

State of Vermont

Patrick Delaney, Commissioner

Department of Liquor and Lottery

Division of Liquor Control

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Wendy Knight

Commissioner, VDTM

One National Life Drive

Deane C. Davis Building, 6th Floor

Montpelier, VT 05620-0501

Re: Statutory Modifications – Special Event permits, Educational Sampling Permits & Third- Class Licenses

Commissioner Knight:

I am corresponding with you today to provide a summary of the multiple conversations that we and manufacturing industry representatives have had over the past several months. As a result of this collaborative effort we have arrived at a mutual agreeable point of proposing modifications to Title 7 V.S.A. §252 that would meet the overlapping needs and concerns of the Alcohol Beverage Industry in Vermont, as well as public safety concerns held by the Department of Liquor and Lottery. I am pleased that the DLC, ACCD and manufacturer stakeholders have arrived at a consensus that addresses a proper balance point between the commercial interests of the manufacturing sector, the Administration’s goals of economic development and protecting the vulnerable through effective public safety policies. I believe that our recently completed process underscores the importance of stakeholder input, collaboration and compromise as best practices in effective governance. It is my belief that the result of our collective efforts to improve our permitting and licensing processes will ultimately lead to expanded opportunities for business development and job growth in this important economic sector. Additionally, the proposed modifications will improve the DLL’s ability to work with licensees, and permit holders to ensure the viability, vitality, and public safety of their promotional activities.



Liquor and Lottery Control Board:

Martin Manahan, Chair; Edward Flanagan, Sam Guy, Sabina Haskell, Thom Lauzon - Members

I would recommend amending applicable portions of Title 7 V.S.A. as follows:

§ 252. Special Event Permits

(3) A Special Event Permit shall only be issued to an applicant for the same physical location no more than ten (10) times per calendar year.

(B) in quantities of no more than two (2) ounces per product, and eight (8) ounces total of malt beverages or vinous beverages, and no more than one (1) ounce in total of spirits or fortified wines.

~~(c)(1) A licensed manufacturer or rectifier may be issued no more than 104 special event permits during a year.~~

~~(2) Each manufacturer or rectifier planning to attend a single special event pursuant to this section may be listed on a single permit for the special event. However, each attendance at a special event shall count toward the manufacturer's or rectifier's annual limit of 104 special event permits.~~

The above modifications maintain the removal of the cap on the total number of Special Events Permits but limits a manufacturer to ten (10) permits at the same space each calendar year. This amendment provides for a larger possibility of promotion of product but eliminates the ability to use the permit to establish a re-occurring ad-hoc liquor by-the-drink establishment for any significant period-of-time. In addition, this limits potential misuse of this permit to circumvent appropriate licensing in a physical space to no more than forty (40) days.

DLL's position is, the misuse of Special Event Permits has not been limited only to spirit manufacturers and therefore impacting 3rd Class licenses. Our concerns include Malt and Vinous manufacturers, and the impact the misuse of Special Event Permits has on 1st Class licenses as well. If a manufacturer wishes to engage in full pours of beverage alcohol to the public at a location, it should seek the 1st and/or 3rd Class licenses that would allow them to do so.

Regarding Festival Permits, DLL contends the statutory language of a Festival Permit should remain as written.

§ 251. Educational Sampling Event Permit

DLL would support the amending of 7 V.S.A. §251 (Educational Sampling Event Permit) to better serve "Brewfest" type events. In this regard, following is our suggested amendments:

(a) The Division of Liquor Control may grant an Educational Sampling Event Permit to a person if:

(1) the event is also approved by the local Control Commissioners; and

(2) at least fifteen (15) days prior to the event, the applicant applies to the Division in a required form that includes a list of the alcoholic beverages to be acquired for sampling at the event, to be accompanied by the fee provided in §204 of this Title.

(b) An Educational Sampling Event Permit holder is permitted to conduct an event open to the public at which malt beverages, vinous beverages, fortified wines, spirits, or all four are served only for the purposes of marketing and educational sampling.

(c)(1) No more than four (4) Educational Sampling Event permits shall be issued annually to the same person.

(2) An Educational Sampling Event Permit shall be valid for no more than four (4) consecutive days.

(d) The permit holder shall ensure the following:

(1) Attendees at the educational sampling event shall be required to pay an entry fee of no less than Five dollars (\$5.00).

(2)(A) Malt beverages ~~or vinous beverages~~ for sampling shall be offered in glasses that contain no more than ~~two ounces~~ five (5) ounces of either beverage and no more than fifty-five (55) ounces served to any patron at one event.

(B) Vinous beverages for sampling shall be offered in glasses that contain no more than five (5) ounces with no more than twenty-five (25) ounces served to any patron at one event.

(C) Fortified wines for sampling shall be offered in glasses that contain no more than three (3)-ounces with no more than fifteen (15) ounces served to any patron at one event.

~~(B)(D) Fortified wines and Spirits~~ for sampling shall be offered in glasses that contain no more than ~~one-quarter~~ one (1) ounce with no more than five (5) ounces served to any patron at one event.

(3) The event shall be conducted in compliance with all the requirements of this Title.

(e) An Educational Sampling Event Permit holder:

(1) may receive shipments directly from a manufacturer, packager, Certificate of Approval holder, wholesale dealer, or importer licensed in Vermont or who provides evidence of licensure in another state or foreign country satisfactory to the Board;

(2) may transport alcoholic beverages to the event site, and those beverages may be served at the event by the permit holder or the holder's employees, volunteers, or representatives of a manufacturer, packager, or importer participating in the event, provided they meet the server age and training requirements under §259 of this Chapter.

(3) shall mark all cases and bottles of alcoholic beverages to be served at the event "For sampling only. Not for resale."

(f) Taxes for the alcoholic beverages served at the event shall be paid as follows:

(1) Malt beverages:

(A) \$0.265/gallon of malt beverages served that contain no more than six percent (6%) of alcohol by volume at sixty (60) degrees Fahrenheit; and

(B) \$0.55/gallon of malt beverages served that contain more than six percent (6%) of alcohol by volume at sixty (60) degrees Fahrenheit;

(2) vinous beverages: \$0.55/gallon served;

(3) spirits: \$19.80/gallon served; and

(4) fortified wines: \$19.80/gallon served.

From a regulatory standpoint, the Office of Compliance and Enforcement functions best with clearly defined and specific statutory language.

§ 223. Third-Class Licenses

The following modifications to Title 7 V.S.A. §223 would allow for the economic opportunities that the manufacturers are seeking, while providing for the public safety protections that would come from the appropriate licensing.

(a)(1) With the approval of the local Control Commissioners, The Board of Liquor and Lottery may grant to a person who operates a hotel, restaurant, club, boat, or railroad dining car, or who holds a manufacturer's or rectifier's license, a third-class license, if the person files an application accompanied by the fee provided in §204 of this Title for the purpose in which the **business of the hotel, restaurant, club, manufacturer or rectifier is carried on or for a boat or railroad dining car.**

(2) The applicant shall satisfy the Board the applicant is the bona fide owner or lessee of the premises, boat, or railroad dining car and it is operated for the purpose covered by the license, and able to dispense meals to the public, except in the case of clubs.

(b) A third-class license holder may sell spirits and fortified wines for consumption only on the licensed premises, boat, or railroad dining car.

(c) The holder of a third-class license may permit a customer to:

(1) possess or carry no more than two (2) open containers of alcoholic beverages; and

(2) maintain control over his/her open container of alcoholic beverages, at all times, while on the licensed premises, boat, or railroad dining car.

(d)(1) Except as otherwise provided in Subdivision (2) of this Subsection and §271 of this Title, a person who holds a third-class license shall purchase from the Board of Liquor and Lottery all spirits and fortified wines dispensed in accordance with the provisions of the third-class license and this Title. A licensed manufacturer of spirits and fortified wines may, at any location where they also hold a third-class license, sell for consumption on the licensed premises spirits and fortified wines produced under their own manufacturing license, without first purchasing those spirits and fortified wines from the Board of Liquor and Lottery.

(2) For a third-class license issued for a dining car or boat, the licensee may procure (outside the State of Vermont). spirits and fortified wines sold pursuant to the license.

(e) No person under eighteen (18) years of age shall be employed by a third-class licensee as:

(1) a bartender, for the purpose of preparing, mixing, or dispensing alcoholic beverages; or

(2) a waitress or waiter, for the purpose of serving alcoholic beverages.

With regards,

Patrick Delaney

Commissioner of the Department of Liquor and Lottery