promptly the results

of the vote to the ~~Liquor Control Board~~ of Liquor and Lottery, upon forms furnished by the Board.

Sec. 23. 7 V.S.A. § 167 is amended to read:

§ 167. DUTIES OF LOCAL CONTROL COMMISSIONERS

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

* * *

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

§ 201. LICENSES CONTINGENT ON TOWN VOTE

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

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

§ 202. LICENSES TO ENFORCEMENT OFFICER OR CONTROL
COMMISSIONER; EXCEPTIONS

* * *

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

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

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

§ 203. RESTRICTIONS; FINANCIAL INTERESTS; EMPLOYEES

(a)(1) Except as provided in section 271 of this title, a packager, manufacturer, or rectifier licensed in Vermont or in another state, a certificate of approval holder, or a wholesale dealer shall not have any financial interest

in the business of a first-, second-, or third-class licensee, and a first-, second-, or third-class licensee ~~may~~ shall not have any financial interest in the business of a packager, manufacturer, or rectifier licensed in Vermont or in another state, a certificate of approval holder, or a wholesale dealer.

(2) Notwithstanding subdivision (1) of this subsection and except as otherwise provided in section 271 of this title, a manufacturer of malt beverages may have a financial interest in the business of a first- or second-class license, and a first- or second-class licensee may have a financial interest in the business of a manufacturer of malt beverages, provided the first- or second-class licensee does not purchase, possess, or sell the malt beverages produced by a manufacturer with which there is any financial interest. Any manufacturer of malt beverages that has a financial interest in a first- or second-class licensee and any first- or second-class licensee that has a financial interest in a manufacturer of malt beverages, as permitted under this subdivision, shall provide to the ~~Department~~ Division of Liquor Control and the applicable wholesale dealer written notification of that financial interest and the licensees involved. A wholesale dealer shall not be in violation of this section for delivering malt beverages to a first- or second-class licensee that is prohibited from purchasing, possessing, or selling those malt beverages under this section.

* * *

Sec. 27. 7 V.S.A. § 204 is amended to read:

§ 204. APPLICATION AND RENEWAL FEES FOR LICENSES AND
PERMITS; DISPOSITION OF FEES

* * *

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

* * *

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

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

§ 205. TERMS OF PERMITS, LICENSES, AND CERTIFICATES

* * *

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

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

* * *

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

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

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

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

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

§ 206. DISPOSAL OF FEES

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

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

§ 207. CHANGE OF LOCATION

If a licensee desires to change the location of its business before the expiration of its license, the licensee may submit an application to the ~~Liquor Control Board~~ Board of Liquor and Lottery, which may amend the license to cover the new premises without the payment of any additional fee.

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

§ 209. BANKRUPTCY, DEATH, AND REVOCATION

* * *

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

(2) Any sale pursuant to a default on a pledge or mortgage shall not be at public auction as required with respect to similar sales of other property, but shall be upon not less than ten days' notice to the pledgor or mortgagor and for

the highest amount ~~which~~ that may be offered pursuant to the rules of the ~~Liquor Control Board~~ of Liquor and Lottery.

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

§ 210. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

ADMINISTRATIVE PENALTY

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

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

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

* * *

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

* * *

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

* * *

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

§ 211. HEARING OFFICER

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

* * *

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

§ 212. COMPLAINTS AND PROSECUTIONS

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

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

§ 213. LICENSEE EDUCATION

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

(b)(1) Every holder of a first-class, second-class, third-class, fourth-class, or manufacturer's or rectifier's license, or common carrier certificate shall

complete the ~~Department~~ Division of Liquor Control in-person licensee training seminar or the appropriate ~~Department~~ Division of Liquor Control online training program at least once every two years. A corporation, partnership, or association shall designate a director, partner, or manager who shall comply with the terms of this subsection.

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

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

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

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

* * *

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

§ 214. PROOF OF FINANCIAL RESPONSIBILITY

(a) Any first-, second-, or third-class licensee whose license is suspended by the local control commissioners or suspended or revoked by the ~~Liquor Control~~ Board of Liquor and Lottery for selling or furnishing alcoholic beverages to a minor, to a person apparently under the influence of alcohol, to a person after legal serving hours, or to a person who it would be reasonable to expect would be intoxicated as a result of the amount of alcoholic beverages served to that person shall be required to furnish to the Commissioner a certificate of financial responsibility within 60 days of the commencement of the suspension or revocation or at the time of reinstatement of the license, whichever is later. Financial responsibility may be established by any one or a combination of the following: insurance, surety bond, or letter of credit. Coverage shall be maintained at not less than \$25,000.00 per occurrence and \$50,000.00 aggregate per occurrence. Proof of financial responsibility shall be required for license renewal for the three years following the suspension or revocation.

* * *

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

§ 221. FIRST-CLASS LICENSES

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

* * *

(2) The ~~Liquor Control~~ Board of Liquor and Lottery may grant a first-class license to a boat or railroad dining car if the person that operates it submits an application and pays the fee provided in section 204 of this title.

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

* * *

(f)(1) A holder of a first-class license may contract with another person to prepare and dispense food on the licensed premises.

(2) The first-class license holder shall provide to the ~~Department~~ Division written notification five business days prior to the start of the contract that includes the following information:

* * *

(3) The holder of the first-class license shall notify the ~~Department~~ Division within five business days of the termination of the contract to prepare and dispense food. The first-class licensee shall be responsible for controlling all conduct on the premises at all times, including in the area in which the food is prepared and stored.

* * *

Sec. 38. 7 V.S.A. § 222 is amended to read:

§ 222. SECOND-CLASS LICENSES

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

* * *

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

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

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

* * *

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

§ 223. THIRD-CLASS LICENSES

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

* * *

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

* * *

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

§ 224. FOURTH-CLASS LICENSES

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

* * *

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

§ 225. FORTIFIED WINE PERMITS

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

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

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

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

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

§ 226. RETAIL DELIVERY PERMITS

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

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

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

* * *

(4) An employee of a retail delivery permit holder shall not be permitted to make deliveries of malt beverages or vinous beverages pursuant to the permit unless he or she has completed a training program approved by the ~~Department~~ Division pursuant to section 213 of this chapter.

* * *

Sec. 43. 7 V.S.A. § 227 is amended to read:

§ 227. OUTSIDE CONSUMPTION PERMITS; FIRST-, THIRD-, AND
FOURTH-CLASS LICENSEES

Pursuant to the rules of the ~~Liquor Control~~ Board of Liquor and Lottery, the ~~Department~~ Division of Liquor Control may grant an outside consumption permit to the holder of a ~~first-~~ first-class, first- and third-class, or fourth-class license for all or part of the outside premises of the license holder if the permit is approved by the local control commissioners and the Board.

Sec. 44. 7 V.S.A. § 229 is amended to read:

§ 229. CLUBS

* * *

(c)(1) Before May 1 of each year, each club shall file with the ~~Liquor Control~~ Board of Liquor and Lottery a list of the names and residences of its members and a list of its officers.

* * *

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

* * *

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

§ 241. CATERER'S LICENSE; COMMERCIAL CATERING LICENSE

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

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

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

§ 242. DESTINATION RESORT MASTER LICENSES

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

* * *

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

(c) The holder of the destination resort master license shall, at least two days prior to the date of the event, provide the ~~Department~~ Division and local

control commissioners with written notice of an event within the resort boundaries that will be catered pursuant to the master license. A licensed caterer or commercial caterer that is designated in the master license shall not be required to obtain a request-to-cater permit to cater an event occurring within the destination resort boundaries if the master licensee has provided the ~~Department~~ Division and local control commissioners with the required notice pursuant to this subsection.

* * *

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

§ 243. REQUEST-TO-CATER PERMIT

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

* * *

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

§ 251. EDUCATIONAL SAMPLING EVENT PERMIT

(a) The ~~Department~~ Division of Liquor Control may grant an educational sampling event permit to a person if:

- (1) the event is also approved by the local control commissioners; and
- (2) at least 15 days prior to the event, the applicant submits an application to the ~~Department~~ Division in a form required by the

Commissioner that includes a list of the alcoholic beverages to be acquired for sampling at the event and is accompanied by the fee provided in section 204 of this title.

* * *

Sec. 49. 7 V.S.A. § 252 is amended to read:

§ 252. SPECIAL EVENT PERMITS

(a)(1) The ~~Department~~ Division of Liquor Control may issue a special event permit if the application is submitted to the ~~Department~~ Division of Liquor Control with the fee provided in section 204 of this title at least five days prior to the date of the event.

* * *

Sec. 50. 7 V.S.A. § 253 is amended to read:

§ 253. FESTIVAL PERMITS

(a) The ~~Department~~ Division of Liquor Control may grant a festival permit if the applicant has:

(1) received approval from the local control commissioners;

(2) submitted a request for a festival permit to the ~~Department~~ Division

in a form required by the Commissioner at least 15 days prior to the festival; and

* * *

Sec. 51. 7 V.S.A. § 254 is amended to read:

§ 254. SPECIAL VENUE SERVING PERMITS

(a) The ~~Department~~ Division of Liquor Control may grant an art gallery, bookstore, public library, or museum a special venue serving permit if the applicant has:

(1) received approval from the local control commissioners;

(2) submitted a request for a permit to the ~~Department~~ Division in a form required by the Commissioner at least five days prior to the event; and

* * *

Sec. 52. 7 V.S.A. § 255 is amended to read:

§ 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

(a) The ~~Department~~ Division of Liquor Control may grant a licensee a permit to conduct an alcoholic beverage tasting event as provided in subsection (b) of this section if:

* * *

(b) The ~~Department~~ Division may grant the following alcoholic beverage tasting permits to the following types of licensees:

* * *

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.

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

* * *

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

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

§ 258. PROMOTIONAL RAILROAD TASTING PERMIT

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

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

§ 259. TASTING EVENTS; AGE AND TRAINING OF SERVERS

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

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

§ 271. MANUFACTURER'S OR RECTIFIER'S LICENSE

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

* * *

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

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

* * *

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

* * *

(e) The ~~Liquor Control~~ Board of Liquor and Lottery may grant a licensed manufacturer of malt beverages a second-class license permitting the licensee

to sell alcoholic beverages to the public anywhere on the manufacturer's premises.

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

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

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

§ 272. PACKAGER'S LICENSE

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

* * *

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

* * *

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

§ 273. WHOLESALE DEALER'S LICENSE

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

* * *

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:

§ 275. SOLICITOR'S LICENSE

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

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

* * *

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

* * *

(c) The ~~Liquor Control~~ Board of Liquor and Lottery may suspend or revoke a solicitor's license for failure to comply with any rule of the Board or for

other cause. A solicitor's license shall not be revoked until the license holder has had an opportunity for a hearing following reasonable notice.

* * *

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

§ 276. INDUSTRIAL ALCOHOL DISTRIBUTOR'S LICENSE

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

* * *

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

§ 277. MALT AND VINOUS BEVERAGE CONSUMER SHIPPING
LICENSE

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

(2) An in-state consumer shipping license may be renewed annually by submitting to the ~~Department~~ Division the fee provided in section 204 of this

title accompanied by a copy of the licensee's current Vermont manufacturer's license.

(b)(1) A manufacturer or rectifier of malt or vinous beverages licensed in another state that operates a brewery or winery in the United States and holds valid state and federal permits and licenses may be granted an out-of-state consumer shipping license by filing with the ~~Department~~ Division of Liquor Control an application in a form required by the Commissioner accompanied by copies of the applicant's current out-of-state manufacturer's license and the fee provided in section 204 of this title.

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

* * *

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

* * *

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

* * *

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

§ 278. VINOUS BEVERAGE RETAIL SHIPPING LICENSE

(a) A manufacturer or rectifier of vinous beverages that is licensed in ~~state~~ the State or ~~out-of-state~~ outside the State and holds valid state and federal permits and operates a winery in the United States may apply for a retail shipping license by filing with the ~~Department~~ Division of Liquor Control an application in a form required by the Commissioner accompanied by a copy of its in-state or out-of-state license and the fee provided in section 204 of this title.

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

* * *

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

* * *

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

§ 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
REQUIREMENTS

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

* * *

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

* * *

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

* * *

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

§ 281. PROHIBITIONS

* * *

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

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

§ 282. RULEMAKING

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

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

§ 283. VINOUS BEVERAGE STORAGE AND SHIPPING LICENSE

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

* * *

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

§ 422. TAX ON SPIRITS AND FORTIFIED WINES

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

* * *

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

§ 423. RULES

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

* * *

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

§ 424. COLLECTION

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

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

§ 503. SATISFACTION OF JUDGMENT; REVOCATION OF LICENSE

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

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

§ 561. AUTHORITY OF LIQUOR CONTROL INVESTIGATORS;

ARREST FOR UNLAWFULLY MANUFACTURING,

POSSESSING, OR TRANSPORTING ALCOHOLIC BEVERAGES;

SEIZURE OF PROPERTY

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

(b) The Commissioner of Liquor ~~Control and Lottery~~, the Director of ~~the Enforcement Division of~~ for the Department Division of Liquor Control, an investigator employed by the ~~Liquor Control Board of~~ Liquor and Lottery or by the ~~Department~~ Division of Liquor Control, or any other law enforcement officer may arrest or take into custody pursuant to the Vermont Rules of Criminal Procedure a person whom he or she finds in the act of manufacturing alcohol or possessing a still or other apparatus for the manufacture of alcohol; unlawfully selling, bartering, possessing, furnishing, or transporting alcohol; or unlawfully selling, furnishing, or transporting alcoholic beverages, and shall seize the alcohol, vessels, and implements of sale and the stills or other

apparatus for the manufacture of alcohol in the possession of the person. He or she may also seize and take into custody any property described in this section.

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

§ 562. SEARCH WARRANTS

(a) If a State's Attorney, the Commissioner of Liquor ~~Control~~ and Lottery, an investigator duly acting for the ~~Liquor Control~~ Board of Liquor and Lottery, a control commissioner, or a town grand juror makes a complaint under oath or affirmation to a judge of the Criminal Division of the Superior Court that he or she or they have reason to believe that alcoholic beverages or alcohol ~~are~~ is kept or deposited for sale or distribution contrary to law, or that alcohol is manufactured or possessed contrary to law, in any kind of vehicle, ~~air or water craft~~ aircraft, watercraft, or other conveyance, or a dwelling house, railway car, ~~or~~ building, or place in the county, the judge shall issue a warrant to search the premises described in the complaint.

* * *

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

§ 567. FORFEITURE OF SEIZED PROPERTY

* * *

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

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

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

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

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

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

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

§ 590. ~~LIQUOR CONTROL BOARD~~ LIQUOR AND LOTTERY;
RULES

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

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

§ 659. REFUSAL OR NEGLECT OF OFFICERS TO PERFORM DUTIES

(a) The county sheriffs, sheriff's deputies, constables, officers or members of the village or city police, State Police, and investigators of the ~~Liquor Control~~ Board of Liquor and Lottery shall have the authority and duty to see

ensure that the provisions of this title and the rules adopted by the ~~Liquor~~
~~Control~~ Board of Liquor and Lottery pursuant to this title are enforced within
their respective jurisdictions. Any officer who willfully refuses or neglects to
perform the duties imposed upon him or her by this section shall be fined not
more than \$500.00 or imprisoned not more than 90 days, or both.

* * *

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

§ 660. ADVERTISING

(a) ~~A person shall not display on~~ Any outside billboards or signs ~~erected on~~
~~the highway any that contain an~~ advertisement of ~~any kind~~ relating to alcoholic
beverages, or indicate where alcoholic beverages may be procured shall
comply with the requirements of 10 V.S.A. chapter 21. A person who violates
any provision of this section shall be fined not more than \$100.00 nor less than
\$10.00, for each offense, and a conviction for a violation shall be cause for
revoking the person's license issued under this title.

* * *

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

§ 661. VIOLATIONS OF TITLE

(a)(1) A person that furnishes, sells, or keeps with intent to sell, or bottles
or prepares for sale any alcoholic beverages, except as authorized by this title,
or sells, barter, transports, imports, exports, delivers, prescribes, furnishes, or

possesses alcohol, except as authorized by the ~~Liquor Control~~ Board of Liquor and Lottery, or that unlawfully manufactures alcohol or possesses a still or other apparatus for the manufacture of alcohol shall be imprisoned not more than 12 months nor less than three months or fined not more than \$1,000.00 nor less than \$100.00, or both.

* * *

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

* * *

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

§ 701. DEFINITIONS

As used in this chapter:

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

* * *

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

§ 1001. DEFINITIONS

As used in this chapter:

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

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

* * *

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

* * *

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.

(2) The municipal clerk shall forward the application to the ~~Department~~ Division, and the ~~Department~~ Division shall issue the tobacco license and the tobacco substitute endorsement, as applicable, and shall forward all fees to the Commissioner for deposit in the Liquor Control Enterprise Fund.

* * *

Sec. 84. 7 V.S.A. § 1002a is amended to read:

§ 1002a. LICENSEE EDUCATION

(a) An applicant for a tobacco license that does not hold a liquor license issued under this title shall be granted a tobacco license pursuant to section

1002 of this title only after the applicant has attended a ~~Department~~ Division of Liquor Control in-person seminar or completed the appropriate ~~Department~~ Division of Liquor Control online training program for the purpose of being informed about the Vermont tobacco laws pertaining to the purchase, storage, and sale of tobacco products. A corporation, partnership, or association shall designate a director, partner, or manager to comply with the requirements of this subsection.

(b) The holder of a tobacco license that does not also hold a liquor license issued pursuant to this title for the same premises shall:

(1) Complete the ~~Department's~~ Division's in-person or online enforcement seminar at least once every two years. A corporation, partnership, or association shall designate a director, partner, or manager to comply with this subdivision.

(2) Ensure that every employee involved in the sale of tobacco products completes a ~~Department~~ Division of Liquor Control in-person or online training program or other training programs approved by the ~~Department~~ Division before the employee begins selling or providing tobacco products, and at least once every 24 months thereafter. A licensee may comply with this subdivision by conducting its own training program on its premises using information and materials furnished by the ~~Department~~ Division of Liquor Control. A licensee that fails to comply with the requirements of this

subsection shall be subject to suspension of its tobacco license for ~~no~~ not less than one day.

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

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

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

* * *

(b)(1) The ~~Department~~ Division of Liquor Control shall conduct or contract for compliance tests of tobacco licensees as frequently and as comprehensively as necessary to ensure consistent statewide compliance with the prohibition on sales to persons under 18 years of age of at least 90 percent for buyers who are 16 or 17 years of age. An individual under 18 years of age participating in a compliance test shall not be in violation of section 1005 of this title.

* * *

(3) The ~~Department~~ Division shall report to the House Committee on General, Housing and Military Affairs, the Senate Committee on Economic Development, Housing and General Affairs, and the Tobacco Evaluation and Review Board annually, on or before January 15, the methodology and results of compliance tests conducted during the previous year. The provisions of

2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the required report to be made under this ~~subsection~~ subdivision.

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

§ 1008. RULEMAKING

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

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

§ 1011. COMMERCIAL CIGARETTE ROLLING MACHINES

* * *

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

* * *

(2) A civil penalty of up to \$50,000.00 in any action brought by the Department of Taxes, the ~~Department~~ Division of Liquor Control, or the Attorney General.

* * *

Sec. 88. 29 V.S.A. § 902 is amended to read:

§ 902. DUTIES OF COMMISSIONER OF BUILDINGS AND GENERAL
SERVICES

* * *

(f) The Commissioner of Buildings and General Services may also:

* * *

(4) receive, warehouse, manage, and distribute all State property and commodities, except alcoholic beverages purchased by the ~~Liquor Control~~ Board of Liquor and Lottery; and all surplus federal property and commodities;

* * *

(i) Notwithstanding subsection (a) of this section, all alcoholic beverages sold by the ~~Liquor Control~~ Board of Liquor and Lottery shall be purchased by the Board as set forth in 7 V.S.A. §§ 104 and 107.

Sec. 89. REPEALS

31 V.S.A. §§ 651 (State Lottery Commission), 652 (organization), and 653 (compensation) are repealed.

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

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

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

* * *

(7) Lottery product sales locations, which may include State agency liquor stores; private business establishments, except establishments holding first- or first- and third-class licenses pursuant to Title 7; fraternal, religious,

and volunteer organizations; town clerks' offices; and State fairs, race tracks, and other sporting arenas.

* * *

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

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

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

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

* * *

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

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

(a)(1) In addition to the Tri-State Lotto Compact provided for in subchapter 2 of this chapter, and the other authority to operate lotteries contained in this chapter, the ~~Commission Board of Liquor and Lottery~~ is authorized to negotiate and contract with ~~up to~~ not more than four multijurisdictional lotteries to offer and provide multijurisdictional lottery

games. The ~~Commission~~ Board may join any multijurisdictional lottery that provides indemnification for its standing committee members, officers, directors, employees, and agents.

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

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

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

* * *

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

Sec. 92. ADOPTION OF PROCEDURES; REPEAL OF RULES

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

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

§ ~~655~~ 653. LICENSE FEES

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

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

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

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

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

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

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

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

(a) The State Lottery shall be under the immediate supervision and direction of a ~~Lottery Director~~ the Commissioner of Liquor and Lottery. ~~The Director shall devote his or her entire time and attention to the duties of his or her office and shall not be engaged in any other profession or occupation. The Office of Director of the State Lottery is an executive position and shall not be~~

~~included in the plan of classification of State employees, notwithstanding~~
~~3 V.S.A. § 310(a).~~

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

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

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

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

(4) ~~act~~ Act as Secretary to the ~~Commission~~ Board, but as a nonvoting
member of the ~~Commission;~~ Board.

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

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

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

§ ~~658~~ 656. STATE LOTTERY FUND

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

(b) Expenditures for administrative and overhead expenses of the operation of the ~~lottery~~ State Lottery, except agent and bank commissions, shall be paid from ~~lottery~~ Lottery receipts from an appropriation authorized for that purpose. Agent commissions shall be set by the ~~Lottery Commission~~ Board of Liquor and Lottery and ~~may~~ shall not exceed 6.25 percent of gross receipts and bank commissions ~~may~~ shall not exceed ~~1~~ one percent of gross receipts. Once the draw game results become official, the payment of any commission on any

draw game ticket that wins at least \$10,000.00 shall be made through the normal course of processing payments to lottery agents, regardless of whether the winning ticket is claimed.

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

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

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

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

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

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

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

§ ~~660~~ 658. POST-AUDITS POSTAUDITS

All ~~lottery~~ State Lottery accounts and transactions of the ~~Lottery~~ Commission Board of Liquor and Lottery shall be subject to annual ~~post-audits~~ postaudits conducted by independent auditors retained by the ~~Commission~~

Board for this purpose. The ~~Commission~~ Board may order ~~such~~ other audits as it deems necessary and desirable.

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

§ ~~661~~ 659. SALES AND PURCHASE OF LOTTERY TICKETS

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

* * *

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

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

§ ~~662~~ 660. UNCLAIMED PRIZE MONEY

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

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

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

§ ~~665~~ 662. PENALTIES

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

§ ~~666~~ 663. PUBLICATION OF ODDS

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

§ ~~667~~ 664. FISCAL COMMITTEE REVIEW

* * *

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

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

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

* * *

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

* * *

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

§ 212. DEPARTMENTS CREATED

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

* * *

(14) The Department of Liquor ~~Control~~ and Lottery

* * *

Sec. 107. 32 V.S.A. § 1010 is amended to read:

§ 1010. MEMBERS OF CERTAIN BOARDS

(a) Except for those members serving ex officio or otherwise regularly employed by the State, the compensation of the members of the following Boards shall be \$50.00 per diem:

* * *

(7) ~~Liquor Control Board~~ Board of Liquor and Lottery

* * *

Sec. 108. BOARD OF LIQUOR AND LOTTERY; DEPARTMENT OF
LIQUOR AND LOTTERY; POWERS AND DUTIES

On July 1, 2018:

(1)(A) The Board of Liquor and Lottery shall assume all the powers, duties, rights, and responsibilities of the Liquor Control Board and the Lottery Commission.

(B) The rules of the Liquor Control Board and the Lottery Commission in effect on July 1, 2018 shall be the rules of the Board of Liquor and Lottery until they are amended or repealed.

(2)(A) The Department of Liquor and Lottery shall assume all the powers, duties, rights, and responsibilities of the Department of Liquor Control and the State Lottery.

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

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

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

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

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

Sec. 110. COMMISSIONER OF LIQUOR AND LOTTERY; CURRENT TERM; APPOINTMENT OF SUCCESSOR

The Commissioner of Liquor and Lottery in office on July 1, 2018 shall be deemed to have commenced a four-year term pursuant to 7 V.S.A. § 106(a)(1) on February 1, 2016. The Commissioner shall serve until the end of the four-

year term or until a successor is appointed as provided pursuant to 7 V.S.A.

§ 106. Notwithstanding any provision of 3 V.S.A. § 2004 or 7 V.S.A. § 106(b)

to the contrary, during this current term, the Governor may remove the

Commissioner for cause after notice and a hearing.

Sec. 111. REPEAL

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

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

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

recommendations for legislative action that may be necessary to effect the intent of this act.

Sec. 113. TRANSITION

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

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

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

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

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

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

Sec. 114. LOTTERY AGENT SALES PRACTICES; INTEGRITY;

REVIEW; REPORT

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

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

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

(b) On or before October 1, 2018, the Commissioner shall submit a written report on the findings of the review conducted pursuant to subsection (a) of this section to the Joint Fiscal Committee. The report shall include a recommendation regarding whether a lottery sales agent, the owner or employee of a sales agent, and the members of the immediate household of a sales agent or owner or employee of a sales agent should be prohibited from purchasing lottery tickets from the agent's licensed sales location.

Sec. 115. EFFECTIVE DATES

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

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