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H.134

Introduced by Representative Stevens of Waterbury
Referred to Committee on
Date:
Subject: Internal security and public safety; Agency of Controlled Substances
Statement of purpose of bill as introduced: This bill proposes to establish the
Agency of Controlled Substances to administer and enforce the laws relating to
alcohol, tobacco, therapeutic cannabis, the State Lottery, games of chance,
horse racing, motor racing, and boxing.

An act relating to establishing the Agency of Controlled Substances

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

Sec. 1. 3 V.S.A. chapter 69 is added to read:

CHAPTER 69. AGENCY OF CONTROLLED SUBSTANCES

Subchapter 1. Administration; Generally

§ 4101. DEFINITIONS

As used in this chapter:

(1) “Agency” means the Agency of Controlled Substances.

(2) “Commissioner” means the head of a department responsible to the
Secretary for the administration of the department.

(3) “Department” means a major component of the Agency.

1 (4) “Director” means the head of a division of the Agency.

2 (5) “Division” means a major component of a department engaged in
3 furnishing services to the public or to units of government at levels other than
4 the State level.

5 (6) “Secretary” means the head of the Agency, a member of the
6 Governor’s Cabinet, who is responsible to the Governor for the administration
7 of the Agency.

8 § 4102. CREATION OF AGENCY

9 (a) The Agency of Controlled Substances is created to administer laws
10 relating to alcohol and tobacco in Title 7, therapeutic use of cannabis in
11 18 V.S.A. chapter 86, the State Lottery in 31 V.S.A. chapter 14, motor vehicle
12 racing in 26 V.S.A. chapter 93, horse racing in 31 V.S.A. chapter 13, boxing in
13 31 V.S.A. chapter 21, and games of chance in 32 V.S.A. chapter 239.

14 (b) The Agency shall consist of the Department of Liquor Control and the
15 State Lottery.

16 § 4103. ADVISORY CAPACITY

17 All boards and commissions that under this chapter are a part of or are
18 attached to the Agency shall be advisory only, except as otherwise provided,
19 and the powers and duties of the boards and commissions, including
20 administrative, policy making, and regulatory functions, shall vest in and be
21 exercised by the Secretary of the Agency.

1 § 4104. PERSONNEL DESIGNATION

2 The Secretary, Deputy Secretary, Commissioner, Deputy Commissioner,
3 attorneys, and all members of the boards, committees, commissions, or
4 councils attached to the Agency for support are exempt from the classified
5 State service. Except as authorized by section 311 of this title or otherwise by
6 law, all other positions shall be within the classified service.

7 § 4105. SECRETARY; APPOINTMENT

8 (a) The Agency shall be under the direction and supervision of a Secretary,
9 who shall be appointed by the Governor with the advice and consent of the
10 Senate and shall serve at the pleasure of the Governor.

11 (b) The Secretary shall be responsible to the Governor and shall plan,
12 coordinate, and direct the functions vested in the Agency.

13 § 4106. DEPUTY SECRETARY

14 (a) The Secretary, with the approval of the Governor, may appoint a
15 Deputy Secretary to serve at his or her pleasure and to perform such duties as
16 the Secretary may prescribe. The appointment shall be in writing and shall be
17 filed in the Office of the Secretary of the State.

18 (b) The Deputy Secretary shall discharge the duties and responsibilities of
19 the Secretary in the Secretary's absence. In case a vacancy occurs in the
20 Office of the Secretary, the Deputy shall assume and discharge the duties of
21 the Office until the vacancy is filled.

1 § 4107. ADVISORY COUNCILS OR COMMITTEES

2 The Secretary, with approval of the Governor, may create such advisory
3 councils or committees within the Agency as he or she deems necessary, and
4 may appoint members to them for terms not exceeding his or hers.

5 § 4108. TRANSFER OF PERSONNEL AND APPROPRIATIONS

6 (a) The Secretary, with the approval of the Governor, may transfer
7 classified positions between the departments and other components of the
8 Agency, subject only to personnel laws and rules.

9 (b) The Secretary, with the approval of the Governor, may transfer
10 appropriations or parts of them between departments and other components of
11 the Agency, consistent with the purposes for which the appropriation was
12 made.

13 § 4109. COMMISSIONERS—APPOINTMENT; TERM

14 The Governor shall appoint a commissioner of each department, who shall
15 be the chief executive and administrative officer and head of the department
16 and shall serve at the pleasure of the Governor. The term of each
17 commissioner shall be concurrent with that of the Secretary.

18 § 4110. MANDATORY DUTIES OF COMMISSIONERS

19 (a) The commissioner shall determine the policies of the department, and
20 may exercise the powers and shall perform the duties required for its effective
21 administration.

1 (b) In addition to other duties imposed by law, the commissioner shall:

2 (1) administer the laws assigned to the department;

3 (2) coordinate and integrate the work of the department's divisions; and

4 (3) supervise and control all staff functions.

5 § 4111. PERMISSIVE DUTIES OF COMMISSIONERS; APPROVAL OF
6 SECRETARY

7 The commissioner may, with the approval of the Secretary, do the
8 following:

9 (1) Transfer appropriations or parts of them within or between divisions,
10 consistent with the purposes for which the appropriation was made.

11 (2) Transfer classified positions within or between divisions subject only
12 to State personnel laws and rules.

13 (3) Cooperate with the appropriate federal agencies and administer
14 federal funds in support of programs within the department.

15 (4) Submit plans and reports, and in other respects comply with federal
16 law and rules that pertain to programs administered by the department.

17 (5) Adopt rules consistent with law for the internal administration of the
18 department and its programs.

19 (6) Appoint a deputy commissioner.

1 (7) Create such advisory councils or committees as he or she deems
2 necessary within the department and appoint their members, for a term not
3 exceeding that of the commissioner.

4 (8) Provide training and instructions for any employees of the
5 department, at the expense of the department, in educational institutions or
6 other places.

7 (9) Organize, reorganize, transfer, or abolish divisions, staff functions,
8 or sections within the department. This authority shall not extend to divisions
9 or other bodies created by law.

10 § 4112. DIRECTORS

11 (a)(1) A director shall administer each division created within the Agency.

12 (2)(A) Except as otherwise provided pursuant to 31 V.S.A. § 652, the
13 commissioners, with the approval of the Secretary, shall appoint directors for
14 divisions that are part of a department, and the Secretary shall appoint any
15 other directors.

16 (B) All directors shall be appointed subject to approval by the
17 Governor.

18 (b) Each division and its officers shall be under the direction and control of
19 the appointing authority, except with regard to judicial or quasi-judicial acts or
20 duties vested in them by law.

1 (c) No rule may be adopted by a director of a division without the approval
2 of the appointing authority.

3 Subchapter 2. Substance Control Board

4 § 4121. SUBSTANCE CONTROL BOARD; CREATION

5 The Substance Control Board is created in the Agency of Controlled
6 Substances to advise the Secretary regarding the administration of the Agency
7 and the development of policies and programs related to the functions and
8 authority vested in the Agency.

9 § 4122. SUBSTANCE CONTROL BOARD; APPOINTMENT OF

10 MEMBERS; TERM; VACANCY

11 (a) The Board shall consist of 11 members: the Secretary, the five
12 members of the Liquor Control Board, and the five members of the Lottery
13 Commission.

14 (b) No member of the Board shall have any pecuniary interest in any
15 licensee that is licensed under the provisions of Title 7 or 31 V.S.A. chapter
16 14, nor shall any member of the Board have a pecuniary interest in any
17 contract awarded pursuant to Title 7 or 31 V.S.A. chapter 14.

18 § 4123. SUBSTANCE CONTROL BOARD; DUTIES

19 (a) The Board shall advise the Secretary regarding the establishment and
20 advancement of policies governing the administration and enforcement of laws

1 relating to alcohol, tobacco, therapeutic use of cannabis, the State Lottery,
2 games of chance, horse racing, motor vehicle racing, and boxing.

3 (b) The Board shall advise the Secretary regarding the development of
4 rules and programs related to the functions vested in the Agency.

5 (c) The Board shall advise the Secretary regarding the preparation of the
6 Agency budget for the Governor.

7 (d) The Board shall report annually on or before December 15 to the
8 Secretary on the condition of the Agency and the laws and programs that it
9 administers. The report shall be organized and presented in a way that is easily
10 understandable by the general public. The Secretary shall use the information
11 in the report to determine whether it is necessary to propose statutory changes
12 to the General Assembly, to adopt new rules, or to implement administrative
13 changes within the Agency. The provisions of 2 V.S.A. § 20(d) (expiration of
14 required reports) shall not apply to the report to be made under this subsection.

15 (e) The Board shall establish any advisory commissions that it determines
16 will be of assistance to it in carrying out its duties. Advisory commission
17 members shall serve with or without compensation at the discretion of the
18 Board but shall receive actual expenses incurred in pursuance of their duties.

19 § 4124. SUBSTANCE CONTROL BOARD; MEETINGS

20 (a) The Board shall meet at least every other month and shall hold special
21 meetings as required to perform its duties. The time and place for each

1 meeting shall be designated by the Secretary. A special meeting of the Board
2 shall be held if the Secretary determines that it is necessary or if two members
3 of the Board petition the Secretary.

4 (b) Members of the Board who are not employees of the State of Vermont
5 and who are not otherwise compensated or reimbursed for their attendance
6 shall be entitled to per diem compensation and reimbursement of expenses
7 pursuant to 32 V.S.A. § 1010 for no more than 16 meetings per year.

8 Sec. 2. REPLACEMENTS

9 (a) In the following sections, the phrase “Department of Public Safety”
10 shall be replaced with “Agency of Controlled Substances” and the word
11 “Department” shall be replaced with “Agency”: 18 V.S.A. §§ 4472, 4473,
12 4474, 4474a, 4474c, 4474d, 4474e, 4474f, 4474h, 4474i, and 4474k.

13 (b) In the following sections, the phrase “Liquor Control Board” or
14 “Board” shall be replaced with “Commissioner”: 7 V.S.A. §§ 61, 62, 68, 108,
15 221, 227, 228, 229, 232, 234, 238, 242, 303, 305, 361, 363, 423, 805, 1002,
16 1006, and 1008.

17 (c) In the following sections, the word “director” shall be replaced with
18 “Secretary”:

19 (1) 26 V.S.A. §§ 4802, 4803, 4805, 4807, 4808, 4809, 4810, 4811, and
20 4812; and

21 (2) 31 V.S.A. §§ 1108, 1109, and 1111.

1 (d) In the following sections, the word “commission” shall be replaced with
2 “Secretary”: 31 V.S.A. §§ 607, 609, 611, 612, 616, 619, 625, and 655.

3 (e) In the following sections, the phrase “Commissioner of Taxes” or
4 “Commissioner” shall be replaced with “Secretary”: 32 V.S.A. §§ 10202,
5 10205, and 10207.

6 Sec. 3. 18 V.S.A. § 4474g is amended to read:

7 § 4474g. DISPENSARY REGISTRY IDENTIFICATION CARD;

8 CRIMINAL BACKGROUND CHECK

9 (a) Except as provided in subsection (b) of this section, the ~~Department of~~
10 ~~Public Safety~~ Agency of Controlled Substances shall issue each principal
11 officer, ~~Board~~ board member, and employee of a dispensary a registry
12 identification card or renewal card within 30 days of receipt of the person’s
13 name, address, and date of birth and a fee of \$50.00. The fee shall be paid by
14 the dispensary and the cost shall not be passed on to a principal officer, ~~Board~~
15 board member, or employee. A person shall not serve as principal officer,
16 ~~Board~~ board member, or employee of a dispensary until that person has
17 received a registry identification card issued under this section. Each card
18 shall specify whether the cardholder is a principal officer, ~~Board~~ board
19 member, or employee of a dispensary and shall contain the following:

20 (1) the name, address, and date of birth of the person;

21 (2) the legal name of the dispensary with which the person is affiliated;

1 (3) a random identification number that is unique to the person;

2 (4) the date of issuance and the expiration date of the registry

3 identification card; and

4 (5) a photograph of the person.

5 (b) Prior to acting on an application for a registry identification card, the
6 ~~Department of Public Safety~~ Agency of Controlled Substances shall obtain
7 with respect to the applicant a Vermont criminal history record, an out-of-state
8 criminal history record, and a criminal history record from the Federal Bureau
9 of Investigation. Each applicant shall consent to the release of criminal history
10 records to the ~~Department~~ Agency on forms developed by the Vermont Crime
11 Information Center. A fingerprint-supported, out-of-state criminal history
12 record and a criminal history record from the Federal Bureau of Investigation
13 shall be required only every three years for renewal of a card for a dispensary
14 principal or ~~Board~~ board member.

15 (c) When the ~~Department of Public Safety~~ Agency of Controlled
16 Substances obtains a criminal history record, the ~~Department~~ Agency shall
17 promptly provide a copy of the record to the applicant and to the principal
18 officer and ~~Board~~ board of the dispensary if the applicant is to be an employee.
19 The ~~Department~~ Agency shall inform the applicant of the right to appeal the
20 accuracy and completeness of the record pursuant to rules adopted by the
21 ~~Department~~ Vermont Crime Information Center.

1 (d) The ~~Department of Public Safety~~ Agency of Controlled Substances
2 shall comply with all laws regulating the release of criminal history records
3 and the protection of individual privacy. No person shall confirm the existence
4 or nonexistence of criminal history record information to any person who
5 would not be eligible to receive the information pursuant to this subchapter.

6 (e) The ~~Department of Public Safety~~ Agency of Controlled Substances
7 shall not issue a registry identification card to any applicant who has been
8 convicted of a drug-related offense or a violent felony or who has a pending
9 charge for such an offense. For purposes of this subchapter, “violent felony”
10 means a listed crime as defined in 13 V.S.A. § 5301(7) or an offense involving
11 sexual exploitation of children in violation of 13 V.S.A. chapter 64.

12 (f) The ~~Department of Public Safety~~ Agency of Controlled Substances shall
13 adopt rules for the issuance of a registry identification card and shall set forth
14 standards for determining whether an applicant should be denied a registry
15 identification card because his or her criminal history record indicates that the
16 person’s association with a dispensary would pose a demonstrable threat to
17 public safety. The rules shall consider whether a person who has a conviction
18 for an offense not listed in subsection (e) of this section has been rehabilitated.
19 A conviction for an offense not listed in subsection (e) of this section shall not
20 automatically disqualify a person for a registry identification card. A
21 dispensary may deny a person the opportunity to serve as a ~~Board~~ board

1 member or an employee based on his or her criminal history record. An
2 applicant who is denied a registry identification card may appeal the
3 ~~Department of Public Safety's~~ Agency of Controlled Substances'
4 determination in Superior Court in accordance with Rule 75 of the Vermont
5 Rules of Civil Procedure.

6 (g) A registration identification card of a principal officer, ~~Board~~ board
7 member, or employee shall expire one year after its issuance or upon the
8 expiration of the registered organization's registration certificate, whichever
9 occurs first.

10 Sec. 4. 18 V.S.A. § 4474j is amended to read:

11 § 4474j. ANNUAL REPORT

12 (a)(1) There is established a ~~marijuana for symptom relief oversight~~
13 ~~committee~~ Marijuana for Symptom Relief Oversight Committee. The
14 Committee shall be composed of the following members:

15 (A) one registered patient appointed by each dispensary;

16 (B) one registered nurse and one registered patient appointed by the
17 Governor;

18 (C) one physician appointed by the Vermont Medical Society;

19 (D) one member of a local zoning board appointed by the Vermont
20 League of Cities and Towns;

1 (E) one representative appointed jointly by the Vermont Sheriffs'
2 Association and the Vermont Association of Chiefs of Police; and

3 (F) the ~~Commissioner of Public Safety or his or her~~ Secretary of
4 Controlled Substances or designee.

5 (2) The oversight Committee shall meet at least two times per year for
6 the purpose of evaluating and making recommendations to the General
7 Assembly regarding:

8 * * *

9 (C) ~~Sufficiency~~ The sufficiency of the regulatory and security
10 safeguards contained in this subchapter and adopted by the ~~Department of~~
11 ~~Public Safety~~ Agency of Controlled Substances to ensure that access to and use
12 of cultivated marijuana is provided only to cardholders authorized for such
13 purposes.

14 (b) On or before January 1 of each year, beginning in 2013, the oversight
15 Committee shall provide a report to the ~~Department of Public Safety~~ Agency
16 of Controlled Substances, the House Committee on Human Services, the
17 Senate Committee on Health and Welfare, the House and Senate Committees
18 on Judiciary, and the House and Senate Committees on Government
19 Operations on its findings.

1 Sec. 5. 18 V.S.A. § 4474m is amended to read:

2 § 4474m. ~~DEPARTMENT OF PUBLIC SAFETY~~ AGENCY OF
3 CONTROLLED SUBSTANCES; PROVISION OF
4 EDUCATIONAL AND SAFETY INFORMATION

5 The ~~Department of Public Safety~~ Agency of Controlled Substances shall
6 provide educational and safety information developed by Vermont Department
7 of Health to each registered patient upon registration pursuant to section 4473
8 of this title, and to each registered caregiver upon registration pursuant to
9 section 4474 of this title.

10 Sec. 6. 7 V.S.A. § 2 is amended to read:

11 § 2. DEFINITIONS

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

14 * * *

15 (4) “Bottler’s license”: the license granted by the ~~Liquor Control Board~~
16 Commissioner permitting a bottler to bottle for sale and to distribute and sell at
17 wholesale malt beverages or vinous beverages.

18 (5) [Repealed.]

19 (6) “Caterer’s license”: a license issued by the ~~Liquor Control Board~~
20 Commissioner authorizing the holder of a first-class license or first- and
21 third-class licenses for a restaurant or hotel premises to serve malt beverages or

1 vinous beverages, spirits, or fortified wines at a function located on premises
2 other than those occupied by a first-, first- and third-, or second-class licensee
3 to sell alcoholic beverages.

4 (7) "Club": an unincorporated association or a corporation authorized to
5 do business in this State, that has been in existence for at least two consecutive
6 years prior to the date of application for license under this title and owns, hires,
7 or leases a building or space in a building that is suitable and adequate for the
8 reasonable and comfortable use and accommodation of its members and their
9 guests and contains suitable and adequate kitchen and dining room space and
10 equipment implements and facilities. A club may be used or leased by a
11 nonmember as a location for a social event as if it were any other licensed
12 commercial establishment. ~~Such~~ A club shall file with the ~~Liquor Control~~
13 ~~Board~~ Commissioner, before May 1 of each year, a list of the names and
14 residences of its members and a list of its officers. Its affairs and management
15 shall be conducted by a board of directors, executive committee, or similar
16 body chosen by the members at its annual meeting, and no member or any
17 officer, agent, or employee of the club shall be paid, or directly or indirectly
18 receive, in the form of salary or other compensation, any profits from the
19 disposition or sale of alcoholic ~~liquors~~ beverages to the members of the club or
20 its guests introduced by members beyond the amount of ~~such~~ the salary as may
21 be fixed and voted at annual meetings by the members or by its directors or

1 other governing body, and as reported by the club to the ~~Liquor Control Board~~
2 Commissioner. An auxiliary member of a club may invite one guest at any one
3 time. An officer or director of a club may perform the duties of a bartender
4 without receiving any payment for that service, provided the officer or director
5 is in compliance with the requirements of this title that relate to service of
6 alcoholic beverages. An officer, member, or director of a club may volunteer
7 to perform services at the club other than serving alcoholic beverages,
8 including seating patrons and checking identification, without receiving
9 payment for those services. An officer, member, or director of a club who
10 volunteers his or her services shall not be considered to be an employee of the
11 club. A bona fide unincorporated association or corporation whose officers
12 and members consist solely of veterans of the U.S. Armed Forces or a
13 subordinate lodge or local chapter of any national fraternal order, and which
14 fulfills all requirements of this subdivision, except that it has not been in
15 existence for two years, shall come within the terms of this definition six
16 months after the completion of its organization. A club located on and
17 integrally associated with at least a regulation nine-hole golf course need only
18 be in existence for six months prior to the date of application for license under
19 this title.

20 * * *

1 rectify malt beverages, or vinous beverages and fortified wines, or spirits and
2 fortified wines. Spirits and fortified wines may be manufactured or rectified
3 by a license holder for export and sale to the ~~Liquor Control Board~~
4 Department, and malt beverages and vinous beverages may be manufactured or
5 rectified by a license holder for export and sale to bottlers or wholesale dealers.
6 This license permits a manufacturer of vinous beverages or fortified wines to
7 receive from another manufacturer licensed in or outside this State bulk
8 shipments of vinous beverages to rectify with the licensee's own product,
9 provided that the vinous beverages or fortified wines produced by a Vermont
10 manufacturer may contain no more than 25 percent imported vinous beverage.
11 The ~~Liquor Control Board~~ Commissioner may grant to a licensed manufacturer
12 or rectifier of spirits, fortified wines, vinous beverages, or malt beverages a
13 first-class license or a first- and a third-class license permitting the licensee to
14 sell alcoholic beverages to the public only at the manufacturer's premises
15 which for the purposes of a manufacturer of malt beverages, includes up to two
16 licensed establishments that are located on the contiguous real estate of the
17 holder of the manufacturer's license, provided the manufacturer or rectifier
18 owns or has direct control over those establishments. The ~~Liquor Control~~
19 ~~Board~~ Commissioner may grant to a licensed manufacturer or a rectifier of
20 malt beverages a second-class license permitting the licensee to sell alcoholic
21 beverages to the public anywhere on the manufacturer's or rectifier's premises.

1 A licensed manufacturer or rectifier may serve, with or without charge, at an
2 event held on the premises of the licensee or at a location on the contiguous
3 real estate of the licensee, spirits, fortified wines, vinous beverages, and malt
4 beverages, provided the licensee gives the Department written notice of the
5 event, including details required by the Department, at least five days before
6 the event. Any beverages not manufactured by the licensee and served at the
7 event shall be purchased on invoice from a licensed manufacturer or wholesale
8 dealer or the ~~Liquor Control Board~~ Department.

9 * * *

10 (17) "Restaurant": a space in a suitable building, approved by the
11 ~~Liquor Control Board~~ Commissioner, occupied, used, maintained, advertised,
12 or held out to the public to be a place where food is served at all times when
13 open for business and there are no sleeping accommodations. The space shall
14 have adequate and sanitary kitchen and dining room capacity and the number
15 and kinds of employees for preparing, cooking, and serving suitable food for
16 guests and patrons as required by the ~~Liquor Control Board~~ Commissioner.

17 * * *

18 (19) "Second-class license": a license granted by the control
19 commissioners permitting the licensee to export malt or vinous beverages and
20 to sell malt beverages or vinous beverages to the public for consumption off
21 the premises for which the license is granted. The ~~Liquor Control Board~~

1 Commissioner may grant a second-class licensee a fortified wine permit that
2 permits the licensee to export and to sell fortified wines to the public for
3 consumption off the licensed premises.

4 * * *

5 (22) “Third-class license”: a license granted by the ~~Liquor Control~~
6 ~~Board~~ Commissioner permitting the licensee to sell spirits and fortified wines
7 for consumption only on the premises for which the license is granted.

8 * * *

9 (25) “Wholesale dealer’s license”: the license granted by the ~~Liquor~~
10 ~~Control Board~~ Commissioner permitting the wholesale dealer to sell or
11 distribute malt or vinous beverages as a wholesale dealer.

12 * * *

13 (27) “Special events permit”: a permit granted by the ~~Liquor Control~~
14 ~~Board~~ Commissioner permitting a licensed manufacturer or rectifier to sell by
15 the glass or by the unopened bottle spirits, fortified wines, malt beverages, or
16 vinous beverages manufactured or rectified by the license holder at an event
17 open to the public that has been approved by the local licensing authority. For
18 the purposes of tasting only, the permit holder may distribute, with or without
19 charge, beverages manufactured by the permit holder by the glass no more than
20 two ounces per product and eight ounces total of malt beverages or vinous
21 beverages and no more than one ounce in total of spirits or fortified wines to

1 each individual. No more than 104 special events permits may be issued to a
2 licensed manufacturer or rectifier during a year. A special events permit shall
3 be valid for the duration of each public event or four days, whichever is
4 shorter. Requests for a special events permit, accompanied by the fee as
5 required by subdivision 231(13) of this title, shall be submitted to the
6 Department of Liquor Control at least five days prior to the date of the event.
7 Each manufacturer or rectifier planning to attend a single special event under
8 this permit may be listed on a single permit. However, each attendance at a
9 special event shall count toward the manufacturer's or rectifier's annual limit
10 of 104 special events permits.

11 (28) "Fourth-class license" or "farmers' market license": the license
12 granted by the ~~Liquor Control Board~~ Commissioner permitting a licensed
13 manufacturer or rectifier to sell by the unopened container and distribute by the
14 glass with or without charge, beverages manufactured by the licensee. No
15 more than a combined total of ten fourth-class and farmers' market licenses
16 may be granted to a licensed manufacturer or rectifier. At only one
17 fourth-class license location, a licensed manufacturer or rectifier may sell by
18 the unopened container and distribute by the glass, with or without charge,
19 vinous beverages, malt beverages, fortified wines, or spirits produced by no
20 more than five additional manufacturers or rectifiers, provided these beverages
21 are purchased on invoice from the manufacturer or rectifier. A manufacturer

1 or rectifier may sell its product to no more than five additional manufacturers
2 or rectifiers. A fourth-class licensee may distribute by the glass no more than
3 two ounces of malt beverages or vinous beverages with a total of eight ounces
4 to each retail customer and no more than one-quarter ounce of spirits or
5 fortified wine with a total of one ounce to each retail customer for consumption
6 on the manufacturer's premises or at a farmers' market. A fourth-class
7 licensee may distribute by the glass up to four mixed drinks containing a
8 combined total of no more than one ounce of spirits or fortified wine to each
9 retail customer for consumption only on the manufacturer's premises. A
10 farmers' market license is valid for all dates of operation for a specific farmers'
11 market location.

12 (29) "Festival permit": a permit granted by the ~~Liquor Control Board~~
13 Commissioner permitting a person to conduct an event at which malt or vinous
14 beverages, or both, are sold by the glass to the public, provided the event is
15 approved by the local licensing authority. A festival permit holder may
16 purchase invoiced volumes of malt or vinous beverages directly from a
17 manufacturer or bottler, provided the manufacturer or bottler either holds a
18 federal Basic Permit or a Brewers Notice or evidence of licensure in a foreign
19 country, satisfactory to the ~~Board~~ Commissioner, whichever applies. The
20 invoiced volumes of malt or vinous beverages may be transported to the site
21 and sold by the glass to the public by the permit holder or its employees and

1 volunteers only during the event. A festival permit holder shall be subject to
2 the provisions of this chapter, including section 240 of this title, and the rules
3 of the ~~Board~~ Commissioner regarding the sale of the alcoholic beverages and
4 shall pay the tax on the malt or vinous beverages as required by section 421 of
5 this title. A person shall not be granted a festival permit more than four times
6 in one year, and each permit shall be valid for no more than four consecutive
7 days. A request for a festival permit shall be submitted to the Department in a
8 form required by the ~~Department~~ Commissioner at least 15 days prior to the
9 festival and shall be accompanied by a permit fee as required by subdivision
10 231(a)(14) of this title to be paid to the Department.

11 * * *

12 (32) “Art gallery or bookstore permit”: a permit granted by the ~~Liquor~~
13 ~~Control Board~~ Commissioner permitting an art gallery or bookstore to conduct
14 an event at which malt or vinous beverages or both are served by the glass to
15 the public, provided that the event is approved by the local licensing authority.
16 A permit holder may purchase malt or vinous beverages directly from a
17 licensed retailer. A permit holder shall be subject to the provisions of this title
18 and the rules ~~of the Board~~ adopted by the Commissioner regarding the service
19 of alcoholic beverages. A request for a permit shall be submitted to the
20 Department in a form required by the ~~Department~~ Commissioner at least five
21 days prior to the event and shall be accompanied by the permit fee required by

1 subdivision 231(a)(22) of this title. As used in this section, “art gallery” means
2 a fixed establishment whose primary purpose is to exhibit or offer for sale
3 works of art; and “bookstore” means a fixed establishment whose primary
4 purpose is to offer books for sale.

5 (33) “Commercial catering license”: ~~A~~ a license granted by the ~~Board~~
6 Commissioner permitting a business licensed by the Department of Health as a
7 commercial caterer and having a commercial kitchen facility in the home or
8 place of business to sell malt beverages, vinous beverages, spirits, or fortified
9 wines at a function previously approved by the local licensing authority.

10 (34) “Request to cater permit”: a permit granted by the ~~Liquor Control~~
11 ~~Board~~ Commissioner authorizing a first- or first- and third-class licensed
12 caterer or commercial caterer to cater individual events.

13 (35) “Industrial alcohol ~~distributors~~ distributor’s license”: a license
14 granted by the ~~Liquor Control Board~~ Commissioner that allows holders to sell
15 pure ethyl or grain alcohol of at least 190 proof in quantities of five gallons or
16 more directly to manufacturers, industrial users, hospitals, druggists, and
17 institutions of learning. Alcohol sold under the industrial alcohol ~~distributors~~
18 distributor’s license may only be used for manufacturing, mechanical,
19 medicinal, and scientific purposes.

20 (36) “Outside consumption permit”: a permit granted by the ~~Liquor~~
21 ~~Control Board~~ Commissioner allowing the holder of a first-class, first- and

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

3 * * *

4 (39) “Public library or museum permit”: a permit granted by the ~~Liquor~~
5 ~~Control Board~~ Commissioner permitting a public library or museum to serve
6 malt beverages or vinous beverages, or both, by the glass to the public for a
7 period of not more than six hours during an event held for a charitable or
8 educational purpose, provided that the event is approved by the local licensing
9 authority. A permit holder may purchase malt beverages or vinous beverages
10 directly from a licensed retailer. A permit holder shall be subject to the
11 provisions of this title and the rules ~~of the Board~~ adopted by the Commissioner
12 regarding the service of alcoholic beverages. A request for a permit shall be
13 submitted to the Department in a form required by the ~~Department~~
14 Commissioner at least five days prior to the event and shall be accompanied by
15 the permit fee required by subdivision 231(a)(24) of this title. As used in this
16 section, “public library” has the same meaning as in 22 V.S.A. § 101 and
17 “museum” has the same meaning as in 27 V.S.A. § 1151.

18 (40) “Retail delivery permit”: a permit granted by the ~~Liquor Control~~
19 ~~Board~~ Commissioner that permits a second-class licensee to deliver malt
20 beverages or vinous beverages sold from the licensed premises for

1 consumption off the premises to an individual who is at least 21 years of age at
2 a physical address in Vermont.

3 (41) “Destination resort master license”: a license granted by the ~~Liquor~~
4 ~~Control Board~~ Commissioner pursuant to section ~~472~~ 242 of this title
5 permitting a destination resort to designate licensed caterers and commercial
6 caterers that will be permitted to cater individual events within the boundaries
7 of the resort without being required to obtain a request to cater permit for each
8 individual event. For purposes of a destination resort master license, a
9 “destination resort” is a resort that contains at least 100 acres of land, offers at
10 least 50 units of sleeping accommodations, offers food and beverage service to
11 the public for consideration, and has related sports and recreational facilities
12 for the convenience or enjoyment of its guests. “Destination resort” does not
13 include the University of Vermont, the Vermont State Colleges, or any other
14 university, college, or postsecondary school.

15 (42) “Secretary”: the Secretary of Controlled Substances.

16 (43) “Substance Control Board”: the advisory board of the Agency of
17 Controlled Substances appointed under the provisions of 3 V.S.A. chapter 86,
18 subchapter 3.

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

2 § 63. IMPORTATION OR TRANSPORTATION OF ~~LIQUORS~~ ALCOHOL;
3 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

4 (a)(1) All spirits and fortified wines imported or transported into this State
5 shall be imported or transported by and through the ~~Liquor Control Board~~
6 Department. A person importing or transporting or causing to be imported or
7 transported into this State any spirits and fortified wines shall be imprisoned
8 not more than one year or fined not more than \$1,000.00, or both.

9 (2) However, a person may import or transport not more than eight
10 quarts of spirits and fortified wines into this State in his or her own private
11 vehicle or in his or her actual possession at the time of importation without
12 license or permit, provided it is not for resale.

13 (b)(1) Except as provided in sections 66 and 68 of this title, all malt or
14 vinous beverages, or both, imported or transported into this State shall be
15 imported or transported by and through a wholesale dealer holding a wholesale
16 dealer's license issued by the ~~Liquor Control Board~~ Commissioner. A person
17 importing or transporting or causing to be imported or transported into this
18 State any malt or vinous beverages, or both, shall be imprisoned not more than
19 one year or fined not more than \$1,000.00, or both. ~~Provided, however~~

20 (2) However, a person may import or transport not more than six gallons
21 of malt or vinous beverages, or both, into this State in his or her own private

1 vehicle or in his or her actual possession at the time of importation without
2 license or permit, ~~providing~~ provided it is not for resale.

3 Sec. 8. 7 V.S.A. § 64 is amended to read:

4 § 64. SALE OF MALT BEVERAGES IN KEGS

5 * * *

6 (b) A keg shall be sold by a ~~second-class~~ second-class licensee only under
7 the following conditions:

8 (1) The keg shall be tagged in a manner and with a label approved by
9 the ~~board~~ Commissioner. The label shall be supplied and securely affixed to
10 the keg by the wholesale dealer.

11 (2) A person shall exhibit ~~proper proof~~ a valid authorized form of
12 identification upon demand of a licensee or an agent of a licensee. If the
13 person fails to provide such ~~proof~~ of identification, the licensee shall be
14 entitled to refuse to sell the keg to the person. As used in this ~~subsection,~~
15 ~~“proper proof~~ section, “a valid authorized form of identification” means a
16 ~~photographic motor vehicle operator’s license, a liquor control photographic~~
17 ~~identification card, a valid passport, a United States military identification card~~
18 ~~or a photographic nondriver motor vehicle identification card obtained from~~
19 ~~the department of motor vehicles~~ has the same meaning as in section 602 of
20 this title.

1 (b) A manufacturer or rectifier of vinous beverages or malt beverages
2 licensed in another state that operates a winery or brewery in the United States
3 and holds valid state and federal permits and licenses may be granted an
4 out-of-state consumer shipping license by filing with the Department of Liquor
5 Control an application in a form required by the ~~Department~~ Commissioner
6 accompanied by copies of the applicant's current out-of-state manufacturer's
7 license and the fee as required by subdivision 231(a)(7)(B) of this title. This
8 consumer shipping license may be renewed annually by filing the renewal fee
9 as required by subdivision 231(a)(7)(B) of this title accompanied by the
10 licensee's current out-of-state manufacturer's license. For the purposes of this
11 subsection and subsection (c) of this section, "out-of-state" means any state
12 other than Vermont, any territory or possession of the United States, and does
13 not include a foreign country.

14 (c) A manufacturer or rectifier of vinous beverages that is licensed in-state
15 or out-of-state and holds valid State and federal permits and operates a winery
16 in the United States, may apply for a retail shipping license by filing with the
17 Department of Liquor Control an application in a form required by the
18 ~~Department~~ Commissioner accompanied by a copy of its in-state or
19 out-of-state license and the fee as required by subdivision 231(a)(7)(C) of this
20 title. The retail shipping license may be renewed annually by filing the
21 renewal fee as required by subdivision 231(a)(7)(C) of this title accompanied

1 by the licensee's current in-state or out-of-state manufacturer's license. This
2 license permits the holder, which includes the holder's affiliates, franchises,
3 and subsidiaries, to sell up to 5,000 gallons of vinous beverages a year directly
4 to first- or second-class licensees and deliver the beverages by common carrier,
5 the manufacturer's or rectifier's own vehicle, or the vehicle of an employee of
6 a manufacturer or rectifier, provided that the beverages are sold on invoice,
7 and no more than 100 gallons per month are sold to any single first- or second-
8 class licensee. The retail shipping license holder shall ~~report~~ submit to the
9 Department documentation of the annual and monthly number of gallons sold.
10 Vinous beverages under this section may be delivered by the vehicle of a
11 second-class license holder if the second-class licensee cannot obtain the
12 vinous beverages from a wholesale dealer.

13 * * *

14 (e) A holder of any shipping license granted pursuant to this section shall:

15 * * *

16 (9) comply with all ~~Liquor Control Board laws and regulations~~
17 applicable laws and Department of Liquor Control rules; and

18 * * *

19 (j) For any violation of this section, the ~~Liquor Control Board~~
20 Commissioner may suspend or revoke a license issued under this section,

1 ~~among~~ in addition to all other remedies available to the ~~Board~~ the
2 Commissioner.

3 Sec. 10. 7 V.S.A. chapter 5 is amended to read:

4 CHAPTER 5. DEPARTMENT OF LIQUOR CONTROL

5 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF
6 LIQUOR CONTROL; LIQUOR CONTROL BOARD

7 (a) The Department of Liquor Control, created by 3 V.S.A. § 212, shall
8 ~~include~~ be part of the Agency of Controlled Substances and be administered by
9 the Commissioner of Liquor Control and with the advice of the Liquor Control
10 Board.

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

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

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

19 (C) ~~A~~ Unless he or she is appointed to fill a vacancy occurring during
20 a term, a member's term of office shall commence on February 1 of the year in
21 which the member is appointed.

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

5 (4) The ~~Governor~~ Secretary shall biennially designate a member of the
6 Board to be its Chair.

7 § 102. REMOVAL

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

14 § 103. MEETINGS

15 The Board shall hold such meetings as may be required for the performance
16 of its duties. The times and places for ~~such~~ the meetings shall be designated by
17 the Chair of the Board. ~~Such~~ The Chair shall call a meeting upon the written
18 request of any two members ~~and upon the written request of, the Secretary, or~~
19 the Governor.

1 § 104. DUTIES OF THE SECRETARY; AUTHORITY TO RESOLVE
2 ALLEGED VIOLATIONS

3 The ~~Board~~ Secretary shall have supervision and management of the sale of
4 spirits and fortified wines within the State in accordance with the provisions of
5 this title, and through the Commissioner of Liquor Control shall:

6 (1)(A) See that the laws relating to ~~intoxicating liquor~~ alcoholic
7 beverages and alcohol and to the manufacture, sale, transportation, barter,
8 furnishing, importation, exportation, delivery, prescription, and possession of
9 malt and vinous beverages, spirits, fortified wines, and alcohol by licensees
10 and others are enforced, using for that purpose such of the monies annually
11 available to the ~~Liquor Control Board~~ Department as may be necessary.

12 (B) ~~However, the Liquor Control Board~~ The Secretary,
13 Commissioner, and the Department and its agents and ~~inspectors~~ investigators
14 shall ~~act in this respect~~ enforce the laws set forth in this title in collaboration
15 with sheriffs, deputy sheriffs, constables, State Police officers, and members of
16 village and city police forces, control commissioners, the Attorney General,
17 State's Attorneys, and town and city grand jurors.

18 (C) When the ~~Board~~ Department acts to enforce any section of this
19 title or any administrative rule ~~or regulation~~ relating to sale to minors, its
20 investigation on the alleged violation shall be forwarded to the Attorney

1 General or the appropriate State's Attorney whether or not there is an
2 administrative finding of wrongdoing.

3 (D) Nothing in this section shall be deemed to affect the
4 responsibility or duties of ~~such~~ law enforcement officers or agencies with
5 respect to the enforcement of ~~such~~ the laws relating to alcoholic beverages and
6 alcohol.

7 (E) The Commissioner or ~~his or her~~ designee is authorized to
8 prosecute administrative matters under this section and shall have the authority
9 to enter into direct negotiations with a licensee to reach a proposed resolution
10 or settlement of an alleged violation, ~~subject to Board approval~~, or dismissal
11 with or without prejudice.

12 * * *

13 (5) Adopt rules necessary for the execution of ~~its~~ his or her powers and
14 duties and of the powers and duties of all persons under ~~its~~ his or her
15 supervision and control.

16 (6) Employ such assistants, ~~inspectors, and other officers~~ as ~~it~~ he or she
17 deems necessary, subject to the approval of the Governor.

18 * * *

19 § 105. DUTIES OF ATTORNEY GENERAL

20 The ~~attorney general~~ Attorney General shall collaborate with the ~~liquor~~
21 ~~control board~~ Secretary, the Commissioner of Liquor Control, and the

1 Commissioner of Public Safety for the enforcement of the provisions of
2 subdivision ~~(4) of section 104~~ 104(1) of this title.

3 § 106. COMMISSIONER OF LIQUOR CONTROL; REPORTS;
4 RECOMMENDATIONS

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

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

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

18 § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

19 The Commissioner of Liquor Control shall:

20 (1) In towns that vote to permit the sale of spirits and fortified wines,
21 establish local agencies as the ~~Board~~ Secretary shall determine. However, the

1 ~~Liquor Control Board~~ Secretary shall not be obligated to establish an agency in
2 every town that votes to permit the sale of spirits and fortified wines.

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

8 (3) Recommend rules subject to approval and adoption by the ~~Board~~
9 Secretary governing:

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

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

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

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

7 * * *

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

11 * * *

12 § 109. AUDIT OF ACCOUNTS ~~OF LIQUOR CONTROL BOARD~~

13 All accounts of the ~~liquor control board~~ Department shall be audited
14 annually by the ~~auditor of accounts~~ Auditor of Accounts, and the annual report
15 of ~~such~~ the audit shall accompany the annual reports of ~~such liquor control~~
16 ~~board~~ the Department.

17 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER ~~OF~~

18 ~~LIQUOR CONTROL.~~

19 If ~~any~~ a person ~~shall desire~~ wishes to purchase ~~any~~ a class, variety, or brand
20 of spirits or fortified wine ~~which any~~ that a local agency or fortified wine
21 permit holder does not have in stock, the Commissioner of Liquor Control

1 shall order the ~~same through the Commissioner of Buildings and General~~
2 ~~Services~~ product upon the payment of a reasonable deposit by the purchaser in
3 ~~such~~ proportion of the approximate cost of the order as ~~shall be~~ prescribed by
4 the ~~regulations~~ rules of the ~~Liquor Control Board~~ Department.

5 * * *

6 Sec. 11. 7 V.S.A. § 162 is amended to read:

7 § 162. REPORT

8 After any annual town meeting ~~wherein the~~ in which a town votes on the
9 questions set forth in section 161 of this title, the clerk of the town shall report
10 promptly the results of the vote to the ~~liquor control board~~ Commissioner,
11 upon forms furnished by the ~~board~~ Commissioner.

12 Sec. 12. 7 V.S.A. § 167 is amended to read:

13 § 167. DUTIES OF LOCAL CONTROL COMMISSIONERS

14 (a) The local control commissioners shall administer ~~such the~~ rules and
15 ~~regulations~~ of the Department, which shall be furnished to them by the ~~liquor~~
16 ~~control board~~ Commissioner, as ~~shall be~~ necessary to carry out the purposes of
17 this title. Except as provided in subsection (b) of this section, all forms of
18 licenses and permits and applications therefor and all rules ~~and regulations~~
19 shall be prescribed by the ~~liquor control board~~ Commissioner, ~~which~~ who shall
20 prepare and issue such forms; and rules ~~and regulations~~.

1 (b) If the municipality so votes at a meeting duly warned for that purpose,
2 the local control commissioners may, in the exercise of their authority under
3 ~~subdivision 222(1)~~ of this title, condition the issuance of licenses and permits
4 upon compliance, during the term of the license or permit, with any ordinance
5 regulating entertainment or public nuisances that has been duly adopted by the
6 municipality; ~~and.~~

7 * * *

8 Sec. 13. 7 V.S.A. § 222 is amended to read:

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

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

14 (1) Upon making application and paying the license fee provided in
15 section 231 of this title, a first-class license ~~which~~ that authorizes the dealer to
16 sell malt and vinous beverages for consumption only on those premises, and
17 upon satisfying the ~~Liquor Control Board~~ Commissioner that the premises are
18 leased, rented, or owned by the retail dealer and are devoted primarily to
19 dispensing meals to the public, except clubs, and that the premises have
20 adequate and sanitary space and equipment for preparing and serving meals.
21 The term “public” includes patrons of hotels, boarding houses, restaurants,

1 dining cars, and similar places where meals are served. A retail dealer carrying
2 on business in more than one place shall acquire a first-class license for each
3 place where the retail dealer sells malt and vinous beverages. No malt or
4 vinous beverages shall be sold by a first-class licensee to a minor. Partially
5 consumed bottles of vinous beverages or specialty beers that were purchased
6 with a meal may be removed from first-class licensed premises provided the
7 beverages are recapped or resealed.

8 (2) Upon making application, paying the license fee provided in section
9 231 of this title, and upon satisfying the ~~Board~~ Commissioner that ~~such~~ the
10 premises are leased, rented, or owned by the retail dealer and are a safe,
11 sanitary, and proper place from which to sell malt and vinous beverages, a
12 second-class license, which shall authorize ~~such~~ the dealer to export malt and
13 vinous beverages, and to sell malt and vinous beverages to the public from
14 ~~such~~ the premises for consumption off the premises. A retail dealer carrying
15 on business in more than one place shall be required to acquire a second-class
16 license for each place where the retail dealer sells malt and vinous beverages.
17 No malt or vinous beverages shall be sold by a second-class licensee to a
18 minor.

19 (3)(A) No person under ~~the age of 18 years of age~~ shall be employed by
20 a first- or third-class licensee as a bartender for the purpose of preparing,
21 mixing, or dispensing alcoholic beverages.

1 relation to a second-class license issued to a licensed manufacturer or rectifier
2 for the manufacturer's or rectifier's premises.

3 * * *

4 Sec. 14. 7 V.S.A. § 223 is amended to read:

5 § 223. LICENSES TO ENFORCEMENT OFFICER OR CONTROL BOARD
6 MEMBER; EXCEPTIONS

7 No license of any class shall be granted to any ~~enforcement~~ officer of the
8 Controlled Substances Enforcement Division or to any person acting in the
9 officer's behalf. A member of a local control board to whom or in behalf of
10 whom a ~~first or second class~~ first- or second-class license was issued by that
11 board shall not participate in any control board action regarding any ~~first or~~
12 ~~second class~~ first- or second-class license. If a majority of the members of a
13 local control board ~~is~~ are unable to participate in a control board action
14 regarding any ~~first or second class~~ first- or second-class license, that action
15 shall be referred to the ~~state liquor control board~~ Commissioner for
16 investigation and action. An application for a ~~first or second class~~ first- or
17 second-class license by or in behalf of a member of the local control board or a
18 complaint or disciplinary action regarding a ~~first or second class~~ first- or
19 second-class license issued by a board on which any member is a licensee shall
20 be referred to the ~~state liquor control board~~ Commissioner for investigation and
21 action.

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

2 § 224. THIRD-CLASS LICENSES; OPEN CONTAINERS

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

13 * * *

14 (c) A person who holds a third-class license shall purchase from the ~~Liquor~~
15 ~~Control Board~~ Department all spirits and fortified wines dispensed in
16 accordance with the provisions of the third-class license and this title.

17 Sec. 16. 7 V.S.A. § 225 is amended to read:

18 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

19 (a) The ~~Liquor Control Board~~ Commissioner may grant an educational
20 sampling event permit to a person to conduct an event that is open to the public
21 and at which malt beverages, vinous beverages, fortified wines, or spirits, or all

1 four are served only for the purposes of marketing and educational sampling,
2 provided the event is also approved by the local ~~licensing authority~~ control
3 commissioners. At least 15 days prior to the event, an applicant shall submit
4 an application to the Department in a form required by the ~~Department~~
5 Commissioner. The application shall include a list of the alcoholic beverages
6 to be acquired for sampling at the event, and the application shall be
7 accompanied by a fee in the amount required pursuant to section 231 of this
8 title. No more than four educational sampling event permits shall be issued
9 annually to the same person. An educational sampling event permit shall be
10 valid for no more than four consecutive days. The permit holder shall ensure
11 all the following:

12 * * *

13 (b) An educational sampling event permit holder:

14 (1) May receive shipments directly from a manufacturer, bottler,
15 certificate of approval holder, wholesale dealer, or importer licensed in
16 Vermont or that provides evidence of licensure in another state or foreign
17 country satisfactory to the ~~Board~~ Commissioner.

18 * * *

1 Sec. 17. 7 V.S.A. § 226 is amended to read:

2 § 226. ~~BOTTLERS'~~ BOTTLER'S LICENSE

3 The ~~liquor control board~~ Commissioner may grant to a bottler a license to
4 bottle and sell malt and vinous beverages received by ~~such~~ the bottler in bulk
5 upon application of ~~such~~ the bottler and the payment of the license fee as
6 provided in section 231 of this title and upon satisfying the ~~commissioner of~~
7 ~~liquor control~~ Commissioner as to the compliance with the rules ~~and~~
8 ~~regulations of the liquor control board~~ Department relating to the cleanliness of
9 the facilities for the storage and bottling of the malt and vinous beverages.

10 Sec. 18. 7 V.S.A. § 231 is amended to read:

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

12 * * *

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

16 (1) Third-class license fees: 55 percent shall go to the Liquor Control
17 Enterprise Fund, and 45 percent shall go to the General Fund and shall fund
18 alcohol abuse prevention and treatment programs.

19 (2) First- and second-class license fees: At least 50 percent of first-class
20 and second-class license fees shall go to the respective municipalities in which
21 the licensed premises are located, and the remaining percentage of those fees

1 shall go to the Liquor Control Enterprise Fund. A municipality may retain
2 more than 50 percent of the fees that the municipality collected for first- and
3 second-class licenses to the extent that the municipality has assumed
4 responsibility for enforcement of those licenses pursuant to a contract with the
5 Department. The ~~Department~~ Commissioner shall adopt rules regarding
6 contracts entered into pursuant to this subdivision.

7 Sec. 19. 7 V.S.A. § 233 is amended to read:

8 § 233. DISPOSAL OF FEES

9 The control commissioners shall collect all fees for retailers' licenses of the
10 ~~first and second class~~ first- and second-class and shall, as provided in
11 subsection 231(b) of this title, pay ~~such~~ the fees to the city and town treasurers
12 of the respective cities and towns where ~~such~~ the fees are collected to be used
13 as ~~such~~ the cities and towns may direct, less a fee of \$5.00 to be retained by the
14 city or town clerk as a fee for issuing ~~such license~~ and recording the ~~same~~
15 license. Fees for all other licenses shall be paid to the ~~liquor control board~~
16 Department.

17 Sec. 20. 7 V.S.A. § 235 is amended to read:

18 § 235. BANKRUPTCY, DEATH, AND REVOCATION

19 (a)(1) If a licensee becomes bankrupt or dies before the expiration of his or
20 her license or permit, his or her trustee, executor or administrator may sell the

1 ~~intoxicating liquors which~~ alcohol that came into his or her possession to a
2 holder of a license of the same class.

3 (2) If a license or permit is revoked under the provisions of this title,
4 after ~~such the~~ revocation, the licensee may sell the ~~intoxicating liquors~~ alcohol
5 in his or her possession at the time of ~~such the~~ revocation to a holder of a
6 license of the same class.

7 (b) All sales under this section shall be accompanied by immediate and
8 actual delivery and shall be made within 30 days after ~~such the~~ bankruptcy,
9 death, or revocation.

10 (c) ~~However, upon~~ Upon application of the executor or administrator of a
11 deceased licensee, the ~~board~~ Commissioner may transfer the license or permit
12 of the decedent to ~~such the~~ executor or administrator without payment of any
13 additional fee, and the executor or administrator may then carry on the
14 business of the decedent under the license or permit until ~~the expiration thereof~~
15 it expires.

16 (d) The holder of a manufacturer's or rectifier's license may pledge or
17 mortgage ~~intoxicating liquor~~ alcoholic beverages manufactured or rectified by
18 ~~such the~~ licensee and ~~such the~~ pledgee or mortgagee may retain possession of
19 ~~such liquor~~ the alcoholic beverages and after condition broken, may sell and
20 dispose of them to persons to whom the licensee ~~might~~ is permitted to lawfully
21 sell ~~such liquors~~ the alcoholic beverages, subject to the same restrictions and

1 ~~regulations~~ rules as ~~such~~ the licensee, and to ~~such~~ any further restriction ~~and~~
2 ~~regulation~~ as or rule that may be prescribed by the ~~liquor control board~~
3 Commissioner with respect to notice to ~~it~~ him or her in advance of ~~such~~ the
4 sale and determination by ~~it~~ him or her of the persons entitled to buy and the
5 manner of ~~such~~ the sale. Any sale under ~~such~~ the pledge or mortgage shall not
6 be at public auction as required with respect to ~~like~~ similar sales of other
7 property, but shall be upon not less than ten days' notice to the pledgor or
8 mortgagor and for the highest amount which may be offered under the
9 ~~regulations~~ rules of ~~such liquor control board as aforesaid~~ the Department.

10 Sec. 21. 7 V.S.A. § 236 is amended to read:

11 § 236. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

12 ADMINISTRATIVE PENALTY

13 (a) The control commissioners or the ~~liquor control board~~ Commissioner
14 shall have power to suspend or revoke any permit or license granted pursuant
15 to this title in the event the person holding ~~such~~ the permit or license shall at
16 any time during ~~the~~ its term ~~thereof~~ so conduct his or her business ~~as to be~~ in
17 violation of this title, the conditions pursuant to which ~~such~~ the permit or
18 license was granted, or of any rule ~~or regulation prescribed~~ adopted by the
19 ~~liquor control board~~ Commissioner. No revocation shall be made until the
20 permittee or licensee shall be notified and be given a hearing before the ~~liquor~~
21 ~~control board~~ Commissioner, unless ~~such~~ the permittee or licensee shall have

1 been convicted by a court of competent jurisdiction of violating the provisions
2 of this title. In the case of a suspension, the permittee or licensee shall be
3 notified and given a hearing before the ~~liquor control board~~ Commissioner or
4 the local ~~governing body~~ control commissioners, whichever applies. A
5 tobacco license may not be suspended or revoked for a first-time violation.
6 Suspension or revocation of a tobacco license shall not affect any liquor
7 license held by the licensee.

8 (b) As an alternative to and in lieu of the authority to suspend or revoke
9 any permit or license, the ~~liquor control board~~ Commissioner shall also have
10 the power to impose an administrative penalty of up to \$2,500.00 per violation
11 against a holder of a wholesale dealer's license or a holder of a ~~first-, second- or~~
12 ~~third-class~~ first-, second-, or third-class license for a violation of the conditions
13 under which the license was issued or of this title or of any rule ~~or regulation~~
14 adopted by the ~~board~~ Commissioner. The administrative penalty may be
15 imposed after a hearing before the ~~board~~ Commissioner or after the licensee
16 has been convicted by a court of competent jurisdiction of violating the
17 provisions of this title. The ~~board~~ Commissioner may also impose an
18 administrative penalty under this subsection against a holder of a tobacco
19 license for up to \$100.00 for a first violation and up to \$1,000.00 for
20 subsequent violations. For the first violation during a tobacco or alcohol
21 compliance check during any three-year period, a licensee shall receive a

1 warning and be required to attend a ~~department~~ Department server training
2 class.

3 (c) For suspension or revocation proceedings involving a tobacco license or
4 the imposition of an administrative penalty against a tobacco licensee under
5 this section, the ~~commissioner~~ Commissioner, a ~~board~~ member of the Liquor
6 Control Board designated by the ~~chair~~ Commissioner, or a hearing officer
7 designated by the ~~chair~~ Commissioner pursuant to section 236a of this title
8 may conduct the hearing and render a decision.

9 (d) The ~~board~~ Commissioner shall subpoena any person in this ~~state~~ State
10 to appear for a hearing or for a deposition in the same manner as prescribed for
11 judicial procedures. Sheriffs and witnesses shall receive the same fees for the
12 service of process and attendance before the ~~board~~ Commissioner as are paid
13 in ~~superior court~~ Superior Court.

14 Sec. 22. 7 V.S.A. § 236a is amended to read:

15 § 236a. HEARING OFFICER

16 (a) The ~~chair of the board~~ Commissioner may appoint a hearing officer to
17 conduct hearings pursuant to section 236 of this title. A hearing officer may be
18 a member of the ~~board~~ Liquor Control Board appointed under section 236 of
19 this title.

20 (b) The hearing officer may administer oaths in all cases, so far as the
21 exercise of that power is properly incidental to the performance of the hearing

1 officer's duty ~~or that of the board~~. A hearing officer may hold any hearing in
2 any matter within the jurisdiction of the ~~board~~ Commissioner.

3 (c) The hearing officer shall make findings of fact in writing to the ~~board~~
4 Commissioner in the form of a proposal for decision. A copy of the proposal
5 for decision shall be served upon the parties pursuant to 3 V.S.A. § 811.

6 Judgment on the hearing officer's proposal for decision shall be rendered by a
7 ~~majority of the board~~ the Commissioner.

8 (d) At least 10 days prior to a hearing before the ~~board~~ Commissioner, the
9 hearing officer shall give written notice of the time and place of the hearing to
10 all parties in the case and shall indicate the name and title of the person
11 designated to conduct the hearing.

12 (e) The ~~chair~~ Commissioner may appoint a hearing officer to hear and
13 finally determine any complaint involving a tobacco license. In such a case the
14 hearing officer may impose administrative penalties as provided in subsection
15 236(b) of this title.

16 Sec. 23. 7 V.S.A. § 238a is amended to read:

17 § 238a. OUTSIDE CONSUMPTION PERMITS; FIRST-, THIRD-, AND
18 FOURTH-CLASS LICENSEES

19 Pursuant to ~~regulations of the Liquor Control Board~~ rules adopted by the
20 Commissioner, an outside consumption permit may be granted to the holder of
21 a first- or first- and third-class licenses for all or part of the outside premises of

1 a golf course or to the holder of a fourth-class license for all or part of the
2 outside premises of the license holder, provided that ~~such~~ the permit is first
3 obtained from the local control commissioners and approved by the ~~Board~~
4 Commissioner.

5 Sec. 24. 7 V.S.A. § 240 is amended to read:

6 § 240. PROOF OF FINANCIAL RESPONSIBILITY

7 (a) Any ~~first, second or third class liquor~~ first-, second-, or third-class
8 licensee whose license is suspended by the local control commissioners or
9 suspended or revoked by the ~~liquor control board~~ Commissioner for selling or
10 furnishing ~~intoxicating liquor~~ alcohol to a minor, to a person apparently under
11 the influence of ~~intoxicating liquor~~ alcohol, to a person after legal serving
12 hours, or to a person ~~whom~~ who it would be reasonable to expect would be
13 intoxicated as a result of the amount of ~~liquor~~ alcohol served to that person,
14 shall be required to furnish to the ~~liquor control department~~ Department of
15 Liquor Control a certificate of financial responsibility within 60 days of the
16 commencement of the suspension or revocation or at the time of reinstatement
17 of the license, whichever is later. Financial responsibility may be established
18 by any one or a combination of the following: insurance, surety bond, or letter
19 of credit. Coverage shall be maintained at not less than \$25,000.00 per
20 occurrence and \$50,000.00 aggregate per occurrence. Proof of financial

1 responsibility shall be required for license renewal for the three years
2 following the suspension or revocation.

3 * * *

4 Sec. 25. 7 V.S.A. § 301 is amended to read:

5 § 301. DISTRIBUTION OF MALT OR VINOUS BEVERAGES;

6 CERTIFICATE OF APPROVAL

7 The ~~Liquor Control Board~~ Commissioner may grant to a manufacturer or
8 distributor of malt ~~and or~~ and vinous beverages, not licensed under the provisions
9 of this title, a certificate of approval which authorizes the manufacturer or
10 distributor to sell or export ~~such the~~ the beverages either to holders of ~~bottlers'~~
11 bottler's or wholesale ~~dealers'~~ dealer's licenses issued by the ~~board~~
12 Commissioner under the provisions of section 226 or 227 of this title.

13 Sec. 26. 7 V.S.A. § 302 is amended to read:

14 § 302. APPLICATION

15 Application for ~~such a~~ a certificate of approval shall be made upon a form
16 prescribed and furnished by the ~~Liquor Control Board~~ Commissioner,
17 containing agreements to comply with the ~~regulations~~ rules of the ~~Board~~
18 Department, and containing ~~such further~~ any additional information as ~~that~~ the
19 ~~Board~~ Commissioner may deem necessary.

1 Sec. 27. 7 V.S.A. § 304 is amended to read:

2 § 304. SUSPENSION OR REVOCATION

3 The ~~liquor control board~~ Commissioner shall have power to suspend or
4 revoke any ~~such~~ certificate of approval in the event the certificate holder
5 ~~thereof shall fail~~ fails to comply with ~~any regulation of the board~~ a rule of the
6 Department or to submit reports to the ~~commissioner of taxes~~ Commissioner of
7 Taxes in accordance with the agreements contained in ~~such~~ the application for
8 ~~such~~ the certificate. No ~~such~~ certificate shall be revoked unless the certificate
9 holder ~~thereof~~ shall have had an opportunity to be heard after reasonable
10 notice. Notice of any ~~such~~ revocation or suspension shall be sent to each
11 holder of a bottler's or ~~wholesaler's~~ wholesale dealer's license prior to the
12 effective date ~~thereof~~ of the revocation or suspension.

13 Sec. 28. 7 V.S.A. § 362 is amended to read:

14 § 362. APPLICATION; UNDERTAKING; RECOMMENDATION

15 Application for a license shall be made in writing, signed by the applicant,
16 and submitted to the ~~Liquor Control Board~~ Commissioner on a form prescribed
17 by the ~~Board, containing~~ Commissioner. The form shall include the name,
18 residence, and business address of the applicant, the name and address of the
19 vendor to be represented by the applicant, and an undertaking by the applicant
20 to comply with the ~~regulations~~ rules of the ~~Board~~ Department. The application

1 shall ~~have appended thereto~~ be accompanied by a recommendation of the
2 applicant as being qualified to hold the license, signed by ~~such~~ the vendor.

3 Sec. 29. 7 V.S.A. § 364 is amended to read:

4 § 364. SUSPENSION OR REVOCATION

5 The ~~Liquor Control Board~~ Commissioner shall have power to suspend or
6 revoke any ~~such~~ solicitor's license for failure to comply with any ~~regulation~~
7 rule of the ~~Board~~ Department or for other cause. The certificate shall not be
8 revoked unless the holder ~~thereof~~ shall have had an opportunity to be heard
9 after reasonable notice.

10 Sec. 30. 7 V.S.A. § 421 is amended to read:

11 § 421. TAX ON MALT AND VINOUS BEVERAGES

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

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

3 * * *

4 Sec. 31. 7 V.S.A. § 422 is amended to read:

5 § 422. TAX ON SPIRITS AND FORTIFIED WINES

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

13 * * *

14 Sec. 32. 7 V.S.A. § 424 is amended to read:

15 § 424. COLLECTION

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

1 Sec. 33. 7 V.S.A. § 503 is amended to read:

2 § 503. SATISFACTION OF JUDGMENT; REVOCATION OF LICENSE

3 If a judgment recovered against a licensee ~~under the provisions of~~ pursuant
4 to section 501 of this title remains unsatisfied for 30 days after the ~~entry~~
5 ~~thereof~~ judgment is entered, the ~~board of local~~ local control commissioners or the
6 ~~liquor control board~~ Commissioner shall revoke ~~his~~ the person's license. A
7 license shall not be granted to a person against whom ~~such a~~ a judgment
8 pursuant to section 501 of this title has been recovered, until ~~the same~~ it is
9 satisfied.

10 Sec. 34. 20 V.S.A. chapter 119 is added to read:

11 CHAPTER 119. CONTROLLED SUBSTANCES

12 ENFORCEMENT DIVISION

13 § 2101. CONTROLLED SUBSTANCES ENFORCEMENT DIVISION;

14 CREATION

15 The Controlled Substances Enforcement Division is created within the
16 Department of Public Safety to investigate and enforce violations of Title 7
17 and 18 V.S.A. chapter 86. The Division shall be headed by a director who
18 shall be exempt from the classified service and who shall be appointed by the
19 Commissioner of Public Safety.

1 Sec. 35. 7 V.S.A. § 561 is amended to read:

2 § 561. AUTHORITY OF LIQUOR CONTROL INVESTIGATORS;

3 ARREST FOR UNLAWFULLY MANUFACTURING,

4 POSSESSING, OR TRANSPORTING ALCOHOLIC BEVERAGES;

5 SEIZURE OF PROPERTY

6 (a) The Director of the ~~Enforcement Division of the Department of Liquor~~
7 ~~Control~~ Controlled Substances Enforcement Division of the Department of
8 Public Safety and investigators employed by the ~~Liquor Control Board~~
9 Department of Public Safety or by the ~~Department of Liquor Control~~
10 Controlled Substances Enforcement Division shall be certified as Level III law
11 enforcement officers by the Vermont Criminal Justice Training Council and
12 shall have the same powers and immunities as those conferred on the State
13 Police by 20 V.S.A. § 1914.

14 (b) The Commissioner of ~~Liquor Control~~ Public Safety, the Director of the
15 ~~Enforcement Division of the Department of Liquor Control~~ Controlled
16 Substances Enforcement Division of the Department of Public Safety or an
17 investigator employed by the ~~Liquor Control Board~~ Department of Public
18 Safety or by the ~~Department of Liquor Control~~ Controlled Substances
19 Enforcement Division and any other law enforcement officer may arrest or
20 take into custody pursuant to the Vermont Rules of Criminal Procedure a
21 person whom he or she finds in the act of manufacturing alcohol or possessing

1 a still, or other apparatus for the manufacture of alcohol, or unlawfully selling,
2 bartering, possessing, furnishing, or transporting alcohol, or unlawfully selling,
3 furnishing, or transporting spirits, fortified wines, ~~or malt and beverages, or~~
4 vinous beverages, and shall seize the ~~liquors,~~ alcohol, vessels, and implements
5 of sale, and the stills or other apparatus for the manufacture of alcohol in the
6 possession of the person. He or she may also seize and take into custody any
7 property described in this section.

8 Sec. 36. 7 V.S.A. § 563 is amended to read:

9 § 563. SEARCH WARRANTS

10 If a ~~state's attorney~~ State's Attorney, the ~~commissioner of liquor control~~
11 Commissioner of Public Safety, ~~or an inspector duly acting for the liquor~~
12 ~~control board~~ Department of Public Safety, ~~or a control commissioner or,~~ a
13 town grand juror, or two reputable citizens of the county, make complaint
14 under oath or affirmation, before a judge of ~~a criminal division of the superior~~
15 ~~court,~~ the Criminal Division of the Superior Court that he or she or they have
16 reason to believe that malt or vinous beverages ~~or spirituous liquor,~~ spirits,
17 fortified wines, or alcohol are kept or deposited for sale or distribution contrary
18 to law, or that alcohol is manufactured or possessed contrary to law, in a
19 dwelling house, store, shop, ~~steamboat, or water craft~~ watercraft of any kind,
20 depot, railway car, motor vehicle ~~or,~~ land or air carriage of any kind,
21 warehouse, or other building or place in the county, the judge shall issue a

1 warrant to search the premises described in the complaint. If the ~~liquor~~ alcohol
2 is found ~~therein~~ under circumstances warranting the belief that it is intended
3 for sale or distribution contrary to law, or if the alcohol is found ~~therein~~ under
4 circumstances warranting the belief that it is unlawfully manufactured or
5 possessed, or if any still; or any other apparatus for the manufacture of alcohol
6 is found ~~therein~~, the officer shall seize and convey the ~~same~~ seized items to
7 some place of security; and keep it until final action is had thereon.

8 Sec. 37. 7 V.S.A. § 571 is amended to read:

9 § 571. SEARCH OF VEHICLE OR CRAFT WITHOUT WARRANT

10 If a sheriff, deputy sheriff, constable, police officer, ~~Commissioner of~~
11 ~~Liquor Control~~ or the Commissioner of Public Safety, an inspector duly acting
12 for the ~~Liquor Control Board~~ Department of Public Safety, or a State Police
13 officer has reason to believe and does believe; that a person is engaged in the
14 act of smuggling, delivering, or transporting, in violation of law, malt or
15 vinous beverages, spirits, fortified wines, or alcohol in any ~~wagon, buggy,~~
16 ~~automobile,~~ motor vehicle, air or water craft, or other vehicle, he or she shall
17 search for and seize without warrant; any malt or vinous beverages, spirits,
18 fortified wines, or alcohol found ~~therein~~ being smuggled, delivered, or
19 transported contrary to law. Whenever malt or vinous beverages, spirits,
20 fortified wines, or alcohol; transported unlawfully or alcohol possessed
21 illegally shall be seized ~~by such officer~~ pursuant to this section, he or she the

1 officer shall take possession of the vehicle, ~~team, automobile, boat,~~ air or water
2 craft, or other conveyance and shall arrest the person in charge ~~thereof~~ of it.

3 Sec. 38. 7 V.S.A. § 603 is amended to read:

4 § 603. ~~LIQUOR CONTROL BOARD;~~ RULES

5 The ~~liquor control board~~ Commissioner shall ~~make~~ adopt rules and
6 ~~regulations~~ as necessary to effectuate the purposes of section 602 of this title.

7 Sec. 39. 7 V.S.A. § 659 is amended to read:

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

9 The sheriffs of the several counties and their deputies, constables, officers,
10 or members of the village or city police, ~~state police~~ State Police, and
11 inspectors of the ~~liquor control board~~ Department of Public Safety are hereby
12 empowered, and it is hereby made their duty to see that the provisions of this
13 title and the rules ~~and regulations made as authorized by the liquor control~~
14 ~~board herein provided for~~ adopted by the Commissioner of Liquor are enforced
15 within their respective jurisdictions. Any ~~such~~ officer who ~~wilfully~~ willfully
16 refuses or neglects to perform the duties imposed upon him or her by this
17 section shall be fined not more than \$500.00 or imprisoned not more than 90
18 days, or both. A control commissioner, ~~state's attorney~~ State's Attorney, or
19 town grand juror who ~~wilfully~~ willfully refuses or neglects to investigate a
20 complaint for a violation of this chapter, when accompanied by evidence in
21 support ~~thereof~~ of it, shall be fined \$300.00.

1 Sec. 40. 7 V.S.A. § 667 is amended to read:

2 § 667. VIOLATIONS OF TITLE

3 (a) A person, partnership, association, or corporation ~~who~~ that furnishes,
4 sells, exposes, ~~or~~ keeps with intent to sell, or bottles or prepares for sale any
5 malt ~~or~~ beverages, vinous beverages, spirits, or fortified wines, except as
6 authorized by this title, or sells, barter, transports, imports, exports, delivers,
7 prescribes, furnishes, or possesses alcohol, except as authorized by the ~~Liquor~~
8 ~~Control Board~~ Commissioner, or ~~who~~ that manufactures alcohol or possesses a
9 still or other apparatus for the manufacture of alcohol shall be imprisoned not
10 more than 12 months nor less than three months or fined not more than
11 \$1,000.00 nor less than \$100.00, or both. For a subsequent conviction ~~thereof~~
12 under this section within one year, ~~such~~ a person, partnership, association, or
13 corporation shall be imprisoned not more than three years nor less than six
14 months or fined not more than \$2,000.00 nor less than \$500.00, or both.

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

21

* * *

1 Sec. 41. 7 V.S.A. § 701 is amended to read:

2 § 701. DEFINITIONS

3 As used in this chapter, and unless otherwise required by the context:

4 (1) "Certificate of approval" shall mean an authorization by the ~~liquor~~
5 ~~control board~~ Commissioner to a manufacturer or distributor of malt or vinous
6 beverages, or both not licensed under the provisions of this title, to sell ~~such~~
7 the beverages either to holders of ~~bottlers~~ bottler's or wholesale ~~dealers~~
8 dealer's licenses issued by the ~~board~~ Commissioner under the provisions of
9 section 226 or 227 of this title.

10 * * *

11 Sec. 42. 7 V.S.A. § 803 is amended to read:

12 § 803. LIABILITY; LIABILITY INSURANCE FOR STATE COLLEGES
13 AND UNIVERSITIES

14 * * *

15 (b) No license shall be granted to a ~~state~~ State college or university until the
16 applicant has demonstrated to the ~~state liquor control board~~ Commissioner that
17 the college or university has in effect a general liability policy providing
18 coverage of no less than \$2,000,000.00, such policy to afford coverage for acts
19 and omissions relative to the sale and distribution of alcoholic beverages and
20 operation of premises under this chapter, including coverage for liability
21 arising under section 501 of this title.

1 Sec. 43. 7 V.S.A. § 807 is amended to read:

2 § 807. RULES; ADOPTION

3 The ~~Liquor Control Board~~ Commissioner shall adopt rules as ~~if~~ he or she
4 deems necessary to effectuate the purposes of this chapter.

5 Sec. 44. 7 V.S.A. § 1001 is amended to read:

6 § 1001. DEFINITIONS

7 As used in this chapter:

8 (1) ~~“Board”~~ “Secretary” means the ~~Liquor Control Board~~ Secretary of
9 Controlled Substances.

10 * * *

11 Sec. 45. 26 V.S.A. § 4801 is amended to read:

12 § 4801. DEFINITIONS

13 As used in this chapter:

14 (1) ~~“Director”~~ “Secretary” means the ~~director of the office of~~
15 ~~professional regulation~~ Secretary of Controlled Substances.

16 * * *

17 (5) ~~“Office”~~ “Agency” means the ~~office of professional regulation~~
18 Agency of Controlled Substances.

19 * * *

1 Sec. 46. 26 V.S.A. § 4804 is amended to read:

2 § 4804. ADVISOR APPOINTEES

3 (a) The ~~secretary of state~~ Secretary shall appoint three advisors for five-
4 year terms to serve at the ~~secretary's~~ Secretary's pleasure in matters relating to
5 motor vehicle racing.

6 (b) The ~~director~~ Secretary shall seek the advice of the advisors in carrying
7 out the provisions of this chapter.

8 Sec. 47. 31 V.S.A. § 601a is added to read:

9 § 601a. DEFINITION

10 As used in this chapter, "Secretary" means the Secretary of Controlled
11 Substances.

12 Sec. 48. REPEALS

13 31 V.S.A. §§ 602 and 604 are repealed.

14 Sec. 49. 31 V.S.A. § 603 is amended to read:

15 § 603. ASSISTANTS AND EMPLOYEES, DUTIES

16 The ~~Commission~~ Secretary may employ such assistants and employees as ~~it~~
17 he or she may consider necessary to carry out the provisions of this chapter, fix
18 their compensation and specify the duties to be performed by them. However,
19 the ~~Commission~~ Secretary shall not appoint to any position under ~~its~~ his or her
20 jurisdiction any member of the General Assembly, while the General
21 Assembly is in session.

1 Sec. 50. 31 V.S.A. § 605 is amended to read:

2 § 605. RULES AND REGULATIONS

3 The ~~Commission~~ Secretary shall ~~make~~ adopt rules ~~and regulations~~ for the
4 holding, conducting, operating, and simulcasting of all running ~~or~~ harness
5 horse, or harness pony races or meets at which pari-mutuel pools are sold
6 pursuant to the provisions of this chapter, and shall cause to be fingerprinted,
7 under the direction of the Department of Public Safety, any and all persons
8 working at or in connection with the operation of such horse races, or meets,
9 including grooms, jockeys, and drivers.

10 Sec. 51. 31 V.S.A. § 605a is amended to read:

11 § 605a. LICENSES; REGISTRATIONS

12 (a) The following applicable licenses and registrations shall be required by
13 the ~~commission~~ Secretary from all persons participating in racing on the
14 grounds of an association:

15	<u>(1)</u> Owner, Harness	\$10.00 ₂
16	<u>(2)</u> Trainer-Driver, Harness	\$10.00 ₂
17	<u>(3)</u> Owner and Colors, Thoroughbred	\$ 6.00 ₂
18	<u>(4)</u> Colors (Annual)	\$ 1.00 ₂
19	<u>(5)</u> Colors (Life)	\$25.00 ₂
20	<u>(6)</u> Trainer, Thoroughbred	\$ 5.00 ₂
21	<u>(7)</u> Authorized Agent	\$ 5.00 ₂

1	(8) Trainer, Substitute	No Fee;
2	(9) Partnership, Thoroughbred	\$ 5.00.
3	(10) Stable Name	\$10.00.
4	(11) Jockey	\$ 5.00.
5	(12) Jockey Agent (Each Jockey)	\$ 5.00.
6	(13) Jockey, Apprentice	\$ 5.00.
7	(14) Jockey, Apprentice Contract	No Fee.
8	(15) Stable Employees	\$ 5.00.
9	(16) Valet, Blacksmith, Outrider, Vendor, Supplier,	
10	Track Services	\$10.00.
11	(17) Veterinarian	\$10.00.
12	(18) Officials - Association (Administrative, Supervisory,	
13	and Security); Concessionaire, Racing; Specialized Services	
14	and Staff	\$10.00.
15	(19) Employees, Pari-Mutuel	\$ 5.00.
16	(20) Employees, Association - Concession	\$ 5.00.
17	(21) Substitute License	Fee as
18		indicated.
19	(22) Duplicate License	\$ 2.00.

1 **(b)** The fee shall be paid at the time of filing of the application. No
2 application for an occupational license shall be accepted unless accompanied
3 by ~~such~~ the necessary fee. An amateur is required to take out a certificate.
4 Sec. 52. 31 V.S.A. § 606 is amended to read:

5 § 606. HEARINGS

6 (a) The ~~Commission~~ Secretary may conduct hearings at which all matters
7 pertaining to the administration of ~~the affairs of the Commission~~ this chapter
8 and all activities conducted under its ~~jurisdiction~~ provisions may be
9 investigated and determined. ~~By its chair, it~~ The Secretary may issue
10 subpoenas for the attendance of witnesses at its hearings. ~~Any member of the~~
11 ~~Commission~~ The Secretary may administer oaths and affirmations and may
12 examine witnesses.

13 (b) A person who disobeys a subpoena of the ~~Commission~~ Secretary, gives
14 false testimony, or presents false evidence to the ~~Commission~~ Secretary shall
15 be penalized according to law.

16 (c) The ~~Commission~~ Secretary may investigate as to the ownership and
17 control, direct or indirect, of any licensee. Any expense incurred by the
18 ~~Commission~~ Secretary in so investigating shall be at the expense of the
19 licensee or applicant for a license.

1 Sec. 53. 31 V.S.A. § 608 is amended to read:

2 § 608. APPLICATION; BOND

3 Fair associations or corporations which now conduct annual agricultural
4 fairs in Vermont, or Vermont corporations ~~who~~ that wish to conduct extended
5 race meetings, ~~with a percentage as designated for the benefit of State Stipend~~
6 ~~Fund,~~ shall be eligible to apply for a license. An eligible association or
7 corporation desiring to hold a running ~~or,~~ harness horse race, or meet for public
8 exhibition at which pari-mutuel pools are to be sold, shall apply to the
9 ~~Commission~~ Secretary to do so. Every fair association, or corporation
10 conducting horse racing or meets at which pari-mutuel pools are to be sold
11 under license from the ~~Commission created herein~~ Secretary shall give a bond
12 in a sum not to exceed \$75,000.00 as ~~shall be~~ determined by the ~~Commission~~
13 Secretary, with good and sufficient surety or sureties, conditioned upon the
14 faithful performance of its duties and obligations to the State of Vermont as
15 prescribed ~~herein~~ in this chapter.

16 Sec. 54. 31 V.S.A. § 610 is amended to read:

17 § 610. ISSUANCE, CONTENTS; REVOCATION

18 (a) If the ~~Commission~~ Secretary is satisfied that all the provisions of this
19 chapter and the rules ~~and regulations~~ prescribed have been and will be
20 complied with by the applicant, ~~it~~ he or she may issue a license which shall
21 expire on the 31st day of December. The license shall set forth the name of the

1 licensee, the place where the races or race meets are to be held, and the time
2 and number of days during which racing may be conducted by the licensee. It
3 shall not be transferable or assignable.

4 (b) The ~~Commission~~ Secretary may revoke any license for good cause after
5 reasonable notice and hearing. The license of any corporation shall
6 automatically cease upon the change in ownership, legal or equitable, of 50
7 percent or more of the voting stock of the corporation and the corporation shall
8 not hold a running ~~or~~ harness horse race, or meet for a public exhibition
9 without a new license.

10 (c) The ~~Commission~~ Secretary may at any time for cause require the
11 removal of any employee or official employed by a licensee. Failure to
12 remove an employee or official when so required shall constitute cause for
13 revoking the license of the employer.

14 Sec. 55. 31 V.S.A. § 614 is amended to read:

15 § 614. PENALTY

16 (a) Any person, association, or corporation holding, conducting, or
17 simulcasting a pari-mutuel horse race or aiding or abetting ~~same~~ a pari-mutuel
18 horse race, without a license from the ~~Commission~~ Secretary, shall be fined not
19 more than \$1,000.00 or imprisoned not more than one year, or both. Any
20 person, association, or corporation violating any rules ~~or regulations of the~~

1 ~~Commission~~ adopted by the Secretary shall be fined not more than \$500.00 or
2 imprisoned not more than six months, or both.

3 * * *

4 Sec. 56. 31 V.S.A. § 615 is amended to read:

5 § 615. PARI-MUTUEL POOLS

6 (a)(1) Within the enclosure of any race track where ~~is held~~ a race or race
7 meet licensed and conducted under this chapter is held, and within the
8 enclosure of any place wherein a licensee licensed under this chapter to hold
9 and conduct races or race meets is authorized by the ~~Commission~~ Secretary to
10 simulcast races or race meets, but not elsewhere, the sale of pari-mutuel pools
11 by the licensee is permitted and authorized ~~under such regulations as may be~~
12 ~~prescribed by the Commission~~ pursuant to any rules the Secretary may adopt.

13 (2) Commissions on ~~the~~ a flat racing pool shall not exceed 18 percent of
14 each dollar wagered except that commissions on ~~the~~ a flat racing pool from
15 racing conducted on Sundays shall not exceed 19 percent of each dollar
16 wagered.

17 (3) Except for ~~state~~ State agricultural fair associations, commissions on
18 the harness racing pools shall not exceed 19 percent of each dollar wagered
19 except that commissions on the harness racing pools from racing conducted on
20 Sundays shall not exceed 20 percent of each dollar wagered and commissions
21 on each harness racing trifecta pool shall not exceed 25 percent.

1 be managed pursuant to 32 V.S.A. chapter 7, subchapter 5, and shall be
2 available to the ~~Racing Commission~~ Secretary to offset the costs of providing
3 ~~its~~ the Agency's services pursuant to this chapter.

4 (d) [Repealed.]

5 Sec. 57. 31 V.S.A. § 618 is amended to read:

6 § 618. UNCLAIMED TICKET MONEY

7 On or before the first Monday in December of each year, every person,
8 association, or corporation conducting or simulcasting a race or race meet
9 ~~hereunder~~ pursuant to this chapter shall pay to the State Treasurer all monies
10 collected during the year for pari-mutuel tickets ~~which~~ that have not been
11 redeemed. The monies shall be retained by the State Treasurer and he or she
12 shall pay the amount due on any ticket to ~~the~~ its holder ~~thereof~~
13 from the ~~Commission~~ Secretary. After the expiration of two years any such
14 monies still in the custody of the State Treasurer shall ~~become a part of the~~
15 ~~Racing Special Fund of the State~~ be deposited in the Vermont Racing Special
16 Fund created pursuant to section 630 of this title.

17 Sec. 58. 31 V.S.A. § 621 is amended to read:

18 § 621. BREEDING OF HORSES

19 The ~~Commission~~ Secretary shall encourage and promote the improvement
20 of the breeding of horses in Vermont. ~~It~~ He or she may accept donations of
21 thoroughbred, standard-bred, or other well-bred stallions by licensees or others

1 to the State for this purpose. ~~He or she~~ may cooperate with the University of
2 Vermont in furthering this program.

3 Sec. 59. 31 V.S.A. § 622 is amended to read:

4 § 622. TOWN VOTE; APPROVAL, REVOCATION

5 (a) A license shall not be issued by the ~~Commission~~ Secretary under this
6 chapter for holding a race meet in any town until the town, at an annual or
7 special meeting called for the purpose, has, by majority vote of those present
8 and voting, approved the issuance of licenses under this chapter in the town.
9 ~~The Commission may issue a license for holding greyhound race meets~~
10 ~~without any additional voting approval by the town, in any town which has,~~
11 ~~prior to April 1, 1974, approved the issuance of licenses for horse race meets.~~

12 (b) Upon petition by 25 percent of the voters of a town in which racing is
13 or may be conducted under license of the ~~Commission~~ Secretary, alleging
14 cause for suspension of a license, the ~~Commission~~ Secretary may suspend the
15 license for the holding of races or meets pending hearing on the petition. If
16 upon hearing ~~the Secretary~~ finds cause exists, ~~the Secretary~~ shall suspend
17 the license for a period not to exceed one year.

18 Sec. 60. 31 V.S.A. § 623 is amended to read:

19 § 623. RACING DATES

20 The ~~Racing Commission~~ Secretary shall be responsible for all racing dates
21 but shall not assign dates for race meets at which pari-mutuel wagering is

1 conducted at the same time as an agricultural fair at which horse racing was
2 conducted during at least three years of the last 10 years immediately before
3 the passage of 1959 Acts and Resolves No. 259 ~~of the Acts of 1959~~ if the
4 agricultural fair is located within 50 miles of the race track at which
5 pari-mutuel racing is to be conducted, unless the ~~Commission~~ Secretary finds
6 there is no conflict between that race track and the agricultural fair.

7 Sec. 61. 31 V.S.A. § 624 is amended to read:

8 § 624. RACE OFFICIALS

9 There shall be at least one representative and such other assistants or
10 employees of the ~~Commission~~ Agency, as the ~~Commission~~ Secretary shall
11 determine, present to supervise each running ~~of~~ harness horse race, or meet
12 conducted under this chapter.

13 Sec. 62. 31 V.S.A. § 627 is amended to read:

14 § 627. DEFICITS; ASSESSMENTS

15 (a) Annually as of June 30, if, after comparing ~~all racing~~ ~~Commission~~ the
16 Agency's total expenditures pursuant to this chapter to the total amount of fees
17 paid to the ~~Commission~~ Secretary under sections 615 and 618 of this title,
18 there remains a deficit, then the ~~Commission~~ Secretary shall, on or before
19 August 14 next, assess all licensees under section 610 of this title, except
20 agricultural fair licensees, an amount sufficient to cover the deficiency. These

1 assessments shall be on an equitable and practicable basis as established by the
2 ~~Commission~~ Secretary by ~~regulation~~ rule.

3 (b) If any ~~such~~ licensee ~~shall fail~~ fails to remit payment for the expense
4 apportionment billed by the ~~Commission~~ Secretary, its license may be revoked
5 or suspended for a period of not less than one year.

6 (c) In addition to the authority granted in subsection (b) of this section, the
7 ~~Commission~~ Secretary shall have ~~such~~ the same authority to collect
8 assessments levied under this section as granted to the Commissioner of Taxes
9 to enforce and collect the tax on income under 32 V.S.A. chapter 151.

10 Sec. 63. 31 V.S.A. § 630 is amended to read:

11 § 630. DISPOSITION OF REVENUES

12 All fees, fines, unredeemed ticket funds, and other revenues collected under
13 sections 601 through 627 of this title, except section 620, shall be credited to
14 the Vermont Racing Special Fund, established and managed pursuant to
15 32 V.S.A. chapter 7, subchapter 5, and shall be available to the ~~Racing~~
16 ~~Commission~~ Secretary to offset the cost of providing ~~it's~~ the Agency's services
17 pursuant to this chapter.

1 Sec. 64. 31 V.S.A. § 651 is amended to read:

2 § 651. STATE LOTTERY COMMISSION

3 (a) There is created a Lottery Commission ~~which~~ as a division within the
4 Agency of Controlled Substances that shall be responsible for the
5 establishment and management of a State ~~lottery~~ Lottery.

6 (b) The Commission shall consist of five members who shall be appointed
7 by the ~~Governor, with the advice and consent of the Senate~~ Secretary, subject
8 to the approval of the Governor. A member may be removed by the ~~Governor~~
9 Secretary. ~~A member appointed by the Governor when the General Assembly~~
10 ~~is not in session shall be subject to approval by the Senate at its next regular,~~
11 ~~special, or adjourned session.~~ Members shall be appointed for three-year
12 terms. Any vacancy shall be filled by appointment for the unexpired term.
13 The members shall serve until their successors are appointed and qualified. No
14 member of the Commission shall have any pecuniary interest in any licensee,
15 licensed under the provisions of this chapter to conduct a lottery, nor shall any
16 member of the Commission have a pecuniary interest in any contract awarded
17 pursuant to this subchapter. No more than three members of the Commission
18 may be members of the same political party.

19 Sec. 65. 31 V.S.A. § 652 is amended to read:

20 § 652. ORGANIZATION

21 (a) The Governor shall select one member of the Commission to be chair.

1 (b) The ~~Commission~~ Governor shall, biennially, ~~subject to the approval~~
2 with the advice and consent of the ~~Governor~~ Senate, appoint a Director.

3 ~~(c) The Governor shall annually submit a budget to the General Assembly.~~

4 Sec. 66. 31 V.S.A. § 653 is amended to read:

5 § 653. COMPENSATION

6 Each member of the Commission shall receive \$30.00 a day and necessary
7 expenses for time actually spent in the performance of the duties of his or her
8 office. In no event shall the total of the per diems paid to any member of the
9 Commission pursuant to this section exceed \$3,000.00 in any calendar year.

10 Sec. 67. 31 V.S.A. § 654 is amended to read:

11 § 654. POWERS AND DUTIES

12 The Commission, subject to the direction and approval of the Secretary,
13 shall adopt rules pursuant to 3 V.S.A. chapter 25, governing the establishment
14 and operation of the State Lottery. The rules may include the following:

15 * * *

16 Sec. 68. 31 V.S.A. § 654a is amended to read:

17 § 654a. MULTIJURISDICTIONAL LOTTERY GAME

18 (a) In addition to the Tri-State Lotto Compact provided for in subchapter 2
19 of this chapter, and the other authority to operate lotteries contained in this
20 chapter, the Commission, subject to the direction and approval of the
21 Secretary, is authorized to negotiate and contract with up to four

1 multijurisdictional lotteries to offer and provide multijurisdictional lottery
2 games. The Commission may join any multijurisdictional lottery that provides
3 indemnification for its standing committee members, officers, directors,
4 employees, and agents. The Commission, subject to the direction and approval
5 of the Secretary, shall adopt rules under 3 V.S.A. chapter 25 to govern the
6 establishment and operation of any multijurisdictional lottery game authorized
7 by this section.

8 * * *

9 Sec. 69. 31 V.S.A. § 655 is amended to read:

10 § 655. LICENSE FEES

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

15 Sec. 70. 31 V.S.A. § 656 is amended to read:

16 § 656. INTERSTATE LOTTERY; CONSULTANT; MANAGEMENT

17 (a) The Commission, subject to the direction and approval of the Secretary,
18 may develop and operate a lottery or the State may enter into a contractual
19 agreement with another state or states to provide for the operation of the
20 lottery. Approval of the Joint Fiscal Committee and the Governor shall be
21 required for such contractual agreements with other states.

1 (b) If no interstate contract is entered into, the Commission, subject to the
2 direction and approval of the Secretary, shall obtain the service of an
3 experienced lottery design and implementation consultant. The fee for the
4 consultant may be fixed or may be based upon a percentage of gross receipts
5 realized from the lottery.

6 (c) The Commission, subject to the direction and approval of the Secretary,
7 may enter into a facilities management type of agreement for operation of the
8 lottery by a third party.

9 Sec. 71. 31 V.S.A. § 657 is amended to read:

10 § 657. DIRECTOR AND DUTIES

11 (a) The State Lottery shall be under the immediate supervision and
12 direction of a Lottery Director. The Director shall devote his or her entire time
13 and attention to the duties of his or her office and shall not be engaged in any
14 other profession or occupation. The Office of Director of the State Lottery is
15 an executive position and shall not be included in the plan of classification of
16 State employees, notwithstanding 3 V.S.A. § 310(a).

17 (b) The Director shall:

18 (1) ~~supervise~~ Supervise and administer the operation of the lottery
19 within the rules adopted by the Commission;

20 (2) ~~subject~~ Subject to the approval of the Commission, enter into such
21 contracts as may be required for the proper creation, administration, operation,

1 modification, and promotion of the ~~lottery~~ State Lottery or any part ~~thereof~~ of
2 the State Lottery. These contracts shall not be assignable;.

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

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

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

11 (6) ~~annually~~ Annually prepare a budget and submit it to the Commission
12 and the Secretary.

13 Sec. 72. 31 V.S.A. § 658 is amended to read:

14 § 658. STATE LOTTERY FUND

15 * * *

16 (b) Expenditures for administrative and overhead expenses of the operation
17 of the ~~lottery~~ State Lottery, except agent and bank commissions, shall be paid
18 from lottery receipts from an appropriation authorized for that purpose. Agent
19 commissions shall be set by the Lottery Commission, subject to the direction
20 and approval of the Secretary, and may not exceed 6.25 percent of gross
21 receipts, and bank commissions may not exceed 1 percent of gross receipts.

1 Once the draw game results become official, the payment of any commission
2 on any draw game ticket that wins at least \$10,000.00 shall be made through
3 the normal course of processing payments to lottery agents, regardless of
4 whether the winning ticket is claimed.

5 * * *

6 Sec. 73. 31 V.S.A. § 659 is amended to read:

7 § 659. REPORT OF THE ~~COMMISSION~~ SECRETARY

8 The ~~Commission~~ Secretary shall make an annual report to the Governor and
9 to the General Assembly on or before the 10th day of January in each year,
10 including ~~therein~~ an account of ~~its~~ the State Lottery's actions, receipts derived
11 under the provisions of this chapter, the practical effects of the application
12 ~~thereof~~ of the monies received, and any recommendation for legislation ~~which~~
13 that the Commission Secretary deems advisable.

14 Sec. 74. 31 V.S.A. § 660 is amended to read:

15 § 660. ~~POST-AUDITS~~ POSTAUDITS

16 All ~~lottery~~ State Lottery accounts and transactions of the State Lottery
17 ~~Commission~~ shall be subject to annual ~~post-audits~~ postaudits conducted by
18 independent auditors retained by the ~~Commission~~ Secretary for this purpose.
19 The ~~Commission~~ Secretary may order ~~such~~ other audits as ~~it~~ he or she deems
20 necessary and desirable.

1 Sec. 75. 31 V.S.A. § 661 is amended to read:

2 § 661. SALES AND PURCHASE OF LOTTERY TICKETS

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

5 * * *

6 (4) No member of the ~~Commission~~ Substance Control Board or
7 employee of the ~~Commission~~ State Lottery, or members of their immediate
8 ~~household~~ households, may claim or receive prize money ~~hereunder~~ under this
9 chapter.

10 Sec. 76. 31 V.S.A. § 1101 is amended to read:

11 § 1101. DEFINITIONS

12 As used in this chapter:

13 * * *

14 (3) "~~Director~~" "Secretary" means the ~~Director of the Office of~~
15 ~~Professional Regulation~~ Secretary of Controlled Substances.

16 * * *

17 Sec. 77. 31 V.S.A. § 1102 is amended to read:

18 § 1102. DIRECTOR; POWERS; DUTIES

19 (a) The ~~Director~~ Secretary shall have jurisdiction over professional boxing
20 matches. The ~~Director's~~ Secretary's power to supervise professional boxing

1 matches includes the power to suspend a match immediately if there is a
2 serious and immediate danger to the public, boxers, promoters, or participants.

3 (b)(1) Except as provided in this subsection, the ~~Director~~ Secretary shall
4 not have jurisdiction over amateur boxing matches. Amateur boxing matches
5 shall be conducted according to the rules of ~~United States~~ U.S. Amateur
6 Boxing, Inc., the national governing body for amateur boxing of the U.S.
7 Olympic Committee or its successor as the nationally designated governing
8 body for amateur boxing. However, upon a finding that the health and safety
9 of the boxers and participants in an amateur match are not being sufficiently
10 safeguarded, the ~~Director~~ Secretary shall assume jurisdiction over and
11 supervisory responsibility for the match. The ~~Director's~~ Secretary's decision
12 may be appealed to ~~the administrative law officer appointed under 3 V.S.A. §~~
13 ~~429~~ to the Civil Division of the Superior Court within 10 days of the date the
14 finding is issued. If the ~~Director~~ Secretary assumes jurisdiction under this
15 subsection, the match shall continue to be conducted in accordance with the
16 rules of ~~United States~~ U.S. Amateur Boxing, Inc.

17 * * *

18 (c) The ~~Director~~ Secretary shall:

19 * * *

20 (3) explain appeal procedures to registrants and applicants and
21 complaint procedures to the public; and

1 (4) receive applications for registration, grant registration under this
2 chapter, renew registrations, and deny, revoke, suspend, reinstate, or condition
3 registrations ~~as directed by an administrative law officer;~~

4 (5) ~~refer all complaints and disciplinary matters to an administrative law~~
5 ~~officer appointed under 3 V.S.A. § 129. [Repealed.]~~

6 (d) The ~~Director~~ Secretary may adopt rules necessary to perform his or her
7 duties under this chapter. The uniform rules of the Association of Boxing
8 Commissions as adopted on June 6, 1998, and as amended from time to time,
9 shall apply to professional boxing matches conducted under this chapter to the
10 extent those rules address matters not covered by rules adopted by the ~~Director~~
11 Secretary.

12 Sec. 78. 31 V.S.A. § 1103 is amended to read:

13 § 1103. ADVISOR APPOINTEES

14 (a) The Secretary ~~of State~~ shall appoint two persons to serve as advisors in
15 matters related to boxing. One advisor shall be a person with at least three
16 years' experience with boxing, and one shall be a medical doctor. The advisor
17 appointees shall be appointed for staggered five-year terms and shall serve at
18 the pleasure of the Secretary.

19 (b) The ~~Director~~ Secretary shall seek the advice of the advisors appointed
20 under this section in carrying out the provisions of this chapter. The advisors
21 shall be entitled to compensation and necessary expenses in the amount

1 provided in 32 V.S.A. § 1010 for attendance at any meeting called by the
2 ~~Director~~ Secretary for this purpose.

3 (c) For purposes of the federal Professional Boxing Safety Act of 1995, as
4 amended, the ~~Director~~ Secretary and the advisor appointees shall be deemed to
5 be the Vermont State Boxing Commission.

6 Sec. 79. 31 V.S.A. § 1104 is amended to read:

7 § 1104. PROFESSIONAL BOXER REGISTRATION; MATCH
8 REGISTRATION

9 * * *

10 (b) A professional boxer who is a resident of this State or a resident of
11 another state or country without a boxing commission may obtain a National
12 Boxer Registry identification card by registering with the ~~Office of~~
13 ~~Professional Regulation Agency~~. The registration application shall be in the
14 form prescribed by the ~~Director~~ Secretary and shall include any information
15 required by the ~~Director~~ Secretary in order to verify the applicant's identity.
16 The application shall be accompanied by the required fee.

17 (c) The ~~Director~~ Secretary shall issue a photo identification card to each
18 boxer registered under this section. The card shall contain the personal
19 identification number assigned to that boxer by the National Boxer Registry.
20 Registrations may be renewed every two years upon payment of the
21 required fee.

1 (d) Before each professional boxing match and no later than the weigh-in,
2 each boxer shall present the photo identification card issued under this section
3 to the ~~Director's~~ Secretary's agent, who shall verify the identification card and
4 check it against the records of the National Boxer Registry before a boxer shall
5 be allowed to participate in the match. A boxer who fails to present a valid
6 identification card shall not be allowed to participate in the match.

7 (e) The ~~Director~~ Secretary shall establish procedures for evaluating the
8 records of professional boxers and, when appropriate, for denying
9 authorization to participate in a match.

10 * * *

11 Sec. 80. 31 V.S.A. § 1105 is amended to read:

12 § 1105. PROMOTERS; REGISTRATION; BOND REQUIREMENT

13 (a) A person shall not act as a promoter in this State unless he or she is
14 registered with the ~~Office of Professional Regulation~~ Agency. The application
15 shall be made on forms provided by the ~~Director~~ Secretary and shall be filed at
16 least 14 days prior to the date of the intended professional boxing match.

17 * * *

18 Sec. 81. 31 V.S.A. § 1106 is amended to read:

19 § 1106. PARTICIPANTS; REGISTRATION

20 A person shall not act as a participant in this State unless he or she is
21 registered with the ~~Office of Professional Regulation~~ Agency. The application

1 shall be made on forms provided by the ~~Director~~ Secretary and shall be filed at
2 least 14 days prior to the date the applicant first intends to act as a participant
3 in this State. Registrations may be renewed every two years upon payment of
4 the required fee.

5 Sec. 82. 31 V.S.A. § 1110 is amended to read:

6 § 1110. REPORTS TO BE FILED; PROFESSIONAL BOXING

7 (a) Within 24 hours of the conclusion of a professional match (excluding
8 weekends or national holidays), the promoter or designee shall file a written
9 report with the ~~Director~~ Secretary on a form prescribed by the ~~Director~~
10 Secretary, indicating the specific result of each match and any problems
11 encountered in the running of the event.

12 ~~(b) Within 48 hours of the conclusion of the professional match (excluding~~
13 ~~weekends or national holidays), the Director or designee shall report the results~~
14 ~~of the match to the National Boxer Registry or registries as designated by the~~
15 ~~Association of Boxing Commissions.~~

16 ~~(c) Within 48 hours of any final disciplinary action against a boxer,~~
17 ~~promoter, or manager (excluding weekends or national holidays), the Director~~
18 ~~or designee shall report any final disciplinary action taken against a promoter,~~
19 ~~boxer, or manager to the National Boxer Registry or registries as designated by~~
20 ~~the Association of Boxing Commissions.~~

1 Sec. 83. 31 V.S.A. § 1112 is amended to read:

2 § 1112. GROUNDS FOR DISCIPLINARY ACTIONS

3 (a) An applicant or a registrant shall be subject to disciplinary action for the
4 conduct listed in this section ~~and in 3 V.S.A. § 129a:~~

5 * * *

6 (b) After hearing, and upon a finding of wrongdoing, the ~~administrative~~
7 ~~law officer appointed under subsection 3 V.S.A. § 129(j)~~ Secretary may take
8 disciplinary action against a registrant or an applicant.

9 Sec. 84. 31 V.S.A. § 1113 is amended to read:

10 § 1113. TAX ON PROFESSIONAL BOXING CONTESTS

11 Any person holding or conducting a professional boxing match shall notify
12 the ~~Director~~ Secretary not less than five days in advance of the holding of the
13 match, and after the match is concluded shall immediately pay to the ~~Director~~
14 Secretary a sum, designated as a gate tax, which shall be an amount equal to
15 five percent of the gross receipts, exclusive of any federal tax thereon. ~~Gate~~
16 The gate tax shall be deposited in the ~~Professional Regulatory Fee~~ Boxing
17 Special Fund and used to carry out the provisions of this chapter. Payments
18 required by this section shall be accompanied by reports in the form required
19 by the ~~Director~~ Secretary. All tickets of admission to a professional boxing
20 match shall bear clearly the purchase price on the face of the ticket.

1 Sec. 85. 31 V.S.A. § 1114 is added to read:

2 § 1114. BOXING SPECIAL FUND

3 There is created a Boxing Special Fund which shall be a special fund
4 established and managed pursuant to 32 V.S.A. chapter 7, subchapter 5 and
5 administered by the Secretary. The Boxing Special Fund shall consist of funds
6 from any fees paid pursuant to section 1109 of this chapter and any gate taxes
7 paid pursuant to section 1113 of this chapter. The Boxing Special Fund may
8 be expended by the Secretary to carry out the provisions of this chapter.

9 Sec. 86. 32 V.S.A. § 10201 is amended to read:

10 § 10201. DEFINITIONS

11 As used in this chapter:

12 * * *

13 (2) ~~“Commissioner” means the Commissioner of Taxes~~ “Secretary”
14 means the Secretary of Controlled Substances.

15 * * *

16 Sec. 87. 32 V.S.A. § 10203 is amended to read:

17 § 10203. DISTRIBUTION; RETAIL PURCHASE AND SALE

18 * * *

19 (c) ~~No~~ A person, other than a licensed distributor, shall not distribute a box
20 of break-open tickets, ~~and no person shall distribute a box of break-open~~
21 ~~tickets~~, unless the box bears indicia as required by the ~~Commissioner~~

1 Secretary. ~~No~~ A person shall not distribute or sell a break-open ticket at retail
2 unless the ticket bears a unique serial number.

3 (d) A distributor licensed under this chapter may sell break-open tickets
4 only to nonprofit organizations as defined in subdivision 10201(5) of this title,
5 except that a person other than a licensed distributor may sell such tickets to a
6 licensed distributor upon written approval of the ~~Commissioner~~ Secretary.

7 * * *

8 Sec. 88. 32 V.S.A. § 10204 is amended to read:

9 § 10204. LICENSE REQUIREMENTS; FEES

10 (a) Upon application and payment of the fee, the ~~Commissioner~~ Secretary
11 may issue the following licenses to qualified applicants:

12 (1) Manufacturer annual license \$3,000.00

13 (2) Distributor annual license \$2,000.00

14 * * *

15 Sec. 89. 32 V.S.A. § 10206 is amended to read:

16 § 10206. RULES

17 The ~~Department of Taxes~~ Agency of Controlled Substances shall regulate
18 the licensing and reporting requirements of manufacturers and distributors of
19 break-open tickets under this chapter. The ~~Commissioner~~ Secretary shall adopt
20 rules for licensure and indicia for boxes of break-open tickets.

1 Sec. 90. 32 V.S.A. § 10208 is amended to read:

2 § 10208. APPEALS

3 Any licensee aggrieved by an action taken under subsection 10207(c) of this
4 chapter and any person aggrieved by the ~~Commissioner's~~ Secretary's refusal to
5 issue or renew a license under this chapter may appeal in writing to the
6 ~~Commissioner~~ Secretary for review of such action. The ~~Commissioner~~
7 Secretary shall ~~thereafter~~ grant a hearing subject to the provisions of 3 V.S.A.
8 chapter 25 upon the matter and notify the aggrieved person in writing of his or
9 her determination. The ~~Commissioner's~~ Secretary's determination may be
10 appealed within 30 days to the ~~Washington Superior Court or the Superior~~
11 ~~Court~~ Civil Division of the Superior Court of Washington County or of the
12 county in which the taxpayer resides or has a place of business.

13 Sec. 91. 32 V.S.A. § 10209 is amended to read:

14 § 10209. RULEMAKING

15 The ~~Commissioner of Liquor Control~~ Secretary shall adopt rules for the
16 maintenance of records relating to the distribution and sale of break-open
17 tickets and for record keeping relating to the remittance of net proceeds from
18 sales of break-open tickets to the intended eligible charitable recipients. The
19 rules shall permit no proceeds to be retained by the operators of for-profit bars
20 except for:

21 * * *

