

**802**  
Spirits

# The Vermont Department of Liquor Control

## An Overview of the Department and the Control Model



# Department of Liquor Control Mission

**Our mission is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, and education; as well as provide excellent customer service by operating efficient, convenient liquor agency stores throughout the state.**

# DLC Fast Facts:

- In conjunction with our Agency Partners the DLC operates 80 retail locations throughout Vermont
- The Department operates a 33,000 ft<sup>2</sup> Distribution Center
- The DC contains over 2000 SKUs
- The Department owns and operates seven 28-foot delivery trucks
- The Department offices and original DC were first occupied in 1961
- An addition was put onto the original DC in 1973
- The Department issues 13,908 licenses and permits each year

# DLC 80 Agency Store Locations





# DLC Fast Facts:

- Department has a staff of 55 employees including:
  - 49 Classified – 3 Exempt – 2 Limited Service – 1 Temp
  - 14 Certified LEOs who work in the Compliance & Enforcement Division
  - 15 Distribution Center Employees both product pickers and CDL delivery drivers
  - 4 Retail Coordination Staff
  - 4 IT Staff who maintain our 80 retail locations & DC systems
  - 4 Administrative Staff who assist with licensing, education and enforcement
  - 3 Business Office Staff
  - 2 Educators who both teach in-person and produce on-line training
  - 2 Purchasing Coordinators
  - 1 Director of Marketing
  - 1 Licensing Chief
  - 1 HR Staff
  - A Commissioner and Deputy Commissioner

# DLC Fast Facts:



- To prevent underage consumption the Department
  - Conducts over 950 underage tobacco compliance checks each year
  - Conducts over 600 underage alcohol compliance checks each year
  - Received a grant to purchase ID verification equipment to identify and seize fake IDs and to prosecute those using these IDs
  - Conducts targeted team ID enforcement events with licenses
- Educates gatekeeper of both tobacco and alcohol with over 8486 people being trained in 2018.

# DLC Fast Facts:

- The Department is fully Enterprise Funded – this means that no General Fund dollars are expended to pay for Departmental Operations
- In FY 2018 the Department had
  - Gross Revenue of \$90,869,161
  - Cost of Goods of \$51,778,835
  - Operating Costs of \$ 9,236,940
  - Net Profit of \$29,853,386
- All Department profits are contributed to the State General Fund
- Since 2000 the DLC has contributed over **\$325,000,000** to the State General Fund

# THE AMERICAN ISSUE

A Saloonless Nation and a Stainless Flag

Class XXVI

WESTERVILLE, OHIO, JANUARY 25, 1919

Number 1

# U.S. IS VOTED DRY

## 36th STATE RATIFIES DRY AMENDMENT JAN. 16

Nebraska Noses Out Missouri for Honor of Completing Job of Writing Dry Act Into the Constitution; Wyoming, Wisconsin and Minnesota Right on Their Heels

## JANUARY 16, 1919, MOMENTOUS DAY IN WORLD'S HISTORY

Ratification Accomplished in a Little Less Than Thirteen Months with Three States More Than the Required Three-Fourths. Resolution Gave Period of Seven Years for the Completion of Task Remaining Ones Expected to Join Their Sister States in This Act, With Possible Exception of New Jersey. United States Takes Initial Step in World-Wide Drive for Prohibition. State and National Leagues Now Give Earnest Attention to Law Enforcement Legislation

**TWENTY-THREE STATES APPROVED  
ACT IN FIRST SIXTEEN DAYS OF 1919;  
IN 1918, 15; 9 IN CALLED SESSIONS**

**First American Resolution**  
As early as 1856 a Prohibition amendment had been introduced in the House of the National Congress by Hon. James W. Aldrich of New Hampshire. The Good Templars' all most fifty years ago had declared on a Prohibition amendment to the constitution. The Women's Christian Temperance Union had also called

## 1919 Start of National Prohibition

“Tonight, a minute after twelve, a new nation will be born. *The drinking devil is writing his will. An Era of new ideas and clean manners starts. The ghettos will soon be part of the past. All jails and prisons will be empty; we'll transform them into barns and factories. All men will walk upright once more, all women will smile and all children will laugh. The gates to Hell will shut forever.*” These were the words Minnesota Republican Senator, Andrew Volstead, used to announce the beginning of the Dry Law (AKA the Volstead Act).



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Journalist H. L. Mencken wrote this in 1925.

“Five years of prohibition have had, at least, this one benign effect: they have completely disposed of all the favorite arguments of the Prohibitionists. None of the great boons and usufructs that were to follow the passage of the Eighteenth Amendment has come to pass. There is not less drunkenness in the Republic but more. There is not less crime, but more. And there is not less insanity, but more. The cost of government is not smaller, but vastly greater. Respect for law has not increased, but diminished.”



RAYMOND B. FOSDICK AND ALBERT L. SCOTT

# TOWARD LIQUOR CONTROL

The Originators of the Control  
State Model for the Sale of a  
Controlled Substance



"All the News that's  
Fit to Print."

# The New York Times.

LATE EDITION  
12 CENTS  
Published by The New York Times Company  
Copyright 1933 by The New York Times Company

NO. 1000 ... NO. 2144

NEW YORK, WEDNESDAY, DECEMBER 6, 1933.

3P

TWO CENTS ... 1933 ... 1933

# PROHIBITION ENDS AT LAST!

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## 14 YEAR DRY ERA OVER



## Producer/Manufacturer

Typically a brewery, winery, or distillery



## Distributor

Companies specifically designed to sell specific products to restaurants, bars, stores, etc



## Retailer

Grocery & liquor stores, bars, restaurants, etc



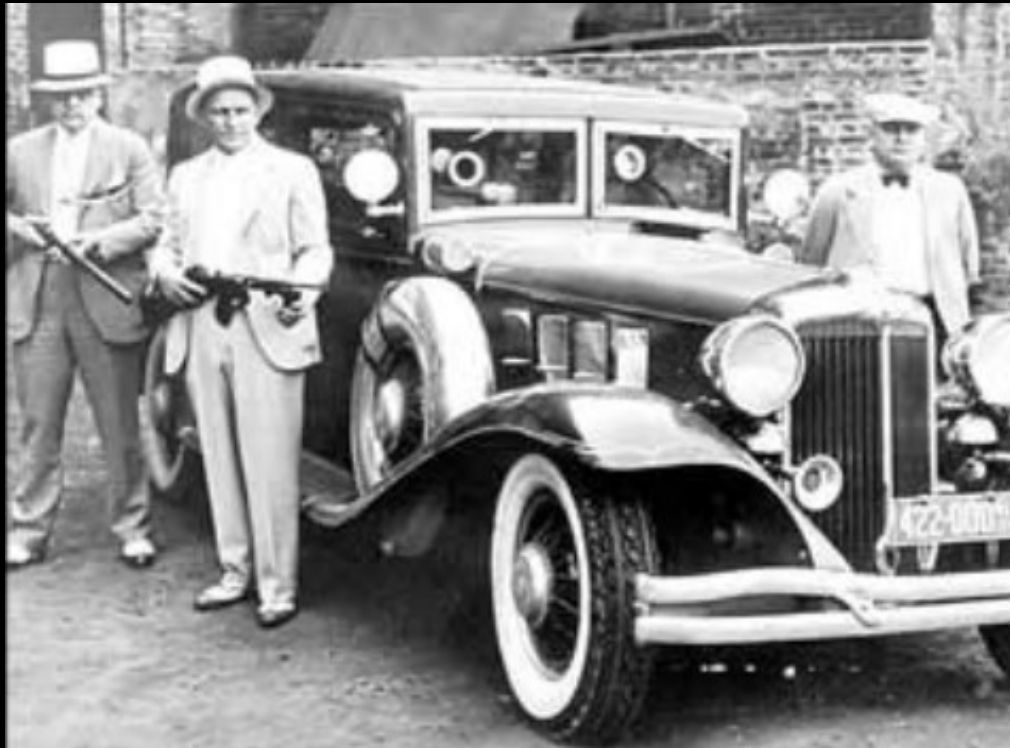
You

## Control Model

At the end of prohibition all states instituted some form of three-tier system of producers, wholesale distributors, and retailers to promote moderation in consumption, prevent concentration of power, and raise revenues through taxes.

Vermont, along with sixteen other states and two counties in Maryland and all of Canada, directly control the sale of liquor at the wholesale level and are considered “control states” or “control jurisdictions”.





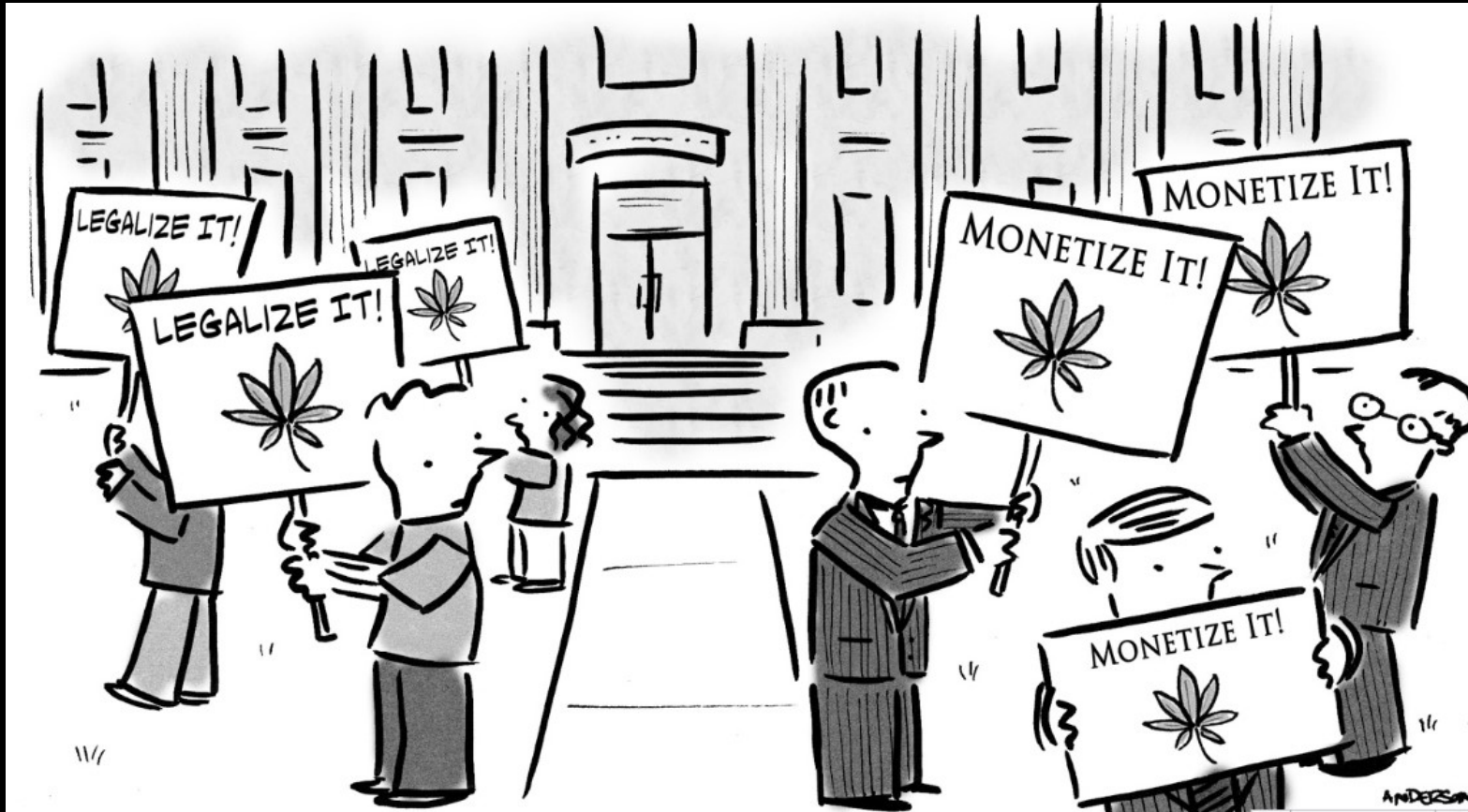
**Remember  
prohibition?**

**It still doesn't work.**

The Rand Study Found  
Vermonters spend between  
\$125 and \$225 million per  
year on cannabis

# Benefits of the Control State Model

- A Primary focus is Social Responsibility **NOT** Profitability



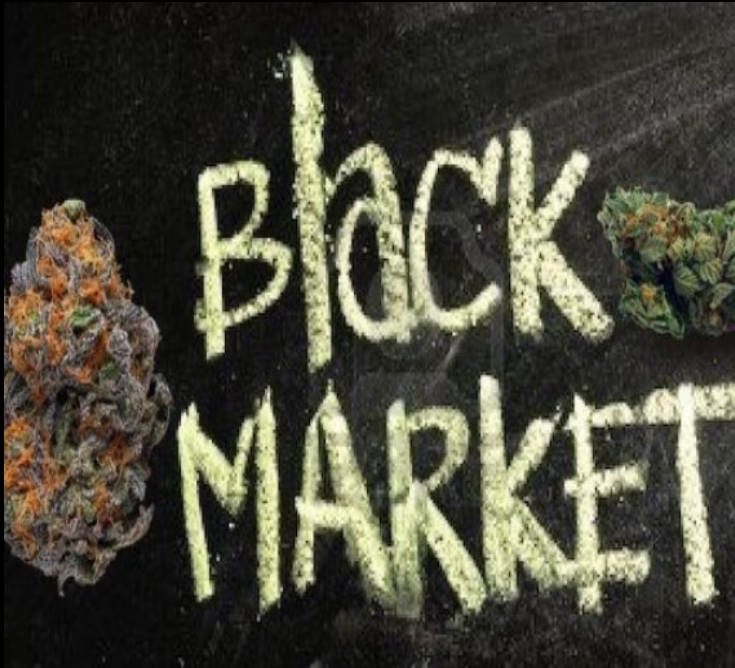
# Open Market Model Issues

- In an “open market” the goal is to increase sales and profits
  - Encouraging use – pushing the product
  - By marketing to heavy users
  - Offering volume discounts to encourage heavy use
  - Marketing to underage youth to encourage consumption
  - Price wars between outlets to attract and keep customers
  - Increasing availability with more locations and extended hours
  - Willingness to tolerate a certain level of black market activity
  - Tax collection more difficult and avoidance more likely
  - Product diversion more likely

# Benefits of the Control State Model

➤ Under a control state model a fundamental goal would be the elimination of the black market which would be accomplished through:

- Flexible pricing
- Assurance of quality and strength of product sold in state stores
- Assurance of purity (no harmful chemicals, fungicides or pesticides) of product sold in state stores
- Clear labeling so consumers know what they are purchasing
- Educating consumers that purchasing from the state supports local businesses and state government and not drug cartels and drug dealers





# Benefits of the Control State Model

- Creating a control state model for cannabis would *maximize revenue* to the state.
  - This would be accomplished by making the state the sole distributor and the retailer cutting out the middleman
- As the retailer the state would:
  - Ensure uniform prices across the state
  - Limit access by controlling the number of retail locations and hours of operation
  - Ensure uniform selection across the state
  - More effectively keep questionable and high potency products out of the market
- As the distributor and retailer tax collection would be maximized
- As the retailer federal income taxes would be avoided allowing enhanced price flexibility to deal with the black market

# Benefits of the Control State Model

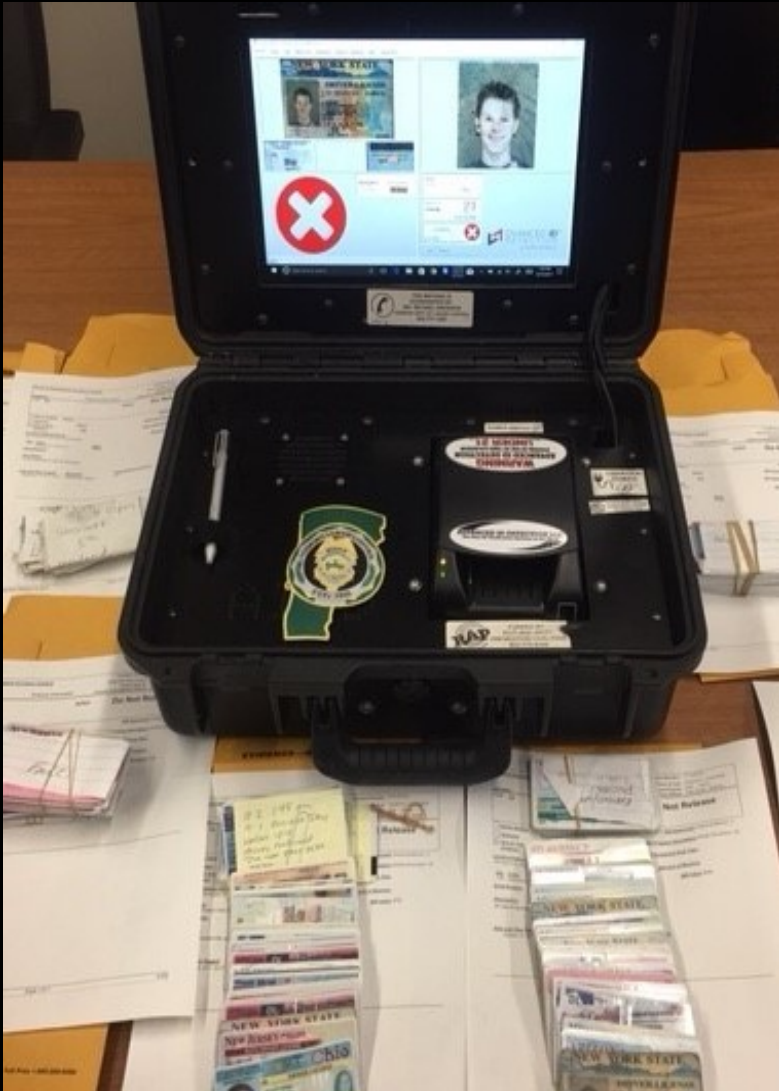


➤ As the distributor the state would encourage small local producers to enter the market

- This helps create a more vibrant market
- Increases product selection for consumers
- Creates additional employment around the state



# Benefits of the Control State Model



- A contract agency store model provides the state with greater control over the sellers conduct helping to enhance compliance
- By limiting the number of retail locations it is easier to conduct frequent compliance checks enhancing control
- Limiting abuse with restrictions on affordability, availability and accessibility
- Licensing, education and enforcement are paid for out of revenue generated from consumption not General Fund dollars
- Local Control is built into the control model and would allow municipalities to prohibit sales in their town (dry town)

# Questions



DLL Delivery Truck