



# Department of Liquor and Lottery Task Force

## Review of Legislative Charge and Underlying Statutes

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# Legislative Charge:

## Creation and Mission of Task Force

- The Department of Liquor and Lottery Task Force was created by Act 83 of 2017.
- Its purpose is “to develop a plan and draft legislation necessary to merge the Department of Liquor Control and the State Lottery into the Department of Liquor and Lottery” on or before July 1, 2018.
- The Task Force must submit to the General Assembly on or before January 15, 2018 a report of its findings and a plan and draft legislation to accomplish the merger.
  - The report may be in the form of draft legislation.

# Legislative Charge:

## Specific Duties of the Task Force

- 1) Identify and examine efficiencies that can be realized through the combination of the Department of Liquor Control's and the State Lottery's administrative, licensing, regulatory, and educational functions, as well as in the marketing, warehousing, distribution, sales, and control of alcoholic beverages and lottery products.
- 2) Identify and examine long-term efficiencies that can be realized by merging the Department of Liquor Control with the State Lottery.
- 3) Examine the current role, functions, and composition of the Liquor Control Board and the Lottery Commission, and determine:
  - A. how each body's role, functions, or composition will be affected by their combination; and
  - B. the limitations or barriers to combining the two bodies and how those limitations or barriers can be addressed.

# Legislative Charge:

## Specific Duties of the Task Force

- 4) Examine whether the Board of Liquor and Lottery should be a full-time, professional board.
- 5) Identify and examine the positive and negative impacts of creating the Department of Liquor and Lottery with respect to the State's ability to control the distribution of alcoholic beverages, tobacco products, and lottery products without diminishing the Department of Liquor Control's and State Lottery's respective contributions to the General Fund and the Education Fund.
- 6) Develop a plan and draft legislation necessary to accomplish on or before July 1, 2018 the merger of the Department of Liquor Control and the Liquor Control Board with the State Lottery and the Lottery Commission in order to create the Department of Liquor and Lottery and the Board of Liquor and Lottery.

# Legislative Charge:

## Requirements for Draft Legislation

- On July 1, 2018:
  1. Combine the Department of Liquor Control and the State Lottery to create a Department of Liquor and Lottery, which shall include a Division of Liquor Control to administer and carry out the laws relating to alcohol and tobacco set forth in Title 7 and a Division of Lottery to administer and carry out the laws relating to the State Lottery set forth in 31 V.S.A. chapter 14.
  2. Combine the Liquor Control Board and the Lottery Commission to create a Board of Liquor and Lottery.

# Legislative Charge:

## Requirements for Draft Legislation

- The Legislation must also provide that:
  1. The Board of Liquor and Lottery shall be the successor to and a continuation of the Liquor Control Board and the Lottery Commission.
  2. The rules of the Liquor Control Board and the Lottery Commission in effect on July 1, 2018 shall become the rules of either the Board of Liquor and Lottery or the Department of Liquor and Lottery until they are amended or repealed.

# Legislative Charge:

## Requirements for Draft Legislation

3. The Department of Liquor and Lottery shall be a successor to and a continuation of the Department of Liquor Control and the State Lottery.
4. All positions and appropriations of the Department of Liquor Control and the State Lottery shall be transferred to the Department of Liquor and Lottery.

# Legislative Charge:

## Requirements for Draft Legislation

5. The Commissioner of Liquor Control shall become the Commissioner of Liquor and Lottery, and shall direct and supervise the Department of Liquor and Lottery subject to the direction of the Board of Liquor and Lottery.
6. The Commissioner of Liquor and Lottery shall assume the powers, duties, rights, and responsibilities of the Commissioner of Liquor Control and the Director of the State Lottery.



Statutory Overview of Organization and Authority

° **THE DEPARTMENT OF  
LIQUOR CONTROL  
AND  
THE LIQUOR CONTROL  
BOARD**

# 7 V.S.A. Chapter 5.

## Department of Liquor Control

- § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF LIQUOR CONTROL;  
LIQUOR CONTROL BOARD
- § 102. REMOVAL
- § 103. MEETINGS
- § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS
- § 105. DUTIES OF ATTORNEY GENERAL
- § 106. COMMISSIONER OF LIQUOR CONTROL; REPORTS; RECOMMENDATIONS
- § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL
- § 108. ENFORCEMENT BY BOARD; REGULATIONS; FORMS AND REPORTS
- § 109. AUDIT OF ACCOUNTS OF LIQUOR CONTROL BOARD
- § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF LIQUOR CONTROL
- § 111. TRANSFER OF LOCAL AGENCY STORE IN CONJUNCTION WITH SALE OF  
REAL PROPERTY OR BUSINESS
- § 112. LIQUOR CONTROL ENTERPRISE FUND

# Statutes Related to the Organization of the Liquor Control Board and Department of Liquor Control

- The Department of Liquor Control is created pursuant to 3 V.S.A. § 212.
- Pursuant to 7 V.S.A. § 101, the Department of Liquor Control includes the Liquor Control Board and the Commissioner of Liquor Control.
  - The five members of the Board are appointed by the Governor with the advice and consent of the Senate for five-year terms.
  - Board members are limited to serving no more than two consecutive full terms.
- Pursuant to 7 V.S.A. § 106, the Commissioner of Liquor Control is appointed by the Governor with the advice and consent of the Senate for a four-year term.
  - The Governor selects the Commissioner from a pool of no fewer than three candidates that is selected by the Liquor Control Board.

# 7V.S.A. § 104: Duties and Authority of the Liquor Control Board

## 7V.S.A. § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

Provides that the Liquor Control Board shall supervise and manage the sale of spirits and fortified wines in Vermont, and through the Commissioner of Liquor Control shall:

- Enforce the laws relating to alcohol and alcoholic beverages in collaboration with various law enforcement officers and entities, local control commissioners, the Attorney General, State's Attorneys, and town and city grand jurors.
  - The Board is required to forward any of its investigation into an alleged violation of the law relating to sales to minors to the Attorney General or the appropriate State's Attorney whether or not there is an administrative finding of wrongdoing.
  - The Commissioner or designee is authorized to prosecute administrative matters and has the authority to enter into direct negotiations with a licensee to reach a proposed resolution or settlement of an alleged violation, subject to Board approval, or dismissal with or without prejudice.
- Supervise the opening and operation of local agency stores for the sale of spirits and fortified wines.
- Supervise the operation of a central liquor warehouse and office to supply spirits and fortified wines to local agency stores and to sell spirits and fortified wines to third-class licensees and fortified wine permit holders.

# Duties and Authority of the Liquor Control Board

- Supervise the financial transactions of the central liquor warehouse and office, and local agency stores.
- Adopt rules necessary to carry out its powers and duties and the powers and duties of all persons under its supervision and control.
- Employ assistants, investigators, and other officers as it deems necessary, subject to the approval of the Governor.
- Fix bonds or other security to be given by licensees.
- Adopt rules concerning, and issue licenses and permits under any terms and conditions it may impose for the furnishing, purchase, sale, transport, delivery, and possession of alcohol, including denatured alcohol for manufacturing, mechanical, medicinal, and scientific purposes.
- Adopt rules regarding labeling and advertising of alcoholic beverages, and collaborate with federal agencies in the adoption and enforcement of the rules.
- Adopt rules relating to the extension of credit by and to licensees or permittees.
- Adopt rules regarding intrastate transportation of beer and wine.

# 7V.S.A. § 107: Duties of the Commissioner of Liquor Control

- Establish local agency stores as determined by the Liquor Control Board.
- Recommend rules subject to approval and adoption by the Board governing the hours during which local agency stores are open for the sale of spirits and fortified wines, the qualifications of the agencies' employees, and the business, operational, financial, and revenue standards that must be met to establish and continue operating an agency.
- Recommend rules subject to approval and adoption by the Board governing:
  - the sales price, method for delivery, and quantity of spirits that may be sold by an agency to a person at one time; and
  - the minimum sales prices for fortified wines sold by agency stores and fortified wine permit holders, as well as the method for their delivery and the quantity that may be sold to a person at one time.
- Supervise the quantity and quality of spirits and fortified wines kept in stock by agency stores.

# Duties of the Commissioner of Liquor Control

- Purchase spirits and fortified wines on behalf of the Liquor Control Board; supervise their storage and distribution to agency stores, third-class licensees, and holders of fortified wine permits; and recommend rules subject to approval and adoption by the Board regarding the sale and delivery from the central liquor warehouse.
- Check and audit the income and disbursements of all agency stores and the central warehouse.
- Report to the Board regarding the State's liquor control system and make recommendations for the promotion of the general good of the State.
- Devise methods and plans for eradicating intemperance and promoting the general good of the State and carry out those methods and plans as part of the administration of the laws under Title 7.

Statutory Overview of Organization and Authority

◦ **THE VERMONT LOTTERY  
AND  
THE LOTTERY  
COMMISSION**



# 31 V.S.A. chapter 14. State Lottery

## Selected Sections:

- § 651. State Lottery Commission
- § 652. Organization
- § 654. Powers and duties
- § 657. Director and duties

# The Lottery Commission

## 31 V.S.A. § 65 I. STATE LOTTERY COMMISSION

- Creates a Lottery Commission that is responsible for the establishment and management of the State Lottery.
- The Commission consists of five members appointed by the Governor, with the advice and consent of the Senate.
- Members are appointed for three-year terms and any vacancy is filled by appointment for the unexpired term.
- Prohibits members of the Commission from having a pecuniary interest in any lottery licensee or any contract awarded pursuant to the subchapter.
- No more than three members of the Commission may be members of the same political party.

# The Lottery Commission

## 31 V.S.A. § 652. ORGANIZATION

- The Governor selects one member of the Commission to be chair.
- The Commission biennially appoints a Director subject to the approval of the Governor.
- The Governor annually submits a budget to the General Assembly.

# The Lottery Commission

## 31 V.S.A. § 654. POWERS AND DUTIES

Requires the Commission to adopt rules governing the establishment and operation of the State Lottery, which may include:

- the types of lotteries to be conducted;
- the price of lottery tickets;
- the number and size of prizes;
- the manner of payment of prizes;
- the manner and frequency of drawings;
- the licensing of agents;
- lottery product sales locations;
- the method for ticket sales provided that they may be sold only for cash;
- the compensation of sales agents, claims agents, and financial institutions involved in operating the Lottery;
- the manner of selecting winning tickets; and
- the apportionment of revenues between:
  - the payment of prizes to winning ticket holders;
  - the payment of costs incurred by the Lottery;
  - the repayment of monies advanced to the State Lottery Fund for initial funding of the Lottery; and
  - the transfer of monies to the Education Fund for the purposes of funding public education.

# Executive Director of the Vermont Lottery

## 31 V.S.A. § 657. DIRECTOR AND DUTIES

- The Lottery is supervised and directed by the Lottery Director.
  - Director is required to devote his or her entire time and attention to the duties of the office and not be engaged in another profession or occupation.
- The Director has the following duties:
  - supervise and administer the Lottery within the rules adopted by the Commission;
  - subject to the approval of the Commission, enter into contracts as necessary for the creation, administration, operation, modification, and promotion of the Lottery;
  - license sales agents and suspend or revoke any license in accordance with the law and the rules of the Commission;
  - act as secretary to the Commission;
  - employ staff as necessary to carry out the functions of the Commission; and
  - annually prepare a budget and submit it to the Commission.



Any Questions?