

1 Introduced by

2 Referred to Committee on

3 Date:

4 Subject: Alcoholic beverages; Lottery Commission; Department of Liquor

5 Control; lottery

6 Statement of purpose of bill as introduced: This bill proposes to merge the  
7 Department of Liquor and the Liquor Control Board with the Vermont Lottery  
8 and the Lottery Commission to create the Department of Liquor and Lottery  
9 and the Board of Liquor and Lottery.

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

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

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

14 § 2. DEFINITIONS

15 As used in this title:

16 \* \* \*

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

19 ~~(3)~~(4) “Boat” means a vessel suitably equipped and operated for the  
20 transportation of passengers in interstate commerce.

1           ~~(4)~~(5) “Caterer’s license” means a license issued by the ~~Liquor Control~~  
2           Board of Liquor and Lottery authorizing the holder of a first-class license or  
3           first- and third-class licenses to serve alcoholic beverages at a function located  
4           on premises other than those occupied by a first-, first- and third-, or second-  
5           class licensee to sell alcoholic beverages.

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

11          ~~(6)~~(7) “Club” means an unincorporated association or a corporation  
12          authorized to do business in this State; that has been in existence for at least  
13          two consecutive years prior to the date of application for a license under this  
14          title and owns, hires, or leases a building or space in a building that is suitable  
15          and adequate for the reasonable and comfortable use and accommodation of its  
16          members and their guests and contains suitable and adequate kitchen and  
17          dining room space and equipment implements and facilities. A bona fide  
18          unincorporated association or corporation whose officers and members consist  
19          solely of veterans of the U.S. Armed Forces or a subordinate lodge or local  
20          chapter of any national fraternal order; and ~~which~~ that fulfills all requirements  
21          of section 229 of this title; except that it has not been in existence for at least

1 two years, shall come within the terms of this definition six months after the  
2 completion of its organization.

3 ~~(7)~~(8) “Commercial catering license” means a license granted by the  
4 ~~Liquor Control Board of Liquor and Lottery~~ permitting a business licensed by  
5 the Department of Health as a commercial caterer and having a commercial  
6 kitchen facility in the home or place of business to sell alcoholic beverages at a  
7 function previously approved by the local control commissioners.

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

11 ~~(9)~~(10) “Control commissioners” means the commissioners of a  
12 municipality appointed under section 166 of this title.

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

14 ~~(10)~~(12) “Destination resort master license” means a license granted by  
15 the ~~Liquor Control Board of Liquor and Lottery~~ pursuant to section 242 of this  
16 title permitting a destination resort to designate licensed caterers and  
17 commercial caterers that will be permitted to cater individual events within the  
18 boundaries of the resort without being required to obtain a request-to-cater  
19 permit for each individual event. For purposes of a destination resort master  
20 license, a “destination resort” is a resort that contains at least 100 acres of land,  
21 offers at least 50 units of sleeping accommodations, offers meal and beverage  
22 service to the public for consideration, and has related sports and recreational

1 facilities for the convenience or enjoyment of its guests. “Destination resort”  
2 does not include the University of Vermont, the Vermont State Colleges, or  
3 any other university, college, or postsecondary school.

4 ~~(11)~~(13) “Dining car” means a railroad car on which meals are prepared  
5 and served.

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

8 ~~(12)~~(15) “Festival permit” means a permit granted by the ~~Department~~  
9 Division of Liquor Control permitting a person to conduct an event at which  
10 malt or vinous beverages, or both, are sold by the glass to the public, provided  
11 the event is approved by the local control commissioners.

12 ~~(13)~~(16) “First-class license” means a license permitting the licensee to  
13 sell malt or vinous beverages to the public for consumption only on the  
14 premises for which the license is granted.

15 ~~(14)~~(17) “Fortified wine permit” means a permit granted to a second-  
16 class licensee that permits the licensee to export and sell fortified wines to the  
17 public for consumption off the licensed premises.

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

1           ~~(16)~~(19) “Fourth-class license” means a license permitting a licensed  
2 manufacturer or rectifier to sell by the unopened container and distribute by the  
3 glass, with or without charge, beverages manufactured by the licensee.

4           ~~(17)~~(20) “Home-fermented beverages” means malt or vinous beverages  
5 produced at home and not for sale.

6           ~~(18)~~(21) “Hotel” has the same meaning as in 32 V.S.A. § 9202(3) and as  
7 determined by the ~~Liquor Control Board~~ of Liquor and Lottery.

8           ~~(19)~~(22) “Industrial alcohol distributor’s license” means a license  
9 granted by the ~~Liquor Control Board~~ of Liquor and Lottery that allows holders  
10 to sell pure ethyl or grain alcohol of at least 190 proof in quantities of five  
11 gallons or more directly to manufacturers, industrial users, hospitals, druggists,  
12 and institutions of learning.

13           ~~(20)~~(23) “Keg” means a reusable container capable of holding at least  
14 five gallons of malt beverage or at least two-and-one-half gallons of vinous  
15 beverage.

16           ~~(21)~~(24) “Legal age” means 21 years of age or older.

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

19           ~~(23)~~(25) “Malt beverages” means all fermented beverages of any name  
20 or description manufactured for sale from malt, wholly or in part, or from any  
21 substitute therefor, known as, among other things, beer, ale, or lager,

1 containing not less than one percent nor more than 16 percent of alcohol by  
2 volume at 60 degrees Fahrenheit.

3 ~~(24)~~(26) “Manufacturer’s or rectifier’s license” means a license granted  
4 by the ~~Liquor Control Board~~ Board of Liquor and Lottery that permits the holder to  
5 manufacture or rectify malt beverages, vinous beverages and fortified wines, or  
6 spirits and fortified wines.

7 ~~(25)~~(27) “Minor” means an individual who has not attained 21 years  
8 of age.

9 ~~(26)~~(28) “Outside consumption permit” means a permit granted by the  
10 ~~Department~~ Division of Liquor Control allowing the holder of a first-class,  
11 first- and third-class, or fourth-class license to allow for consumption of  
12 alcoholic beverages in a delineated outside area.

13 ~~(27)~~(29) “Packager’s license” means a license granted by the ~~Liquor~~  
14 ~~Control Board~~ Board of Liquor and Lottery permitting a person to bottle or otherwise  
15 package alcoholic beverages for sale and to distribute and sell alcoholic  
16 beverages at wholesale in this State.

17 ~~(28)~~(30) “Person,” as applied to licensees, means an individual who is a  
18 citizen or a lawful permanent resident of the United States; a partnership  
19 composed of individuals, a majority of whom are citizens or lawful permanent  
20 residents of the United States; a corporation organized under the laws of this  
21 State or another state in which a majority of the directors are citizens or lawful  
22 permanent residents of the United States; or a limited liability company

1 organized under the laws of this State or another state in which a majority of  
2 the members or managers are citizens or lawful permanent residents of the  
3 United States.

4 ~~(29)~~(31) “~~Request to cater~~ Request-to-cater permit” means a permit  
5 granted by the ~~Department~~ Division of Liquor Control authorizing a licensed  
6 caterer or commercial caterer to cater individual events.

7 ~~(30)~~(32) “Retail dealer” means any person who sells or furnishes malt or  
8 vinous beverages to the public.

9 ~~(31)~~(33) “Retail delivery permit” means a permit granted by the  
10 ~~Department~~ Division of Liquor Control that permits a second-class licensee to  
11 deliver malt beverages or vinous beverages sold from the licensed premises for  
12 consumption off the premises to an individual who is at least 21 years of age or  
13 older at a physical address in Vermont.

14 ~~(32)~~(34) “Sampler flight” means a flight, ski, paddle, or any similar  
15 device by design or name intended to hold alcoholic beverage samples for the  
16 purpose of comparison.

17 ~~(33)~~(35) “Second-class license” means a license permitting the licensee  
18 to export malt beverages or vinous beverages and to sell malt beverages or  
19 vinous beverages to the public for consumption off the premises for which the  
20 license is granted.

21 ~~(34)~~(36) “Special event permit” means a permit granted by the  
22 ~~Department~~ Division of Liquor Control permitting a licensed manufacturer or

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

4 ~~(35)~~(37) “Special venue serving permit” means a permit granted by the  
5 ~~Department~~ Division of Liquor Control permitting an art gallery, bookstore,  
6 public library, or museum to conduct an event at which malt or vinous  
7 beverages, or both, are served by the glass to the public. As used in this  
8 section, “art gallery” means a fixed establishment whose primary purpose is to  
9 exhibit or offer for sale works of art; “bookstore” means a fixed establishment  
10 whose primary purpose is to offer books for sale; “public library” has the same  
11 meaning as in 22 V.S.A. § 101; and “museum” has the same meaning as in  
12 27 V.S.A. § 1151.

13 ~~(36)~~(38) “Specialty beer” means a malt beverage that contains more  
14 than eight percent alcohol and not more than 16 percent alcohol by volume at  
15 60 degrees Fahrenheit.

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

21 ~~(38)~~(40) “Third-class license” means a license granted by the ~~Liquor~~  
22 ~~Control Board~~ of Liquor and Lottery permitting the licensee to sell spirits and



1 fortified wines for consumption only on the premises for which the license is  
2 granted.

3 ~~(39)~~(41) “Vinous beverages” means all fermented beverages of any  
4 name or description manufactured or obtained for sale from the natural sugar  
5 content of fruits or other agricultural product, containing sugar, the alcoholic  
6 content of which is not less than one percent nor more than 16 percent by  
7 volume at 60 degrees Fahrenheit.

8 ~~(40)~~(42) “Wholesale dealer’s license” means a license granted by the  
9 ~~Liquor Control Board~~ of Liquor and Lottery permitting the holder to sell or  
10 distribute malt or vinous beverages to first- and second-class licensees, to  
11 educational sampling event permit holders, and to agencies of the United  
12 States.

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

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

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

21 \* \* \*

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

4 \* \* \*

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

6 § 61. RESTRICTIONS; EXCEPTIONS

7 \* \* \*

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

10 \* \* \*

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

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

18 § 62. HOURS OF SALE

19 \* \* \*

20 (c) The ~~Liquor Control~~ Board of Liquor and Lottery may adopt rules  
21 controlling hours of consumption and sale under this section and may extend

1 the hours of sale by holders of first- or first- and third-class licenses on New  
2 Year's Day.

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

4 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;

5 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

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

12 \* \* \*

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

20 \* \* \*

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

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

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

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

11 \* \* \*

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

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

15 \* \* \*

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

20 (1) The sponsor provides written notice of the event to the ~~Department~~  
21 ~~no~~ Division not later than 10 days prior to the date of the event. The notice  
22 shall include a description of the delineated area in which the tastings will be

1 offered, and in the case of a competition, the names of the judges hired by the  
2 sponsor.

3 \* \* \*

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

6 \* \* \*

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

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

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

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

13 (a)(1) The Department of Liquor ~~Control~~ and Lottery, created by 3 V.S.A.  
14 § 212, shall administer the laws relating to alcoholic beverages, tobacco, and  
15 the State Lottery. It shall include the Commissioner of Liquor ~~Control~~ and  
16 Lottery and the ~~Liquor Control~~ Board of Liquor and Lottery.

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

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

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

4           (C) The Division of Lottery is created within the Department to  
5 administer and carry out the laws relating to the State Lottery set forth in  
6 31 V.S.A. chapter 14.

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

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

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

18   \* \* \*

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

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

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

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

8        § 102. REMOVAL

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

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

16       § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

20       (1)(A) ~~See~~ Ensure that the laws relating to alcohol and alcoholic  
21       beverages are enforced, using for that purpose as much of the monies annually

1 available to the ~~Liquor Control~~ Board of Liquor and Lottery as may be  
2 necessary.

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

9 \* \* \*

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

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

13 § 105. DUTIES OF ATTORNEY GENERAL

14 The Attorney General shall collaborate with the ~~Liquor Control~~ Board of  
15 Liquor and Lottery for the enforcement of the provisions of subdivision  
16 104(1) of section 104 of this title.

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

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

20 (a)(1) With the advice and consent of the Senate, the Governor shall  
21 appoint from among ~~no~~ not fewer than three candidates proposed by the ~~Liquor~~



1 ~~Control~~ Board of Liquor and Lottery a Commissioner of Liquor ~~Control~~ and  
2 Lottery for a term of four years.

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

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

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

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

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

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

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

5 \* \* \*

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

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

15 \* \* \*

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

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

19 The ~~Liquor Control~~ Board of Liquor and Lottery shall administer and  
20 enforce the provisions of this title; and is authorized and empowered to adopt  
21 rules and issue the necessary blanks, forms, and reports, except reports to the

1 Commissioner of Taxes and to the Commissioner of Public Safety, as may be  
2 necessary to carry out the provisions of this title.

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

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

5 LIQUOR AND LOTTERY

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

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

11 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF

12 LIQUOR CONTROL AND LOTTERY

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

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

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

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

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

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

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

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

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

2 § 112. LIQUOR CONTROL ENTERPRISE FUND

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

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

11 § 113. ADMINISTRATION OF DEPARTMENT; APPORTIONMENT OF  
12 COSTS

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

19 Sec. 21. USE OF DEPARTMENTAL ADMINISTRATIVE RESOURCES;

20 APPORTIONMENT OF COSTS; REPORT

21 On or before January 15, 2019, the Commissioner of Liquor and Lottery  
22 shall submit a written report to the House and Senate Committees on

1 Appropriations regarding the allocation of costs to the Liquor Control  
2 Enterprise Fund and the State Lottery Fund pursuant to 7 V.S.A. § 113 and the  
3 method used for allocating those costs.

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

5 § 162. REPORT

6 After any annual town meeting in which a town votes on the questions set  
7 forth in section 161 of this title, the town clerk shall report promptly the results  
8 of the vote to the ~~Liquor Control Board~~ of Liquor and Lottery, upon forms  
9 furnished by the Board.

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

11 § 167. DUTIES OF LOCAL CONTROL COMMISSIONERS

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

18 \* \* \*

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

20 § 201. LICENSES CONTINGENT ON TOWN VOTE

21 Licenses of the first or second class shall not be granted by the control  
22 commissioners or the ~~Liquor Control Board~~ of Liquor and Lottery to be

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

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

8 § 202. LICENSES TO ENFORCEMENT OFFICER OR CONTROL

9 COMMISSIONER; EXCEPTIONS

10 \* \* \*

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

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

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

2 § 203. RESTRICTIONS; FINANCIAL INTERESTS; EMPLOYEES

3 (a)(1) Except as provided in section 271 of this title, a packager,  
4 manufacturer, or rectifier licensed in Vermont or in another state, a certificate  
5 of approval holder, or a wholesale dealer shall not have any financial interest  
6 in the business of a first-, second-, or third-class licensee, and a first-, second-,  
7 or third-class licensee ~~may~~ shall not have any financial interest in the business  
8 of a packager, manufacturer, or rectifier licensed in Vermont or in another  
9 state, a certificate of approval holder, or a wholesale dealer.

10 (2) Notwithstanding subdivision (1) of this subsection and except as  
11 otherwise provided in section 271 of this title, a manufacturer of malt  
12 beverages may have a financial interest in the business of a first- or second-  
13 class license, and a first- or second-class licensee may have a financial interest  
14 in the business of a manufacturer of malt beverages, provided the first- or  
15 second-class licensee does not purchase, possess, or sell the malt beverages  
16 produced by a manufacturer with which there is any financial interest. Any  
17 manufacturer of malt beverages that has a financial interest in a first- or  
18 second-class licensee and any first- or second-class licensee that has a financial  
19 interest in a manufacturer of malt beverages, as permitted under this  
20 subdivision, shall provide to the ~~Department~~ Division of Liquor Control and  
21 the applicable wholesale dealer written notification of that financial interest  
22 and the licensees involved. A wholesale dealer shall not be in violation of this



1 section for delivering malt beverages to a first- or second-class licensee that is  
2 prohibited from purchasing, possessing, or selling those malt beverages under  
3 this section.

4 \* \* \*

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

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

8 \* \* \*

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

12 \* \* \*

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

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

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

3 \* \* \*

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

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

7 \* \* \*

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

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

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

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

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

16 § 206. DISPOSAL OF FEES

17 The control commissioners shall collect all fees for first- and second-class  
18 licenses and shall pay the fees to the ~~Department~~ Division and the city and  
19 town treasurers of the respective cities and towns where the fees are collected  
20 as provided in subsection 204(b) of this chapter. The portion of each fee paid  
21 to the city or town may be used as it may direct, less a fee of \$5.00 to be  
22 retained by the city or town clerk as a fee for issuing and recording the license.

1 Except as otherwise provided in sections 274 and 275 of this title, fees for all  
2 other licenses shall be paid to the ~~Liquor Control Board~~ of Liquor and Lottery.

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

4 § 207. CHANGE OF LOCATION

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

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

10 § 209. BANKRUPTCY, DEATH, AND REVOCATION

11 \* \* \*

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

21 (2) Any sale pursuant to a default on a pledge or mortgage shall not be  
22 at public auction as required with respect to similar sales of other property, but

1 shall be upon not less than ten days' notice to the pledgor or mortgagor and for  
2 the highest amount ~~which~~ that may be offered pursuant to the rules of the  
3 ~~Liquor Control Board~~ Board of Liquor and Lottery.

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

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

6 ADMINISTRATIVE PENALTY

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

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

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

21 \* \* \*

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

7 \* \* \*

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

11 \* \* \*

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

13 § 211. HEARING OFFICER

14 (a) The Chair of the ~~Liquor Control Board~~ Board of Liquor and Lottery may  
15 appoint a hearing officer to conduct hearings pursuant to section 210 of this  
16 title. A hearing officer may be a member of the Board appointed under section  
17 210 of this title.

18 \* \* \*

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

20 § 212. COMPLAINTS AND PROSECUTIONS

21 The Commissioner of ~~Liquor Control~~ Liquor and Lottery or the local control  
22 commissioners shall make complaint to the State's Attorney or town grand

1 juror of any unlawful furnishing, selling, or keeping for sale of alcohol or  
2 alcoholic beverages; and provide evidence in support of the complaint to the  
3 State's Attorney or town grand juror, who shall prosecute for the alleged  
4 violation.

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

6 § 213. LICENSEE EDUCATION

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

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



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

2 § 214. PROOF OF FINANCIAL RESPONSIBILITY

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

18 \* \* \*

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

20 § 221. FIRST-CLASS LICENSES

21 (a)(1) With the approval of the ~~Liquor Control Board~~ Board of Liquor and  
22 Lottery, the control commissioners may grant a first-class license to a retail



1 dealer for the premises where the dealer carries on business if the retail dealer  
2 submits an application and pays the fee provided in section 204 of this title,  
3 and satisfies the Board that the premises:

4 \* \* \*

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

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

10 \* \* \*

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

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

16 \* \* \*

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

22 \* \* \*

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

2 § 222. SECOND-CLASS LICENSES

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

8 \* \* \*

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

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

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

17 \* \* \*

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

19 § 223. THIRD-CLASS LICENSES

20 (a)(1) The ~~Liquor Control Board~~ Board of Liquor and Lottery may grant to a  
21 person who operates a hotel, restaurant, club, boat, or railroad dining car, or  
22 who holds a manufacturer's or rectifier's license, a third-class license if the

1 person files an application accompanied by the fee provided in section 204 of  
2 this title for the premises in which the business of the hotel, restaurant, or club  
3 is carried on or for the boat or railroad dining car.

4 \* \* \*

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

10 \* \* \*

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

12 § 224. FOURTH-CLASS LICENSES

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

16 \* \* \*

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

18 § 225. FORTIFIED WINE PERMITS

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

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

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

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

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

11 § 226. RETAIL DELIVERY PERMITS

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

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

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

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\* \* \*

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

\* \* \*

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

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

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

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

§ 229. CLUBS

\* \* \*

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

\* \* \*

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

6 \* \* \*

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

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

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

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

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

15 § 242. DESTINATION RESORT MASTER LICENSES

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

22 \* \* \*

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

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

13 \* \* \*

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

15 § 243. REQUEST-TO-CATER PERMIT

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

19 \* \* \*

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

2 § 251. EDUCATIONAL SAMPLING EVENT PERMIT

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

5 (1) the event is also approved by the local control commissioners; and

6 (2) at least 15 days prior to the event, the applicant submits an  
7 application to the ~~Department~~ Division in a form required by the  
8 Commissioner that includes a list of the alcoholic beverages to be acquired for  
9 sampling at the event and is accompanied by the fee provided in section 204 of  
10 this title.

11 \* \* \*

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

13 § 252. SPECIAL EVENT PERMITS

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

18 \* \* \*

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

20 § 253. FESTIVAL PERMITS

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



- 1 (1) received approval from the local control commissioners;
- 2 (2) submitted a request for a festival permit to the ~~Department~~ Division
- 3 in a form required by the Commissioner at least 15 days prior to the
- 4 festival; and

5 \* \* \*

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

7 § 254. SPECIAL VENUE SERVING PERMITS

8 (a) The ~~Department~~ Division of Liquor Control may grant an art gallery,

9 bookstore, public library, or museum a special venue serving permit if the

10 applicant has:

- 11 (1) received approval from the local control commissioners;
- 12 (2) submitted a request for a permit to the ~~Department~~ Division in a
- 13 form required by the Commissioner at least five days prior to the event; and

14 \* \* \*

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

16 § 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

17 (a) The ~~Department~~ Division of Liquor Control may grant a licensee a

18 permit to conduct an alcoholic beverage tasting event as provided in subsection

19 (b) of this section if:

20 \* \* \*

21 (b) The ~~Department~~ Division may grant the following alcoholic beverage

22 tasting permits to the following types of licensees:

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21

\* \* \*

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

§ 256. PROMOTIONAL TASTINGS FOR LICENSEES

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

\* \* \*

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

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

\* \* \*

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

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

6 \* \* \*

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

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

11 § 258. PROMOTIONAL RAILROAD TASTING PERMIT

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

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

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

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

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

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

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

7 \* \* \*

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

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

12 \* \* \*

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

18 \* \* \*

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

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

6 (2) 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~~ of Liquor and Lottery.

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

10 § 272. PACKAGER'S LICENSE

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

13 \* \* \*

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

17 \* \* \*

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

19 § 273. WHOLESALE DEALER'S LICENSE

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

22 \* \* \*

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

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

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

8 \* \* \*

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

14 \* \* \*

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

19 \* \* \*

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

2 § 275. SOLICITOR'S LICENSE

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

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

10 \* \* \*

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

15 \* \* \*

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

20 \* \* \*

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

2 § 276. INDUSTRIAL ALCOHOL DISTRIBUTOR'S LICENSE

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

6 \* \* \*

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

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

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

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

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



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

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

9 \* \* \*

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

13 \* \* \*

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

17 \* \* \*

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

19 § 278. VINOUS BEVERAGE RETAIL SHIPPING LICENSE

20 (a) A manufacturer or rectifier of vinous beverages that is licensed in state  
21 or out of state and holds valid state and federal permits and operates a winery  
22 in the United States may apply for a retail shipping license by filing with the

1 ~~Department~~ Division of Liquor Control an application in a form required by  
2 the Commissioner accompanied by a copy of its in-state or out-of-state license  
3 and the fee provided in section 204 of this title.

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

8 \* \* \*

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

11 \* \* \*

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

13 § 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL  
14 REQUIREMENTS

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

17 \* \* \*

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

20 \* \* \*

21 (4) Report at least twice per year to the ~~Department~~ Division if a holder  
22 of a consumer shipping license and once per year if a holder of a retail

1 shipping license in a manner and form required by the Commissioner all the  
2 following information:

3 \* \* \*

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

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

11 \* \* \*

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

14 \* \* \*

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

16 § 280. COMMON CARRIERS; REQUIREMENTS

17 (a) A common carrier shall not deliver malt or vinous beverages pursuant  
18 to this chapter until it has complied with the training provisions in section 213  
19 of this title and been certified by the ~~Department~~ Division of Liquor Control.

20 \* \* \*

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

2 § 281. PROHIBITIONS

3 \* \* \*

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

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

9 § 282. RULEMAKING

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

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

14 § 283. VINOUS BEVERAGE STORAGE AND SHIPPING LICENSE

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

19 \* \* \*

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

2 § 422. TAX ON SPIRITS AND FORTIFIED WINES

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

9 \* \* \*

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

11 § 423. RULES

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

15 \* \* \*

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

17 § 424. COLLECTION

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

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

2 § 503. SATISFACTION OF JUDGMENT; REVOCATION OF LICENSE

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

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

9 § 561. AUTHORITY OF LIQUOR CONTROL INVESTIGATORS;

10 ARREST FOR UNLAWFULLY MANUFACTURING,

11 POSSESSING, OR TRANSPORTING ALCOHOLIC BEVERAGES;

12 SEIZURE OF PROPERTY

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

19 (b) The Commissioner of Liquor ~~Control~~ and Lottery, the Director of ~~the~~  
20 ~~Enforcement Division of~~ for the Department Division of Liquor Control, an  
21 investigator employed by the ~~Liquor Control~~ Board of Liquor and Lottery or  
22 by the ~~Department~~ Division of Liquor Control, or any other law enforcement

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

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

10 § 562. SEARCH WARRANTS

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

21 \* \* \*

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

2 § 567. FORFEITURE OF SEIZED PROPERTY

3 \* \* \*

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

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

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

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

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

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

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

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

20 RULES

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



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

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

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

11 \* \* \*

12 Sec. 79. 7 V.S.A. § 661 is amended to read:

13 § 661. VIOLATIONS OF TITLE

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

22 \* \* \*

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

6 \* \* \*

7 Sec. 80. 7 V.S.A. § 701 is amended to read:

8 § 701. DEFINITIONS

9 As used in this chapter:

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

16 \* \* \*

17 Sec. 81. 7 V.S.A. § 1001 is amended to read:

18 § 1001. DEFINITIONS

19 As used in this chapter:

20 (1) "Board" means the ~~Liquor Control~~ Board of Liquor and Lottery.

21 (2) "Commissioner" means the Commissioner of ~~Liquor Control~~ and  
22 Lottery.

1 \* \* \*

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

6 \* \* \*

7 Sec. 82. 7 V.S.A. § 1002 is amended to read:

8 § 1002. LICENSE REQUIRED; APPLICATION; FEE; ISSUANCE

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

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

15 \* \* \*

16 (b)(1) The Board shall prepare and issue tobacco license and tobacco  
17 substitute endorsement forms and applications. These shall be incorporated  
18 into the liquor license forms and applications prepared and issued under this  
19 title.

20 \* \* \*

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

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

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

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

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

16 \* \* \*

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

18 § 1002a. LICENSEE EDUCATION

19 (a) An applicant for a tobacco license that does not hold a liquor license  
20 issued under this title shall be granted a tobacco license pursuant to section  
21 1002 of this title only after the applicant has attended a ~~Department~~ Division of  
22 Liquor Control in-person seminar or completed the appropriate ~~Department~~

1 Division of Liquor Control online training program for the purpose of being  
2 informed about the Vermont tobacco laws pertaining to the purchase, storage,  
3 and sale of tobacco products. A corporation, partnership, or association shall  
4 designate a director, partner, or manager to comply with the requirements of  
5 this subsection.

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

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

12 (2) Ensure that every employee involved in the sale of tobacco products  
13 completes a ~~Department~~ Division of Liquor Control in-person or online  
14 training program or other training programs approved by the ~~Department~~  
15 Division before the employee begins selling or providing tobacco products,  
16 and at least once every 24 months thereafter. A licensee may comply with this  
17 subdivision by conducting its own training program on its premises using  
18 information and materials furnished by the ~~Department~~ Division of Liquor  
19 Control. A licensee that fails to comply with the requirements of this  
20 subsection shall be subject to suspension of its tobacco license for no less than  
21 one day.

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

3 Sec. 84. 7 V.S.A. § 1007 is amended to read:

4 § 1007. FURNISHING TOBACCO TO PERSONS UNDER 18 YEARS OF

5 AGE; REPORT

6 \* \* \*

7 (b)(1) The ~~Department~~ Division of Liquor Control shall conduct or contract  
8 for compliance tests of tobacco licensees as frequently and as comprehensively  
9 as necessary to ensure consistent statewide compliance with the prohibition on  
10 sales to persons under 18 years of age of at least 90 percent for buyers who are  
11 16 or 17 years of age. An individual under 18 years of age participating in a  
12 compliance test shall not be in violation of section 1005 of this title.

13 \* \* \*

14 (3) The ~~Department~~ Division shall report to the House Committee on  
15 General, Housing and Military Affairs, the Senate Committee on Economic  
16 Development, Housing and General Affairs, and the Tobacco Evaluation and  
17 Review Board annually, on or before January 15, the methodology and results  
18 of compliance tests conducted during the previous year. The provisions of  
19 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the required  
20 report to be made under this ~~subsection~~ subdivision.

1 Sec. 85. 7 V.S.A. § 1008 is amended to read:

2 § 1008. RULEMAKING

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

5 Sec. 86. 7 V.S.A. § 1011 is amended to read:

6 § 1011. COMMERCIAL CIGARETTE ROLLING MACHINES

7 \* \* \*

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

10 \* \* \*

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

14 \* \* \*

15 Sec. 87. 29 V.S.A. § 902 is amended to read:

16 § 902. DUTIES OF COMMISSIONER OF BUILDINGS AND GENERAL  
17 SERVICES

18 \* \* \*

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

20 \* \* \*

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

4 \* \* \*

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

8 Sec. 88. REPEALS

9 31 V.S.A. §§ 651 (State Lottery Commission), 652 (organization), and 653  
10 (compensation) are repealed.

11 Sec. 89. 31 V.S.A. § 654 is redesignated and amended to read:

12 § ~~654~~ 651. POWERS AND DUTIES OF BOARD OF LIQUOR AND  
13 LOTTERY

14 ~~The Commission~~ Board of Liquor and Lottery shall adopt rules pursuant to  
15 3 V.S.A. chapter 25, governing the establishment and operation of the State  
16 Lottery. The rules may include the following:

17 \* \* \*

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



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\* \* \*

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

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

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

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

\* \* \*

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

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

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

1 establishment and operation of any multijurisdictional lottery game authorized  
2 by this section.

3 \* \* \*

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

10 Sec. 91. 31 V.S.A. § 655 is redesignated and amended to read:

11 § ~~655~~ 653. LICENSE FEES

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

16 Sec. 92. 31 V.S.A. § 656 is redesignated and amended to read:

17 § ~~656~~ 654. INTERSTATE LOTTERY; CONSULTANT; MANAGEMENT

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

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

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

7 Sec. 93. 31 V.S.A. § 657 is redesignated and amended to read:

8 § ~~657~~ 655. ~~DIRECTOR AND DUTIES OF THE COMMISSIONER~~

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

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

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

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

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

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

5 (5) employ ~~such~~ professional and secretarial staff as ~~may be required~~  
6 necessary to carry out the functions of the ~~Commission~~ Division of the Lottery.

7 3 V.S.A. chapter 13 shall apply to employees of the ~~Commission~~ Division; and

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

9 Sec. 94. 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.

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

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

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

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

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

12 Sec. 95. 31 V.S.A. § 659 is redesignated and amended to read:

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

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

1 Sec. 96. 31 V.S.A. § 660 is redesignated and amended to read:

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

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

8 Sec. 97. 31 V.S.A. § 661 is redesignated and amended to read:

9 § ~~661~~ 659. SALES AND PURCHASE OF LOTTERY TICKETS

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

12 \* \* \*

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

17 Sec. 98. 31 V.S.A. § 662 is redesignated to read:

18 § ~~662~~ 660. UNCLAIMED PRIZE MONEY

19 Sec. 99. 31 V.S.A. § 663 is redesignated to read:

20 § ~~663~~ 661. STATE GAMING LAWS INAPPLICABLE AS TO LOTTERY

21 Sec. 100. 31 V.S.A. § 665 is redesignated to read:

22 § ~~665~~ 662. PENALTIES

1 Sec. 101. 31 V.S.A. § 666 is redesignated to read:

2 § ~~666~~ 663. PUBLICATION OF ODDS

3 Sec. 102. 31 V.S.A. § 667 is redesignated and amended to read:

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

5 \* \* \*

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

9 Sec. 103. 31 V.S.A. § 674 is amended to read:

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

12 \* \* \*

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

15 \* \* \*

16 Sec. 104. 3 V.S.A. § 212 is amended to read:

17 § 212. DEPARTMENTS CREATED

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

21 \* \* \*

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

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Sec. 105. 32 V.S.A. § 1010 is amended to read:

§ 1010. MEMBERS OF CERTAIN BOARDS

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

\* \* \*

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

\* \* \*

Sec. 106. BOARD OF LIQUOR AND LOTTERY; DEPARTMENT OF  
LIQUOR AND LOTTERY; POWERS AND DUTIES

On July 1, 2018:

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

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

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



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. 107. LEGISLATIVE COUNCIL; PREPARATION OF A DRAFT BILL

10           On or before January 15, 2019, 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. 108. DEPARTMENT OF LIQUOR AND LOTTERY; FUNCTIONS  
18           AND DUTIES; EFFECTIVENESS; REPORT

19           The Commissioner of Liquor and Lottery, in consultation with the Board of  
20           Liquor and Lottery, shall examine the effectiveness of the Department of  
21           Liquor and Lottery in fulfilling its functions and duties and shall identify  
22           specific measures to enhance the Department's ability to carry out its functions

1 and duties effectively and efficiently. On or before November 15, 2018, the  
2 Chair of the Board shall submit to the Governor and the General Assembly a  
3 written report of his or her findings and recommendations for legislative  
4 action.

5 Sec. 109. ANNUAL REPORTS

6 The Commissioner of Liquor and Lottery and the Board of Liquor and  
7 Lottery shall annually report to the General Assembly on or before January 15  
8 of 2019, 2020, and 2021 regarding the Department of Liquor and Lottery's  
9 success in carrying out the functions of the former Department of Liquor  
10 Control and the State Lottery. The report shall specifically identify any  
11 improvements in efficiency and customer service levels, as well as any savings  
12 or additional costs, that have resulted from the merger of the two entities. The  
13 report shall also provide detailed information regarding the Department's  
14 progress with respect to securing a facility that will meet its office and  
15 warehouse needs. In addition, the report shall include any recommendations  
16 for legislative action that may be necessary to effect the intent of this act.

17 Sec. 110. TRANSITION

18 (a)(1) The Commissioner of Liquor and Lottery, in consultation with the  
19 Secretary of Administration, the Commissioner of Human Services, the  
20 Director of the Lottery, the Liquor Control Board, and the Lottery  
21 Commission, shall take any action necessary to enable the merger of the  
22 Department of Liquor Control and the Liquor Control Board with the State

1 Lottery and the Lottery Commission to form the Department of Liquor and  
2 Lottery and the Board of Liquor and Lottery on July 1, 2018.

3 (2) The Secretary of Administration, the Commissioner of Human  
4 Services, the Director of the Lottery, the Liquor Control Board, and the Lottery  
5 Commission shall cooperate with the Commissioner and provide any necessary  
6 assistance to enable the merger of the Department Liquor Control and the  
7 Liquor Control Board with the State Lottery and the Lottery Commission on  
8 July 1, 2018.

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

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

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

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

20 Sec. 111. EFFECTIVE DATES

21 (a) This section and Secs. 106 and 110 shall take effect on passage.

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