

I. PARITY WITH OTHER VERMONT MANUFACTURERS.

H. 238 as passed by the house creates a new definition in Sec. 1 §2 (2) Alcoholic Beverages to encompass beer, wine, and spirits products. In some instances, using this definition would bring greater parity between all 3 types of beverage producers.

Donations to Non-Profits—Currently, spirits manufacturers can only donate to non-profit organizations if the spirits are going to be raffled and not auctioned. Spirit manufacturers must turn down requests for donations when auctions are involved and must explain that it is not possible if the event is auctioned.

H. 238, Sec. 4. 7 V.S.A. § 4 NONPROFIT ORGANIZATIONS; WINE AND BEER AUCTIONS; FUNDRAISING (p.20)

- Replace malt or vinous beverages with “alcoholic beverages”

Special Venue Serving Permits—As written in §2(34) and §254 a special venue serving permit holder may only serve beer or wine at a special event held at an art gallery, library, bookstore or similar venue. Again, DSCV asks for parity with beer and wine producers by using the term “alcoholic beverages.”

H. 238, Sec. 2. 7 V.S.A. §2(35) and Sec. 51. 7 V.S.A. § 254 (p. 12, 84)

- Replace malt or vinous beverages with “alcoholic beverages”

Advertising—As written H. 238 allows for vehicles lawfully transporting beer and wine to display advertising of such beverages. DSCV, asks for parity with wine and beer producers by using the term “alcoholic beverages”

H. 238, Sec. 117. 7 V.S.A. § 666 ADVERTISING (p. 139)

- Replace malt or vinous beverages with “alcoholic beverages” in subsection (b).

II. SPECIAL EVENT PERMITS

Special event permits allow manufacturers to conduct samplings and engage in bottle sales at special events approved by the DLC and the municipality where the event will be held. These special events are real economic drivers for Vermont's distilleries. Engaging in direct sales with customers is a proven way to generate revenue and build our brands. Uncapping the number of available special event permits would drive more sales and generate more revenue for the producers and the state.

H. 238, Sec. 49. 7 V.S.A. § 252 (p.82)

- Remove the cap of 104 permits in subsection (c)(1)

III. SELLING OTHER MANUFACTURER'S PRODUCTS AT RETAIL

Currently manufacturers can sell up to five other manufacturer's products at retail in our tasting rooms. We respectfully ask that this cap on the number of other manufacturer's products that can be sold in tasting rooms be removed.

H. 238, Sec. 37. 7 V.S.A. § 224 (p.68)

- Remove cap on the number of other manufacturer's products that can be sold at retail in subsection (c)(1) and (2)

IV. TAX ON DISTILLED SPIRITS

The upper tier of the retail tax on spirits presents a steep cliff if a manufacturer's retail sales surpass \$750,000. If a spirits manufacturer sells \$749,999 worth of spirits at retail the tax on those sales would be approximately \$50,000, if the sales are \$750,000 or over those taxes would jump to a minimum of around \$187,500. We ask the floor amount for the 3rd tier be raised \$1.5M. §422 was left unchanged and is not part of the re-draft.

- We support the changes envisioned by Sec. 6 on page 10 of H.371