

1 H.525

2 Representatives Harrison of Chittenden and Condon of Colchester move
3 that the bill be amended by striking out all after the enacting clause and
4 inserting in lieu thereof the following:

5 Sec. 1. FINDINGS AND PURPOSE

6 (a) The General Assembly finds:

7 (1) The Department of Liquor Control and the State Lottery serve
8 similar roles in Vermont's government by generating significant revenue for
9 the State through the sales of a controlled product.

10 (2) The similarities between the roles and functions of the Department
11 of Liquor Control and the State Lottery create the potential for the two entities
12 to merge and collaborate in carrying out their respective functions and
13 missions.

14 (3) Merging the Department of Liquor Control and State Lottery into a
15 single Department of Liquor and Lottery will enable the State to deliver
16 services more effectively and efficiently to the public.

17 (4) Merging the Department of Liquor Control and the State Lottery into
18 a single Department of Liquor and Lottery will also enable the State to realize
19 significant cost savings by eliminating redundancy, improving accountability,
20 providing for more efficient use of specialized expertise and facilities, and

1 promoting the effective sharing of best practices and state-of-the-art
2 technology.

3 (b) Accordingly, it is the intent of the General Assembly to:

4 (1) create a combined Department of Liquor and Lottery that shall be
5 the successor to and continuation of the Department of Liquor Control and the
6 State Lottery; and

7 (2) create a Board of Liquor and Lottery that shall be the successor to
8 and a continuation of the Liquor Control Board and the Lottery Commission.

9 Sec. 2. DEPARTMENT OF LIQUOR AND LOTTERY; WORKING

10 GROUP; REPORT

11 (a) Creation. There is created the Department of Liquor and Lottery
12 Working Group to advise the Administration regarding the merger of the
13 Department of Liquor Control and the State Lottery into the Department of
14 Liquor and Lottery and to prepare draft legislation to facilitate the
15 implementation of the merger.

16 (b) Membership. The Working Group shall be composed of the following
17 nine members:

18 (1) two current members of the House of Representatives who shall be
19 appointed by the Speaker of the House;

20 (2) two current members of the Senate who shall be appointed by the
21 Committee on Committees;

- 1 (3) the Commissioner of Liquor Control or designee;
- 2 (4) the Chair of the Liquor Control Board or designee;
- 3 (5) the Director of the State Lottery or designee;
- 4 (6) the Chair of the Lottery Commission or designee; and
- 5 (7) a member appointed by the Governor.

6 (c) Powers and duties. The Working Group shall study the merger of the
7 Department of Liquor Control and the State Lottery into the Department of
8 Liquor and Lottery. In particular, the Working Group shall carry out the
9 following duties:

10 (1) identify and examine potential administrative, regulatory, and
11 statutory challenges, complications, and barriers to the effective merger of the
12 Department of Liquor Control and the State Lottery;

13 (2) provide advice to the Administration regarding the merger and
14 identify specific measures to address the identified challenges, complications,
15 and barriers; and

16 (3) develop a plan and proposed legislation to address the identified
17 challenges, complications, and barriers.

18 (d) Assistance. The Working Group shall have the technical and legal
19 assistance of the Department of Liquor Control and the Lottery Commission.

20 For purposes of scheduling meetings and preparing any recommended

1 legislation, the Working Group shall have the assistance of the Office of
2 Legislative Council.

3 (e) Report. On or before January 15, 2018, the Working Group shall
4 submit a written report to the House Committees on General, Housing and
5 Military Affairs and on Government Operations and the Senate Committees on
6 Economic Development, Housing and General Affairs and on Government
7 Operations with its findings and any proposed legislation.

8 (f) Meetings.

9 (1) The Commissioner of Liquor Control shall call the first meeting of
10 the Working Group to occur on or before September 1, 2017.

11 (2) The Working Group shall select a chair from among its members at
12 the first meeting.

13 (3) A majority of the membership shall constitute a quorum.

14 (4) The Working Group shall cease to exist on January 15, 2018.

15 (g) Reimbursement. For attendance at not more than two meetings during
16 adjournment of the General Assembly, legislative members of the Working
17 Group shall be entitled to per diem compensation and reimbursement of
18 expenses pursuant to 2 V.S.A. § 406.

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

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

3 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF

4 LIQUOR ~~CONTROL~~ AND LOTTERY; ~~LIQUOR CONTROL~~

5 BOARD OF LIQUOR AND LOTTERY

6 (a)(1) The Department of Liquor ~~Control~~ and Lottery, created by 3 V.S.A.
7 § 212, shall administer the laws relating to alcoholic beverages, tobacco, and
8 the State Lottery. It shall include the Commissioner of Liquor ~~Control~~ and
9 Lottery and the ~~Liquor Control~~ Board of Liquor and Lottery.

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

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

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

19 (C) The Division of Lottery is created within the Department to
20 administer and carry out the laws relating to the State Lottery set forth in
21 31 V.S.A. chapter 14.

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

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

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

12 (B) The Governor shall fill a vacancy occurring during a term by an
13 appointment for the unexpired term in accordance with the provisions of
14 3 V.S.A. § 257(b).

15 (C) A member's term of office shall commence on February 1 of the
16 year in which the member is appointed.

17 (3) A member of the Board may serve for ~~no~~ not more than two
18 consecutive full terms. A member who is appointed to fill a vacancy occurring
19 during a term may serve two consecutive full terms in addition to the
20 unexpired portion of the term during which the member is first appointed.

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

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

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

10 § 102. REMOVAL

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

17 * * *

18 § 105. DUTIES OF ATTORNEY GENERAL

19 The ~~attorney general~~ Attorney General shall collaborate with the ~~liquor~~
20 ~~control board~~ Board of Liquor and Lottery for the enforcement of the
21 provisions of subdivision ~~(1) of section 104(1)~~ 104(1) of this title.

1 § 106. COMMISSIONER OF LIQUOR ~~CONTROL~~ AND LOTTERY;

2 REPORTS; RECOMMENDATIONS

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

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

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

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

18 (a) The Commissioner of Liquor ~~Control~~ and Lottery shall direct and
19 supervise the Department of Liquor and Lottery and, subject to the direction of
20 the Board, shall see that the laws relating to alcohol and tobacco under this title
21 and the State Lottery under 31 V.S.A. chapter 14 are carried out. The

1 Commissioner shall annually prepare a budget for the Department and submit
2 it to the Board.

3 (b) With respect to the laws relating to alcohol, the Commissioner shall:

4 (1) In towns that vote to permit the sale of spirits and fortified wines,
5 establish local agencies as the Board of Liquor and Lottery shall determine.

6 However, the ~~Liquor Control~~ Board shall not be obligated to establish an
7 agency in every town that votes to permit the sale of spirits and fortified wines.

8 * * *

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

10 LIQUOR AND LOTTERY

11 All accounts of the ~~liquor control board~~ Board of Liquor and Lottery related
12 to its activities pursuant to this title shall be audited annually by the ~~auditor of~~
13 ~~accounts~~ Auditor of Accounts and the annual report of ~~such~~ the audit shall
14 accompany the annual reports of ~~such liquor control board~~ the Board of Liquor
15 and Lottery.

16 * * *

17 Sec. 4. REPEALS

18 31 V.S.A. §§ 651 (State Lottery Commission), 652 (organization), and
19 653 (compensation) are repealed.

1 Sec. 5. 31 V.S.A. § 654 is redesignated and amended to read:

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

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

7 * * *

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

13 * * *

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

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

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

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

3 * * *

4 Sec. 6. 31 V.S.A. § 654a is redesignated and amended to read:

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

6 (a) In addition to the Tri-State Lotto Compact provided for in subchapter 2
7 of this chapter; and the other authority to operate lotteries contained in this
8 chapter, the ~~Commission~~ Board of Liquor and Lottery is authorized to
9 negotiate and contract with up to four multijurisdictional lotteries to offer and
10 provide multijurisdictional lottery games. The ~~Commission~~ Board may join
11 any multijurisdictional lottery that provides indemnification for its standing
12 committee members, officers, directors, employees, and agents. The
13 ~~Commission~~ Board shall adopt rules under 3 V.S.A. chapter 25 to govern the
14 establishment and operation of any multijurisdictional lottery game authorized
15 by this section.

16 * * *

17 (c) The provisions of subdivisions 674L.1.1A through 674L.1.1I of this
18 title shall apply to the payment of prizes to a person other than a winner for
19 prizes awarded under any multijurisdictional lottery authorized by this section,
20 except that the ~~Vermont Lottery Commission~~ Board of Liquor and Lottery

1 shall be responsible for implementing ~~such~~ the provisions under this section,
2 rather than the Tri-State Lotto Commission.

3 Sec. 7. 31 V.S.A. § 655 is redesignated and amended to read:

4 § ~~655~~ 653. LICENSE FEES

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

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

10 § ~~656~~ 654. INTERSTATE LOTTERY; CONSULTANT; MANAGEMENT

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

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

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

1 Sec. 9. 31 V.S.A. § 657 is redesignated and amended to read:

2 § ~~657~~ 655. ~~DIRECTOR AND~~ DUTIES OF THE COMMISSIONER

3 (a) The State Lottery shall be under the immediate supervision and
4 direction of a ~~Lottery Director~~ the Commissioner of Liquor and Lottery. ~~The~~
5 ~~Director shall devote his or her entire time and attention to the duties of his or~~
6 ~~her office and shall not be engaged in any other profession or occupation. The~~
7 ~~Office of Director of the State Lottery is an executive position and shall not be~~
8 ~~included in the plan of classification of State employees, notwithstanding~~
9 ~~3 V.S.A. § 310(a).~~

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

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

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

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

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

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

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

9 Sec. 10. 31 V.S.A. § 658 is redesignated and amended to read:

10 § ~~658~~ 656. STATE LOTTERY FUND

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

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

11 * * *

12 Sec. 11. 31 V.S.A. § 659 is redesignated and amended to read:

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

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

1 Sec. 12. 31 V.S.A. § 660 is redesignated and amended to read:

2 § ~~660~~ 658. ~~POST-AUDITS~~ POSTAUDITS

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

9 Sec. 13. 31 V.S.A. § 661 is redesignated and amended to read:

10 § ~~661~~ 659. SALES AND PURCHASE OF LOTTERY TICKETS

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

13 * * *

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

18 Sec. 14. 31 V.S.A. § 662 is redesignated to read:

19 § ~~662~~ 660. UNCLAIMED PRIZE MONEY

20 Sec. 15. 31 V.S.A. § 663 is redesignated to read:

21 § ~~663~~ 661. STATE GAMING LAWS INAPPLICABLE AS TO LOTTERY

1 Sec. 16. 31 V.S.A. § 665 is redesignated to read:

2 § ~~665~~ 662. PENALTIES

3 Sec. 17. 31 V.S.A. § 666 is redesignated to read:

4 § ~~666~~ 663. PUBLICATION OF ODDS

5 Sec. 18. 31 V.S.A. § 667 is redesignated and amended to read:

6 § ~~667~~ 664. FISCAL COMMITTEE REVIEW

7 * * *

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

11 Sec. 19. 3 V.S.A. § 212 is amended to read:

12 § 212. DEPARTMENTS CREATED

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

16 * * *

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

18 * * *

1 Sec. 20. 32 V.S.A. § 1010 is amended to read:

2 § 1010. MEMBERS OF CERTAIN BOARDS

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

6 * * *

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

8 * * *

9 Sec. 21. BOARD OF LIQUOR AND LOTTERY; DEPARTMENT OF
10 LIQUOR AND LOTTERY; POWERS AND DUTIES

11 On January 1, 2018:

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

15 (B) The rules of the Liquor Control Board and the Lottery
16 Commission in effect on July 1, 2017 shall be the rules of the Board of Liquor
17 and Lottery until they are amended or repealed.

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

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

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

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

9 Sec. 22. LEGISLATIVE COUNCIL; PREPARATION OF A DRAFT BILL

10 On or before January 15, 2018, the Office of Legislative Council shall
11 prepare and submit a draft bill to the House Committees on General, Housing
12 and Military Affairs and on Government Operations and the Senate
13 Committees on Economic Development, Housing and General Affairs and on
14 Government Operations that makes statutory amendments of a technical nature
15 and identifies all statutory sections that the General Assembly may need to
16 amend substantively to effect the intent of this act.

17 Sec. 23. CONFORMING REVISIONS

18 When preparing the cumulative supplements and replacement volumes of
19 the Vermont Statutes Annotated for publication, the Office of Legislative
20 Council shall make the following revisions to these supplements and volumes

1 as needed for consistency with Secs. 3–22 of this act, provided the revisions
2 have no other effect on the meaning of the affected statutes:

3 (1) replace “Commissioner of Liquor Control” with “Commissioner of
4 Liquor and Lottery”;

5 (2) replace “Liquor Control Board” with “Board of Liquor and Lottery”;

6 (3) replace “Lottery Commission” with “Board of Liquor and Lottery”;

7 (4) replace “Department of Liquor Control” with “Division of Liquor
8 Control”; and

9 (5) revisions that are substantially similar to those described in
10 subdivisions (1) through (4) of this section.

11 Sec. 24. EFFECTIVE DATES

12 (a) This section and Secs. 1, 2, and 22 shall take effect on July 1, 2017.

13 (b) The remaining sections shall take effect on January 1, 2018.