

1 H.730

2 Introduced by Committee on General, Housing, and Military Affairs

3 Date:

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

5 miscellaneous amendments

6 Statement of purpose of bill as introduced: This bill proposes to:

7 (1) amend the definition of “fortified wines” for purposes of Title 7,
8 include all fortified wines containing less than 16 percent alcohol by volume
9 within the definition of “vinous beverages,” and to permit fortified wines to be
10 distributed and sold in the same manner as malt beverages and vinous
11 beverages;

12 (2) define “ready-to-drink spirits beverages” for purposes of Title 7 and
13 to permit ready-to-drink spirits beverages to be distributed and sold in the
14 same manner as malt beverages and vinous beverages, except for direct to
15 consumer and retail shipping;

16 (3) clarify authority for criminal background checks by the Department
17 of Liquor and Lottery;

18 (4) eliminate a deputy commissioner position within the Department of
19 Liquor and Lottery and consolidate those roles into a single position of Deputy
20 Commissioner of Liquor and Lottery;

1 (5) authorize third-class licensees to purchase tickets for the
2 Department's rare and unusual products raffle; and

3 (6) authorize the Department of Liquor and Lottery to extend the
4 expiration dates and stagger the issuance or renewal of permits, licenses, and
5 certificates that are set to expire in the years 2022 and 2023.

6 An act relating to alcoholic beverages and the Department of Liquor and
7 Lottery

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

9 ~~Sec. 1. [Deleted.]~~

10 * * * Ready-to-Drink Spirits Beverages; Fortified Wines * * *

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

12 § 2. DEFINITION

13 As used in this title:

14 * * *

15 (6) "Certificate of approval" means a license granted by the Board of
16 Liquor and Lottery to a manufacturer or distributor of malt beverages or
17 vinous beverages, or both, fortified wines that is not licensed under the
18 provisions of this title, that permits the licensee to sell those beverages to
19 holders of a packager's or wholesale dealer's license.

20 * * *

1 ~~(16) "First class license" means a license permitting the licensee to sell~~
2 ~~and beverages, vinous beverages, fortified wines, and ready-to-drink~~
3 ~~spirits beverages to the public for consumption only on the premises for which~~
4 ~~the license is granted.~~

5 ~~(17) "Fortified wine permit" means a permit granted to a second-class~~
6 ~~licensee that permits the licensee to export and sell fortified wines to the public~~
7 ~~for consumption off the licensed premises: [Repealed.]~~

8 ~~(18) "Fortified wines" means vinous beverages, including those to~~
9 ~~which spirits have been added during manufacture, containing at least more~~
10 ~~than 16 percent alcohol but not more than 23 percent alcohol by volume at~~
11 ~~60 degrees Fahrenheit, and all vermouths containing more than 16 percent~~
12 ~~alcohol but not more than 23 percent alcohol by volume at 60 degrees~~
13 ~~Fahrenheit.~~

14 ~~(19) "Fourth-class license" means a license permitting a licensed~~
15 ~~manufacturer or rectifier to sell by the unopened container and distribute by~~
16 ~~the glass sample, with or without charge, beverages manufactured by the~~
17 ~~licensee.~~

18 * * *

19 ~~(25) "Ready-to-drink spirits beverage" means an alcoholic beverage~~
20 ~~containing more than one percent alcohol by volume and not more than~~
21 ~~12 percent alcohol by volume at 60 degrees Fahrenheit obtained by distillation,~~

1 ~~by chemical synthesis, or through concentration by freezing and mixed with~~
2 nonalcoholic beverages, flavoring, or coloring materials. Ready-to-drink
3 spirits beverages may also contain water, fruit juices, fruit adjuncts, sugar,
4 carbon dioxide, preservatives, and other ingredients. ~~A ready-to-drink spirits~~
5 ~~beverage shall be a spirit if the ready-to-drink spirits beverage~~

6 ~~(A) contains more than 12 percent alcohol by volume at 60 degrees~~
7 Fahrenheit; or

8 (B) is packaged in a container greater than 24 fluid ounces in
9 volume.

10 (26) “Malt beverages” means all fermented beverages of any name or
11 description manufactured for sale from malt, wholly or in part, or from any
12 substitute therefor, known as, among other things, beer, ale, or lager,
13 containing not less than one percent nor more than 16 percent alcohol by
14 volume at 60 degrees Fahrenheit.

15 (26)(27) “Manufacturer’s or rectifier’s license” means a license granted
16 by the Board of Liquor and Lottery that permits the holder to manufacture or
17 rectify malt beverages, vinous beverages, and fortified wines, or spirits and
18 ~~fortified wines~~ ready-to-drink spirits beverages.

19 (27)(28) “Minor” means an individual who has not attained 21 years of
20 age.

1 ~~(28)(29) “Outside consumption permit” means a permit granted by the~~
2 Division of Liquor Control allowing the holder of a first-class, first- and third-
3 class, or fourth-class license to allow for consumption of alcoholic beverages
4 in a delineated outside area.

5 ~~(29)(30) “Packager’s license” means a license granted by the Board of~~
6 Liquor and Lottery permitting a person to bottle or otherwise package
7 alcoholic beverages for sale and to distribute and sell alcoholic beverages at
8 wholesale in this State.

9 ~~(30)(31) “Person,” as applied to licensees, means an individual who is a~~
10 citizen, a lawful permanent resident of the United States, or a holder of an E-2
11 Visa; a partnership composed of individuals, a majority of whom are citizens,
12 lawful permanent residents of the United States, or holders of an E-2 Visa; a
13 corporation organized under the laws of this State or another state in which a
14 majority of the directors are citizens, lawful permanent residents of the United
15 States, or holders of an E-2 Visa; or a limited liability company organized
16 under the laws of this State or another state in which a majority of the
17 members or managers are citizens, lawful permanent residents of the United
18 States, or holders of an E-2 Visa.

19 ~~(31)(32) “Request-to-cater permit” means a permit granted by the~~
20 Division of Liquor Control authorizing a licensed caterer or commercial
21 caterer to cater individual events.

1 ~~(32)(33) “Retail dealer” means any person who sells or furnishes malt~~
2 ~~or beverages, vinous beverages, or fortified wines to the public.~~

3 ~~(33)(34) “Retail delivery permit” means a permit granted by the~~
4 ~~Division of Liquor Control that permits a second-class licensee to deliver malt~~
5 ~~beverages and vinous beverages sold from the licensed premises for~~
6 ~~consumption off the premises to an individual who is 21 years of age or older~~
7 ~~at a physical address in Vermont.~~

8 ~~(34)(35) “Sampler flight” means a flight, ski, paddle, or any similar~~
9 ~~device by design or name intended to hold alcoholic beverage samples for the~~
10 ~~purpose of comparison.~~

~~(35)(36) “Second-class license” means a license permitting the licensee~~
~~to export and to sell malt beverages and, vinous beverages, ready-to-drink~~
~~spirits beverages, and fortified wines to the public for consumption off the~~
~~premises for which the license is granted.~~

11 ~~(36)(37) “Special event permit” means a permit granted by the Division~~
12 ~~of Liquor Control permitting a licensed manufacturer or rectifier to sell, by the~~
13 ~~glass or by the unopened bottle, alcoholic beverages manufactured or rectified~~
14 ~~by the license holder at an event open to the public that has been approved by~~
15 ~~the local control commissioners.~~

16 ~~(37)(38) “Special venue serving permit” means a permit granted by the~~
17 ~~Division of Liquor Control permitting an art gallery, bookstore, public library,~~

1 ~~or museum to conduct an event at which malt or vinous beverages, or both, are~~
2 served by the glass to the public. As used in this section, “art gallery” means a
3 fixed establishment whose primary purpose is to exhibit or offer for sale works
4 of art; “book store” means a fixed establishment whose primary purpose is to
5 offer books for sale; “public library” has the same meaning as in 22 V.S.A.
6 § 101; and “museum” has the same meaning as in 27 V.S.A. § 1151.

7 (38)(39) “Specialty beer” means a malt beverage that contains more
8 than eight percent alcohol and not more than 16 percent alcohol by volume at
9 60 degrees Fahrenheit.

(39)(40) “Spirits” means beverages that contain more than one percent
alcohol obtained by distillation, by chemical synthesis, or through
concentration by freezing; vinous beverages containing more than 23 percent
alcohol; and malt beverages containing more than 16 percent alcohol by
volume at 60 degrees Fahrenheit but does not mean fortified wines or vinous
beverages to which spirits have been added during manufacture that contain
not more than 16 percent alcohol by volume at 60 degrees Fahrenheit.

*“Spirits” also means a ready-to-drink spirits beverage that contains more than
12 percent alcohol by volume at 60 degrees Fahrenheit or is packaged in
containers greater than 24 fluid ounces in volume.*

1 ~~(40)(41) “Third class license” means a license granted by the Board of~~
2 ~~Liquor and Lottery permitting the licensee to sell spirits and fortified wines for~~
3 ~~consumption only on the premises for which the license is granted.~~

4 ~~(41)(42) “Vinous beverages” means all fermented beverages of any~~
5 ~~name or description manufactured or obtained for sale from the natural sugar~~
6 ~~content of fruits or other agricultural product, containing sugar, including~~
7 ~~beverages to which spirits have been added during manufacture, the total~~
8 ~~alcoholic content of which is not less than one percent nor more than~~
9 ~~16 percent by volume at 60 degrees Fahrenheit.~~

10 ~~(42)(43) “Wholesale dealer’s license” means a license granted by the~~
11 ~~Board of Liquor and Lottery permitting the holder to sell or distribute malt and~~
12 ~~beverages, vinous beverages, fortified wines, and ready-to-drink spirits~~
13 ~~beverages to first- and second-class licensees, to educational sampling event~~
14 ~~permit holders, and to agencies of the United States.~~

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

16 § 5. DIVISION OF LIQUOR CONTROL; RAFFLES FOR RIGHT TO
17 PURCHASE RARE AND UNUSUAL PRODUCTS SPIRITS

18 (a) Notwithstanding any provision of 13 V.S.A. chapter 51 to the contrary,
19 the Division of Liquor Control may conduct raffles for the right to purchase
20 ~~certain rare and unusual spirits and fortified wines that are acquired by the~~

1 ~~Board of Liquor and Lottery. A raffle conducted pursuant to this section shall~~
2 meet the following requirements:

3 * * *

4 (3) All notices or advertisements relating to the raffle shall clearly state:

5 * * *

6 (C) the sales price of each rare and unusual spirit ~~or fortified wine~~;

7 and

8 (D) that the winning prize will be the right to purchase the rare and
9 unusual spirit ~~or fortified wine~~ for the specified sales price.

10 * * *

11 (c) As used in this section, “rare and unusual spirits ~~and fortified wines~~”
12 means spirits ~~and fortified wines~~ that are distributed or allocated to the Board
13 in an amount that is insufficient for general distribution to local agency stores
14 and for which the Commissioner determines that an extraordinary level of
15 public demand exists.

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

17 § 62. HOURS OF SALE

18 (a) First- or first- and third-class licensees, or festival, special event, or
19 educational sampling event permit holders may sell alcoholic beverages

20 ~~between the hours of 8.00 a.m. and 2.00 a.m. the next morning.~~

1 ~~(b)(1) Second class licensees may sell malt and beverages, vinous~~
2 ~~beverages, fortified wines, and ready-to-drink spirits beverages between the~~
3 ~~hours of 6:00 a.m. and 12:00 midnight.~~

4 * * *

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

6 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;

7 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

8 (a)(1) All spirits ~~and fortified wines~~ imported or transported into this State
9 shall be imported or transported by and through the Board of Liquor and
10 Lottery. A person importing or transporting or causing to be imported or
11 transported into this State any spirits ~~or fortified wines, or both,~~ in violation of
12 this section shall be imprisoned not more than one year or fined not more than
13 \$5,000.00, or both.

14 (2) Notwithstanding subdivision (1) of this subsection, a person may
15 import or transport not more than eight quarts of spirits ~~or fortified wines, or~~
16 ~~both,~~ into this State in ~~his or her~~ the person's own private vehicle or in his or
17 her actual possession at the time of importation without a license or permit,
18 provided the beverages are not for resale.

19 (b)(1) Except as provided in sections 277, 278, and 283 of this title, all
20 malt ~~or beverages,~~ vinous beverages, fortified wines, or ready-to-drink spirits
21 ~~beverages, or both a combination of malt beverages, vinous beverages,~~

1 ~~fortified wines, and ready-to-drink spirits beverages, imported or transported~~
2 into this State shall be imported or transported by and through the holder of a
3 wholesale dealer's license issued by the Board of Liquor and Lottery. A
4 person importing or transporting or causing to be imported or transported into
5 this State any ~~malt or beverages, vinous beverages, or both fortified wines, or~~
6 ~~ready-to-drink spirits beverages~~, in violation of this section shall be imprisoned
7 not more than one year or fined not more than \$1,000.00, or both.

8 (2) Notwithstanding subdivision (1) of this subsection, a person may
9 import or transport not more than six gallons of ~~malt or beverages, vinous~~
10 ~~beverages, fortified wines, or ready-to-drink spirits beverages, or both a~~
11 ~~combination of malt beverages, vinous beverages, fortified wines, and ready-~~
12 ~~to-drink spirits beverages~~, into this State in ~~his or her~~ the person's own private
13 vehicle or in ~~his or her~~ the person's actual possession at the time of
14 importation without a license or permit, provided the beverages are not for
15 resale.

16 Sec. 6. 7 V.S.A. § 104 is amended to read:

17 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

21

1 ~~(2) Supervise the opening and operation of local agencies for the sale~~
2 ~~and distribution of spirits and fortified wines.~~

3 (5) Locate, establish, and supervise the operation of a central liquor
4 warehouse and office for the purpose of supplying spirits and fortified wines to
5 local agencies established in accordance with this title and for the purpose of
6 selling spirits and fortified wines to licensees of the third class and fortified
7 wine permit holders.

8 * * *

9 (11) Adopt rules regarding intrastate transportation of malt and
10 beverages, vinous beverages, fortified wines, and ready-to-drink spirits
11 beverages.

12 * * *

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

14 § 107. DUTIES OF COMMISSIONER OF LIQUOR AND LOTTERY

15 * * *

16 (b) With respect to the laws relating to alcohol, the Commissioner shall:

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

1 ~~(2) Recommend rules subject to approval and adoption by the Board~~
2 governing the hours during which local agencies shall be open for the sale of
3 spirits and fortified wines, the qualifications of the agencies' employees, and
4 the business, operational, financial, and revenue standards that must be met for
5 the establishment of an agency and its continued operation.

6 (3) Recommend rules subject to approval and adoption by the Board
7 governing:

8 ~~(A) the prices at which spirits shall be sold by local agencies, the~~
9 ~~method for their delivery, and the quantities of spirits that may be sold to any~~
10 ~~one person at any one time; and~~

11 ~~(B) the minimum prices at which fortified wines shall be sold by~~
12 ~~local agencies and second-class licensees that hold fortified wine permits, the~~
13 ~~method for their delivery, and the quantities of fortified wines that may be sold~~
14 ~~to any one person at any one time.~~

15 (4) Supervise the quantities and qualities of spirits and fortified wines to
16 be kept as stock in local agencies and recommend rules subject to approval and
17 adoption by the Board regarding the filling of requisitions for spirits and
18 fortified wines on the Commissioner of Liquor and Lottery.

19 (5) Purchase spirits and fortified wines for and in behalf of the Board of
20 Liquor and Lottery; supervise their storage and distribution to local agencies,
21 ~~third-class licensees, and holders of fortified wine permits, and recommend~~

1 ~~rules subject to approval and adoption by the Board regarding the sale and~~
2 delivery from the central liquor warehouse.

3 * * *

4 Sec. 8. 7 V.S.A. § 110 is amended to read:

5 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF
6 LIQUOR AND LOTTERY

7 If a person desires to purchase any class, variety, or brand of spirits or
8 ~~fortified wine~~ that a local agency or fortified wine permit holder does not have
9 in stock, the Commissioner of Liquor and Lottery shall order the product upon
10 the payment of a reasonable deposit by the purchaser in a proportion of the
11 approximate cost of the order as prescribed by the rules of the Board of Liquor
12 and Lottery.

13 Sec. 9. 7 V.S.A. § 112 is amended to read:

14 § 112. LIQUOR CONTROL ENTERPRISE FUND

15 The Liquor Control Enterprise Fund is established. It shall consist of all
16 receipts from the sale of spirits, ~~fortified wines~~, and other items by the Board
17 of Liquor and Lottery and Division of Liquor Control; fees paid to the
18 Division of Liquor Control for the benefit of the Division; all other amounts
19 received by the Division of Liquor Control for its benefit; and all amounts that
20 ~~are from time to time appropriated to the Division of Liquor Control.~~

1 ~~Sec. 10-7 V.S.A. § 161 is amended to read:~~

2 § 161. LICENSES VOTED BY TOWN; TOWN MEETINGS; WARNING

3 (a) Upon petition of not less than five percent of the legal voters of any
4 town, filed with the town clerk in conformance with 17 V.S.A. § 2642, the
5 warning of the annual or special meeting shall contain an article providing for
6 a vote upon the following questions:

7 Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, fortified
8 wines, and ready-to-drink spirits beverages be granted in this town?

9 Shall spirits ~~and fortified wines~~ be sold in this town?

10 The vote under the article shall be by ballot in the following form:

11 Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, fortified
12 wines, and ready-to-drink spirits beverages be granted in this town?

13 Yes ___ No ___

14 Shall spirits ~~and fortified wines~~ be sold in this town?

15 Yes ___ No ___

16 (b) Licenses and permits for the sale of malt ~~and~~ beverages, vinous
17 beverages, fortified wines, ready-to-drink spirits beverages, and spirits ~~and~~
18 ~~fortified wines~~ shall be issued according to the vote at the annual town meeting
19 ~~held in March 1969 until a town votes otherwise.~~

1 ~~Sec. 11. 7 V.S.A. § 201 is amended to read:~~

2 § 201. LICENSES CONTINGENT ON TOWN VOTE

3 Licenses of the first or second class shall not be granted by the control
4 commissioners or the Board of Liquor and Lottery to be exercised in any city
5 or town, the voters of which vote "No" on the question of whether to permit
6 the sale of malt beverages and, vinous beverages, fortified wines, and ready-to-
7 drink spirits beverages pursuant to section 161 of this title. Licenses of the
8 third class shall not be granted by the Board of Liquor and Lottery to be
9 exercised in any city or town, the voters of which vote "No" on the question of
10 whether to sell ~~fortified wines and spirits~~ pursuant to section 161 of this title.

11 Sec. 12. 7 V.S.A. § 204 is amended to read:

12 § 204. APPLICATION AND RENEWAL FEES FOR LICENSES AND
13 PERMITS; DISPOSITION OF FEES

14 (a) The following fees shall be paid when applying for a new license or
15 permit or to renew a license or permit:

16 (1) For a manufacturer's or rectifier's license to manufacture or rectify
17 malt beverages, or vinous beverages and fortified wines, or spirits and ~~fortified~~
18 ~~wines~~ ready-to-drink spirits beverages, \$285.00 for each license.

19 * * *

20 (7) For a shipping license for malt beverages ~~or~~, vinous beverages, or
21 ready-to-drink spirits beverages.

1 ~~(A) in-state consumer shipping license, \$330.00.~~

2 (B) out-of-state consumer shipping license, \$330.00.

3 (C) vinous beverages retail shipping license, \$250.00.

4 * * *

5 (16) For a certificate of approval:

6 (A) for malt beverages, \$2,485.00;

7 (B) for vinous beverages and fortified wines, \$985.00.

8 (C) for ready-to-drink spirits beverages, \$985.00.

9 * * *

10 ~~(21) For a fortified wine permit, \$100.00. [Repealed.]~~

11 * * *

12 Sec. 13. 7 V.S.A. § 221 is amended to read:

13 § 221. FIRST-CLASS LICENSES

14 * * *

15 (b)(1) A first-class license permits the holder to sell malt ~~and~~ beverages,
16 vinous beverages, fortified wines, and ready-to-drink spirits beverages for
17 consumption only on those premises.

18 (2) Except as otherwise provided pursuant to sections 271 and 278 of
19 this title, a first-class license holder shall purchase all malt beverages ~~and~~
20 vinous beverages, fortified wines, and ready-to-drink spirits beverages sold
21 pursuant to the license from Vermont wholesale dealers or packagers.

1 ~~(c) A retail dealer carrying on business in more than one place shall acquire~~
2 a first-class license for each place where the retail dealer sells malt or
3 beverages, vinous beverages, fortified wines, or ready-to-drink spirits
4 beverages for consumption on the premises.

5 * * *

6 Sec. 14. 7 V.S.A. § 222 is amended to read:

7 § 222. SECOND-CLASS LICENSES

8 (a)(1) With the approval of the Board of Liquor and Lottery, the control
9 commissioners may grant a second-class license to a retail dealer for the
10 premises where the dealer carries on business if the retail dealer submits an
11 application and pays the fee provided in section 204 of this title and satisfies
12 the Board that the premises:

13 * * *

14 (B) are a safe, sanitary, and proper place from which to sell malt and
15 beverages, vinous beverages, and fortified wines.

16 * * *

17 (b)(1) A second-class license permits the holder to export malt and
18 beverages, vinous beverages, fortified wines, and ready-to-drink spirits
19 beverages and to sell malt and beverages, vinous beverages, fortified wines,
20 and ready-to-drink spirits beverages to the public from the licensed premises
21 for consumption off the premises.

1 ~~(2) The Division of Liquor Control may grant a second-class license a~~
2 ~~fortified wine permit pursuant to section 225 of this chapter or a retail delivery~~
3 ~~permit pursuant to section 226 of this chapter.~~

4 (3) Except as otherwise provided pursuant to sections 225, 271, and 278
5 of this title, a second-class license holder shall purchase all malt beverages
6 and, vinous beverages, fortified wines, and ready-to-drink spirits beverages
7 sold pursuant to its license from Vermont wholesale dealers or packagers.

8 (c) A retail dealer carrying on business in more than one place shall be
9 required to acquire a second-class license for each place where the retail dealer
10 sells malt and beverages, vinous beverages, fortified wines, and ready-to-drink
11 spirits beverages.

12 Sec. 15. 7 V.S.A. § 223 is amended to read:

13 § 223. THIRD-CLASS LICENSES

14 * * *

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

17 * * *

18 (d)(1) Except as otherwise provided in subdivisions (2) and (3) of this
19 subsection, a person who holds a third-class license shall purchase from the
20 Board of Liquor and Lottery all spirits ~~and fortified wines~~ dispensed in
21 ~~accordance with the provisions of the third-class license and this title.~~

1 * * *

2 (3) For a third-class license that is issued to a licensed manufacturer or
3 rectifier of spirits or fortified wines, the licensee shall not be required to
4 purchase from the Board of Liquor and Lottery spirits and fortified wines that
5 it has manufactured or rectified before selling them pursuant to its third-class
6 license.

7 * * *

8 Sec. 16. 7 V.S.A. § 224 is amended to read:

9 § 224. FOURTH-CLASS LICENSES

10 * * *

11 (b) At each licensed location, a fourth-class licensee may sell by the
12 unopened container or distribute by the glass, with or without charge, alcoholic
13 beverages manufactured by the licensee.

14 (1) A licensee may, for consumption at the licensed premises or
15 location, distribute the following amounts of alcoholic beverages to a retail
16 customer:

17 (A) ~~no~~ not more than two ounces of malt beverages ~~or~~, vinous
18 beverages, or ready-to-drink spirits beverages with a total of eight ounces; and

19 * * *

1 Sec. 17. 7 V.S.A. § 226 is amended to read:

2 § 226. RETAIL DELIVERY PERMITS

3 * * *

4 (b) A retail delivery permit holder may deliver malt beverages ~~and~~, vinous
5 ~~beverages, and ready-to-drink spirits beverages~~ sold from the licensed
6 premises for consumption off the premises to an individual who is 21 years of
7 age or older subject to the following requirements:

8 * * *

9 (4) An employee of a retail delivery permit holder shall not be permitted
10 to make deliveries of malt beverages ~~or~~ vinous beverages, ~~or ready-to-drink~~
11 ~~spirits beverages~~ pursuant to the permit unless ~~he or she~~ the employee has
12 completed a training program approved by the Division pursuant to section
13 213 of this chapter.

14 (5) Malt beverages ~~and~~, vinous beverages, ~~and ready-to-drink spirits~~
15 ~~beverages~~ delivered pursuant to a retail delivery permit shall be for personal
16 use and not for resale.

17 Sec. 18. 7 V.S.A. § 228 is amended to read:

18 § 228. SAMPLER FLIGHTS

19

1 ~~(b) The holder of a first-class license may serve a sampler flight of up to~~
2 ~~12 ounces in the aggregate of vinous beverages or ready-to-drink spirits~~
3 ~~beverages to a single customer at one time.~~

4 * * *

5 ~~(d) The holder of a first-class license may serve a sampler flight of up to~~
6 ~~four ounces in the aggregate of fortified wines to a single customer at one~~
7 ~~time.~~

8 Sec. 19. 7 V.S.A. § 251 is amended to read:

9 § 251. EDUCATIONAL SAMPLING EVENT PERMIT

10 * * *

11 (b) An educational sampling event permit holder is permitted to conduct an
12 event that is open to the public at which malt beverages, vinous beverages,
13 ready-to-drink spirits beverages, fortified wines, spirits, or all four are served
14 only for the purposes of marketing and educational sampling.

15 * * *

16 (d) The permit holder shall ensure all the following:

17 (1) Attendees at the educational sampling event shall be required to pay
18 an entry fee of ~~no~~ not less than \$5.00.

19 (2)(A) Malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits
20 beverages for sampling shall be offered in glasses that contain ~~no~~ not more
21 ~~than two ounces of either beverage.~~

1 * * *

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

4 * * *

5 (2) vinous beverages and ready-to-drink spirits beverages: \$0.55 per
6 gallon served;

7 * * *

8 Sec. 20. 7 V.S.A. § 252 is amended to read:

9 § 252. SPECIAL EVENT PERMITS

10 * * *

11 (b)(1) A special event permit holder may sell alcoholic beverages
12 manufactured or rectified by the permit holder by the glass or the unopened
13 bottle.

14 (2) For purposes of tasting, a special event permit holder may distribute
15 beverages manufactured or rectified by the permit holder with or without
16 charge, provided the beverages are distributed:

17 (A) by the glass; and

18 (B) in quantities of ~~no~~ not more than two ounces per product and
19 eight ounces total of malt beverages ~~or~~, vinous beverages, or ready-to-drink
20 spirits beverages and ~~no~~ not more than one ounce in total of spirits or fortified
21 wines to each individual.

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* * *

Sec. 21. 7 V.S.A. § 253 is amended to read:

§ 253. FESTIVAL PERMITS

* * *

(b) A festival required to be permitted under this section is any event that is open to the public for which the primary purpose is to serve one or more of the following: malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, or spirits.

(c) A festival permit holder is permitted to conduct an event that is open to the public at which one or more of the following are served: malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, or spirits.

(d) The permit holder shall ensure the following:

* * *

(2)(A) Malt beverages for sampling shall be offered in glasses that contain not more than 12 ounces; with not more than 60 ounces served to any patron at one event.

(B) Vinous beverages or ready-to-drink spirits beverages for sampling shall be offered in glasses that contain not more than five ounces with not more than 25 ounces served to any patron at one event.

1 (E) Patrons attending a festival where combinations of malt
2 beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines,
3 or spirits are mutually sampled shall not be served more than a combined total
4 of six U.S. standard drinks containing 3.6 fluid ounces or 84 grams of pure
5 ethyl alcohol.

6 * * *

7 (e)(1) A festival permit holder may purchase invoiced volumes of malt or
8 beverages, vinous beverages, or ready-to-drink spirits beverages directly from
9 a manufacturer or packager licensed in Vermont or a manufacturer or packager
10 that holds a federal Basic Permit or Brewers Notice or evidence of licensure in
11 a foreign country that is satisfactory to the Board.

12 (2) The invoiced volumes of malt or beverages, vinous beverages, or
13 ready-to-drink spirits beverages may be transported to the site and sold by the
14 glass to the public by the permit holder or its employees and volunteers only
15 during the event.

16 (f) A festival permit holder shall be subject to the provisions of this title,
17 including section 214 of this title, and the rules of the Board regarding the sale
18 of the alcoholic beverages and shall pay the tax on the malt or beverages,
19 vinous beverages, or ready-to-drink spirits beverages pursuant to section 421
20 of this title.

21

1 Sec. 22. 7 V.S.A. § 254 is amended to read:

2 § 254. SPECIAL VENUE SERVING PERMITS

3 * * *

4 (b) A permit holder may purchase malt or beverages, vinous beverages, or
5 ready-to-drink spirits beverages directly from a licensed retailer.

6 * * *

7 (d) A public library or museum may only be granted a permit pursuant to
8 this section for an event held for a charitable or educational purpose at which
9 malt and beverages, vinous beverages, and ready-to-drink spirits beverages
10 will be served for a period of not more than six hours.

11 Sec. 23. 7 V.S.A. § 255 is amended to read:

12 § 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

13 * * *

14 (b) The Division may grant the following alcoholic beverage tasting
15 permits to the following types of licensees:

16 (1) A second-class licensee.

17 (A) The permit authorizes the employees of the second-class licensee
18 or of a designated manufacturer or rectifier to dispense to each customer of
19 legal age on the licensee's premises malt or beverages, vinous beverages, or
20 ready-to-drink spirits beverages by the glass not to exceed two ounces of each

1 ~~beverage with a total of eight ounces of malt or beverages, vinous beverages,~~
2 ~~or ready-to-drink spirits beverages.~~

3 (B) Malt or beverages, vinous beverages, or ready-to-drink spirits
4 beverages dispensed at the tasting event shall be from the inventory of the
5 licensee or purchased from a wholesale dealer.

6 * * *

7 (2) A licensed manufacturer or rectifier of malt or beverages, vinous
8 beverages, or ready-to-drink spirits beverages.

9 (A) The permit authorizes the licensed manufacturer or rectifier to
10 dispense to each customer of legal age for consumption on the premises of a
11 second-class licensee beverages produced by the manufacturer or rectifier by
12 the glass not to exceed two ounces of each beverage with a total of eight
13 ounces of malt or beverages, vinous beverages, or ready-to-drink spirits
14 beverages.

15 * * *

16 (3) A licensed wholesale dealer. The permit authorizes a licensed
17 wholesale dealer to dispense malt or beverages, vinous beverages, fortified
18 wines, or ready-to-drink spirits beverages for promotional purposes at the
19 wholesale dealer's premises without charge to invited employees of first-,
20 second-, and third-class licensees, provided the invited employees are of legal
21 age.

1 ~~(c) A vinous beverage, ready-to-drink spirits beverage, or malt beverage~~
2 tasting event held pursuant to subsection (b) of this section, not including an
3 alcoholic beverage tasting conducted on the premises of the manufacturer or
4 rectifier, shall comply with the following:

5 (1) continue for ~~no~~ not more than six hours, with ~~no~~ not more than six
6 beverages to be offered at a single event, and ~~no~~ not more than two ounces of
7 any single beverage and ~~no~~ not more than a total of eight ounces of malt ~~or~~
8 beverages, vinous beverages, or ready-to-drink spirits beverages to be
9 dispensed to a customer;

10 * * *

11 Sec. 24. 7 V.S.A. § 256 is amended to read:

12 § 256. PROMOTIONAL TASTINGS FOR LICENSEES

13 (a)(1) At the request of a first- or second-class licensee, a holder of a
14 manufacturer's, rectifier's, or wholesale dealer's license may distribute
15 without charge to the first- or second-class licensee's management and staff,
16 provided they are of legal age, two ounces per person of vinous beverages,
17 ready-to-drink spirits beverages, or one ounce per person of fortified wines, for
18 the purpose of promoting the beverage.

19 (2) At the request of a holder of a third-class license, a manufacturer or
20 rectifier of spirits ~~or fortified wines~~ may distribute without charge to the third-
21 ~~class licensee's management and staff, provided they are of legal age, one-~~

1 ~~quarter ounce of each beverage and not more than a total of one ounce to each~~
2 individual for the purpose of promoting the beverage.

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

8 * * *

9 (c)(1) Upon receipt of a first- or second-class application by the Division, a
10 holder of a wholesale dealer's license may dispense malt ~~or~~ beverages, vinous
11 beverages, fortified wines, or ready-to-drink spirits beverages for promotional
12 purposes without charge to invited management and staff of the business that
13 has applied for a first- or second-class license, provided they are of legal age.

14 * * *

15 (4) No malt ~~or~~ beverages, vinous beverages, fortified wines, or ready-to-
16 drink spirits beverages shall be left behind at the conclusion of the tasting.

17 * * *

18 Sec. 25. 7 V.S.A. § 257 is amended to read:

19 § 257. TASTINGS FOR PRODUCT QUALITY ASSURANCE

20

1 ~~(b) Each sample of malt beverages or vinous beverages or ready-to-drink~~
2 ~~spirits beverages shall be ~~no~~ not larger than two ounces, and each sample of~~
3 ~~spirits or fortified wines shall be ~~no~~ not larger than one-quarter ounce.~~

4 * * *

5 Sec. 26. 7 V.S.A. § 271 is amended to read:

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

7 (a)(1) The Board of Liquor and Lottery may grant a manufacturer's or
8 rectifier's license upon application and payment of the fee provided in section
9 204 of this title that permits the license holder to operate a facility that
10 manufactures or rectifies:

11 (A) malt beverages;

12 (B) vinous beverages and fortified wines; or

13 (C) spirits and ~~fortified wines~~ ready-to-drink spirits beverages.

14 * * *

15 (b) Except as otherwise provided in section 224 of this title and subsections
16 (d)–(f) of this section:

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

19 (2) malt beverages ~~and~~, vinous beverages, fortified wines, and ready-to-
20 drink spirits beverages may be manufactured or rectified for sale to packagers
21 ~~or wholesale dealers, or for export, or both.~~

1 ~~(c) A licensed manufacturer of vinous beverages or fortified wines, or~~
2 ~~both, may receive from another manufacturer licensed in or outside this State~~
3 ~~bulk shipments of vinous beverages to rectify with the licensee's own product,~~
4 ~~provided that the vinous beverages or fortified wines produced by the licensed~~
5 ~~manufacturer may contain ~~no~~ not more than 25 percent imported vinous~~
6 ~~beverages.~~

7 * * *

8 Sec. 27. 7 V.S.A. § 273 is amended to read:

9 § 273. WHOLESALE DEALER'S LICENSE

10 * * *

11 (b) A wholesale dealer's license holder may distribute or sell malt
12 ~~beverages or, vinous beverages, fortified wines, or ready-to-drink spirits~~
13 ~~beverages~~ to first- and second-class licensees and holders of educational
14 sampling event permits.

15 * * *

16 Sec. 28. 7 V.S.A. § 274 is amended to read:

17 § 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT

18 ~~OR BEVERAGES, VINOUS BEVERAGES, FORTIFIED WINES,~~

19 ~~OR READY-TO DRINK SPIRITS BEVERAGES~~

20 (a) The Board of Liquor and Lottery may grant to a manufacturer or

21 ~~distributor of malt or beverages, vinous beverages, fortified wines, or ready-to-~~

1 ~~drink spirits beverages that is not licensed under the provisions of this title a~~

2 certificate of approval if the manufacturer or distributor does all of the

3 following:

4 * * *

5 (b) A certificate of approval shall permit the holder to export malt or
6 beverages, vinous beverages, fortified wines, or ready-to-drink spirits
7 beverages or sell malt or beverages, vinous beverages, fortified wines, or
8 ready-to-drink spirits beverages to holders of packagers' or wholesale dealers'
9 licenses issued under section 272 or 273 of this title, or both.

10 (c) A holder of a packager's or a wholesale dealer's license issued under
11 this title shall not purchase within or outside the State, or import or cause to be
12 imported into the State, any malt or beverages, vinous beverages, fortified
13 wines, or ready-to-drink spirits beverages unless the person, manufacturer, or
14 distributor from which the beverages are obtained holds a valid certificate of
15 approval or packager's license.

16 * * *

17 Sec. 29. 7 V.S.A. § 275 is amended to read:

18 § 275. SOLICITOR'S LICENSE

19 * * *

20 (b) A solicitor's license holder may, by canvassing or interviewing holders
21 ~~of licenses issued under the provisions of this title.~~

1 ~~(1) solicit orders for and promote the sale of malt or beverages, vinous~~
2 ~~beverages, fortified wines, or ready-to-drink spirits beverages; and~~

3 ~~(2) promote the sale of spirits and fortified wines.~~

4 * * *

5 (d) A person who solicits, or attempts to solicit, orders for malt or
6 beverages, vinous beverages, fortified wines, or ready-to-drink spirits
7 beverages; or promotes, or attempts to promote, the sale of malt or vinous
8 beverages, ready-to-drink spirits beverages, spirits, or fortified wines by
9 canvassing or interviewing a holder of a license issued under the provisions of
10 this title, without having first obtained a solicitor's license as provided in this
11 section, or who makes a false or fraudulent statement or representation in an
12 application for the license or in connection with an application shall be
13 imprisoned not more than six months or fined not more than \$500.00, or both.

14 Sec. 30. 7 V.S.A. § 277 is amended to read:

15 § 277. MALT AND, VINOUS, AND READY-TO-DRINK SPIRITS

16 BEVERAGE CONSUMER SHIPPING LICENSE

17 (a)(1) A manufacturer or rectifier of malt or beverages, vinous beverages,
18 or ready-to-drink spirits beverages licensed in Vermont may be granted an in-
19 state consumer shipping license by filing with the Division of Liquor Control
20 ~~an application in a form required by the Commissioner accompanied by a copy~~

1 ~~of the applicant's current Vermont manufacturer's license and the fee provided~~
2 in section 204 of this title.

3 * * *

4 (b)(1) A manufacturer or rectifier of malt ~~or~~ beverages, vinous beverages,
5 or ready-to-drink spirits beverages licensed in another state that operates a
6 brewery ~~or~~, winery, or distillery in the United States and holds valid state and
7 federal permits and licenses may be granted an out-of-state consumer shipping
8 license by filing with the Division of Liquor Control an application in a form
9 required by the Commissioner accompanied by copies of the applicant's
10 current out-of-state manufacturer's license and the fee provided in section 204
11 of this title.

12 * * *

13 (c)(1) A consumer shipping license granted pursuant to this section shall
14 permit the licensee to ship malt ~~or~~ beverages, vinous beverages, or ready-to-
15 drink spirits beverages produced by the licensee to private residents for
16 personal use and not for resale.

17 (2) A licensee shall not ship more than 12 cases of malt beverages
18 containing ~~no~~ not more than 36 gallons of malt beverages or ~~no~~ not more than
19 12 cases of vinous beverages or ready-to-drink spirits beverages containing ~~no~~
20 not more than 29 gallons of vinous beverages or ready-to-drink spirits
21 beverages to any one Vermont resident in any calendar year.

1 * * *

2 Sec. 31. 7 V.S.A. § 279 is amended to read:

3 § 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
4 REQUIREMENTS

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

7 * * *

8 (4) Report at least twice per year to the Division if a holder of a
9 consumer shipping license and once per year if a holder of a retail shipping
10 license in a manner and form required by the Commissioner all the following
11 information:

12 (A) the total amount of malt ~~or beverages~~, vinous beverages, or
13 ready-to-drink spirits beverages shipped into or within the State during the
14 preceding six months if a holder of a consumer shipping license or during the
15 preceding 12 months if a holder of a retail shipping license;

16 * * *

17 (5) Pay to the Commissioner of Taxes the tax required pursuant to
18 section 421 of this title on the malt ~~or beverages~~, vinous beverages, or ready-
19 to-drink spirits beverages shipped pursuant to this subchapter and comply with
20 the provisions of 32 V.S.A. chapter 233, 24 V.S.A. § 138, and any other legally
21 ~~authorized local sales taxes. Delivery in this State shall be deemed to~~

1 ~~constitute a sale in this State at the place of delivery and shall be subject to all~~
2 appropriate taxes levied by the State of Vermont.

3 * * *

4 Sec. 32. 7 V.S.A. § 280 is amended to read:

5 § 280. COMMON CARRIERS; REQUIREMENTS

6 (a) A common carrier shall not deliver malt ~~or beverages,~~ vinous
7 beverages, or ready-to-drink spirits beverages pursuant to this chapter until it
8 has complied with the training provisions in section 213 of this title and been
9 certified by the Division of Liquor Control.

10 (b) No employee of a certified common carrier may deliver malt ~~or~~
11 beverages, vinous beverages, or ready-to-drink spirits beverages until that
12 employee completes the training required pursuant to subsection 213(c) of this
13 title.

14 (c) A certified common carrier shall deliver only malt ~~or beverages,~~ vinous
15 beverages, or ready-to-drink spirits beverages that have been shipped by the
16 holder of a license issued under section 277 or 278 of this subchapter ~~or vinous~~
17 beverages that have been shipped by the holder of a vinous beverage storage
18 ~~license issued under section 283 of this subchapter.~~

1 ~~Sec. 23-7 V.S.A. § 281 is amended to read:~~

2 § 281. PROHIBITIONS

3 (a)(1) Except as otherwise provided in section 226 of this title, direct
4 shipments of malt or beverages, vinous beverages, or ready-to-drink spirits
5 beverages are prohibited if the shipment is not specifically authorized and in
6 compliance with sections 277–280 of this subchapter.

7 (2) Any person who knowingly makes, participates in, imports, or
8 receives a direct shipment of malt or beverages, vinous beverages, or ready-to-
9 drink spirits beverages from a person who does not hold a license, permit, or
10 certificate pursuant to sections 226 or 277–280 of this title may be fined not
11 more than \$2,500.00 or imprisoned not more than one year, or both.

12 (b) The holder of a license issued pursuant to section 277 or 278 of this
13 title or a common carrier that ships malt or beverages, vinous beverages, or
14 ready-to-drink spirits beverages to an individual under 21 years of age shall be
15 fined not less than \$1,000.00 or more than \$3,000.00 or imprisoned not more
16 than two years, or both.

17

1 ~~Sec. 24, 7 V.S.A., § 421 is amended to read:~~

2 ~~§ 421. TAX ON MALT AND BEVERAGES, VINOUS BEVERAGES,~~
3 ~~FORTIFIED WINES, AND READY-TO-DRINK SPIRITS~~
4 ~~BEVERAGES~~

5 (a)(1) Every packager and wholesale dealer shall pay to the Commissioner
6 of Taxes the sum of 26 and one-half cents per gallon for every gallon or its
7 equivalent of malt beverages containing not more than six percent of alcohol
8 by volume at 60 degrees Fahrenheit sold by them to retailers in the State and
9 the sum of 55 cents per gallon for each gallon of the following beverages sold
10 by them to retailers of the State:

11 (A) malt beverages containing more than six percent of alcohol by
12 volume at 60 degrees Fahrenheit ~~and each gallon of;~~

13 (B) ~~vinous beverages sold by them to retailers in the State and~~
14 fortified wines; and

15 (C) ready-to-drink spirits beverages.

16 (2) A manufacturer or rectifier of malt ~~or beverages~~, vinous beverages,
17 fortified wines, or ready-to-drink spirits beverages shall pay the taxes required
18 by this subsection to the Commissioner of Taxes for all malt ~~and beverages~~,
19 vinous beverages, fortified wines, and ready-to-drink spirits beverages
20 ~~manufactured or rectified by them and sold at retail.~~

1 ~~(b) A packager or wholesale dealer may sell malt or beverages, vinous
2 beverages, fortified wines, or ready-to-drink spirits beverages to any duly
3 authorized agency of the U.S. Armed Forces on any U.S. Armed Forces'
4 installation presently existing in the State or ~~which~~ that may in the future be
5 established as though to a retail dealer but without the payment of the
6 gallonage tax, subject to the filing of the returns as provided in subsection (c)
7 of this section.~~

8 (c)(1) For the purpose of ascertaining the amount of tax, on the filing dates
9 set out in subdivision (2) of this subsection according to tax liability, each
10 packager, wholesale dealer, manufacturer, or rectifier shall transmit to the
11 Commissioner of Taxes, upon a form prepared and furnished by the
12 Commissioner, a statement or return under oath or affirmation showing the
13 quantity of malt ~~and~~ beverages, vinous beverages, fortified wines, and ready-
14 to-drink spirits beverages sold by the packager, wholesale dealer,
15 manufacturer, or rectifier during the preceding filing period, and report any
16 other information requested by the Commissioner accompanied by payment of
17 the tax required by this section. The amount of tax computed under subsection
18 (a) of this section shall be rounded to the nearest whole cent. At the same time
19 this form is due, each packager, wholesale dealer, manufacturer, or rectifier
20 also shall transmit to the Commissioner in electronic format a separate report
21 ~~showing the description, quantity, and price of malt and beverages, vinous~~

1 ~~beverages, fortified wines, and ready-to-drink spirits beverages sold by the~~
2 ~~packager, wholesale dealer, manufacturer, or rectifier to each retail dealer as~~
3 ~~defined in section 2 of this title; provided, however, for direct sales to retail~~
4 ~~dealers by manufacturers or rectifiers of vinous beverages or ready-to-drink~~
5 ~~spirits beverages, the report required by this subsection may be submitted in a~~
6 ~~nonelectronic format.~~

7 * * *

8 Sec. 35. 7 V.S.A. § 422 is amended to read:

9 § 422. TAX ON SPIRITS AND FORTIFIED WINES

10 (a) A tax of five percent is assessed on the gross revenue from the sale of
11 ~~spirits and fortified wines~~ in the State of Vermont by the Board of Liquor and
12 Lottery or the retail sale of ~~spirits and fortified wines~~ in Vermont by a
13 manufacturer or rectifier of ~~spirits or fortified wines~~, in accordance with the
14 provisions of this title.

15 (b) The retail sales of ~~spirits and fortified wines~~ made by a manufacturer or
16 rectifier at a fourth-class or farmers' market license location shall be included
17 in the gross revenue of a seller under this section, but only to the extent that
18 the sales are of the manufacturer's or rectifier's own products, and not
19 ~~products purchased from other manufacturers and rectifiers.~~

1 ~~Sec. 36. 7 V.S.A. § 423 is amended to read:~~

2 § 423. RULES

3 * * *

4 (b) Notwithstanding subsection (a) of this section, where the spirits and
5 ~~fortified wines~~ tax liability of a manufacturer or rectifier under section 422 of
6 this title for the immediately preceding full calendar year has been (or would
7 have been in cases when the business was not operating for the entire year)
8 \$1,000.00 or less, the tax imposed on the manufacturer or rectifier by
9 section 422 of this title shall be due and payable in one annual payment on or
10 before the 25th day of January. Where the spirits and ~~fortified wines~~ tax
11 liability of a manufacturer or rectifier under section 422 of this title for the
12 immediately preceding full calendar year has been (or would have been in
13 cases when the business was not operating for the entire year) more than
14 \$1,000.00, the tax imposed on the manufacturer or rectifier by section 422 of
15 this title shall be due and payable in quarterly installments on or before the
16 25th day of the calendar month succeeding the quarter ending the last day of
17 March, June, September, and December of each year.

18 Sec. 37. 7 V.S.A. § 651 is amended to read:

19 § 651. SOLICITING ORDERS

20 A person who, for himself or herself or as agent, takes or solicits orders for
21 ~~the sale of malt or beverages, vinous beverages, fortified wines, or ready-to-~~

1 ~~drink spirits beverages, except for licenses or from agencies of the~~
2 U.S. Armed Forces as specified in section 421 of this title, or of spirits or
3 fortified wines shall be imprisoned not more than six months or fined not more
4 than \$500.00 nor less than \$100.00, or both.

5 Sec. 38. 7 V.S.A. § 656 is amended to read:

6 § 656. PERSON 16 YEARS OF AGE OR OLDER AND UNDER 21 YEARS
7 OF AGE MISREPRESENTING AGE, PROCURING, POSSESSING,
8 OR CONSUMING ALCOHOLIC BEVERAGES; CIVIL
9 VIOLATION

10 (a) Prohibited conduct; offense.

11 (1) Prohibited conduct. A person 16 years of age or older and under 21
12 years of age shall not:

13 (A) Falsely represent ~~his or her~~ the person's age for the purpose of
14 procuring or attempting to procure malt or vinous beverages, ready-to-drink
15 spirits beverages, spirits, or fortified wines from any licensee, State liquor
16 agency, or other person or persons.

17 (B) Possess malt or vinous beverages, ready-to-drink spirits
18 beverages, spirits, or fortified wines for the purpose of consumption by
19 ~~himself or herself~~ the person or other minors, except in the regular
20 performance of duties as an employee of a licensee licensed to sell alcoholic
21 liquor.

1 ~~(C) Consume malt or vinous beverages, ready to drink spirits~~
2 ~~beverages, spirits, or fortified wines. A violation of this subdivision may be~~
3 ~~prosecuted in a jurisdiction where the minor has consumed malt or vinous~~
4 ~~beverages, fortified wines, ready-to-drink spirits beverages, spirits, or fortified~~
5 ~~wines or in a jurisdiction where the indicators of consumption are observed.~~

6 * * *

7 Sec. 39. 7 V.S.A. § 701 is amended to read:

8 § 701. DEFINITIONS

9 Except as otherwise provided pursuant to section 752 of this chapter, as
10 used in this chapter:

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

17 (2) "Franchise" or "agreement" ~~shall mean~~ means one or more of the
18 following:

19 * * *

20 (B) a relationship that has been in existence for at least one year in
21 ~~which the wholesale dealer is granted the right to offer and sell the brands of~~

1 ~~malt beverages or vinous beverages, fortified wines, or ready-to-drink spirits~~
2 beverages offered by the certificate of approval holder or manufacturer;

3 * * *

4 (E) a relationship that has been in existence for at least one year in
5 which the wholesale dealer's business is substantially reliant on the certificate
6 of approval holder or manufacturer for the continued supply of malt beverages
7 ~~or~~, vinous beverages, fortified wines, or ready-to-drink spirits beverages; or

8 * * *

9 (3) "Franchisee" means ~~any malt beverages or~~, vinous beverages,
10 fortified wines, or ready-to-drink spirits beverages wholesale dealer to whom a
11 franchise or agreement as defined in this section is granted or offered, or any
12 malt beverages ~~or~~, vinous beverages, fortified wines, or ready-to-drink spirits
13 beverages certificate of approval holder or manufacturer who is a party to a
14 franchise or agreement as defined in this section.

15 (4) "Franchisor" means any malt beverages ~~or~~, vinous beverages,
16 fortified wines, or ready-to-drink spirits beverages certificate of approval
17 holder or manufacturer who enters into any franchise or agreement with a malt
18 beverages ~~or~~, vinous beverages, or fortified wines wholesale dealer, or any
19 malt beverages ~~or~~, vinous beverages, or fortified wines certificate of approval
20 holder or manufacturer who is a party to a franchise or agreement as defined in
21 ~~this section.~~

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* * *

Sec. 40. 7 V.S.A. § 702 is amended to read:

§ 702. PROHIBITED ACTS BY MANUFACTURER OR CERTIFICATE OF
APPROVAL HOLDER

A manufacturer or certificate of approval holder shall not do any of the
following:

* * *

(2) Induce or coerce, or attempt to induce or coerce, any wholesale
dealer to do any illegal act or thing by threatening to cancel or terminate the
wholesale dealer's malt beverages or, vinous beverages, fortified wines, or
ready-to-drink spirits beverages franchise agreement.

(3) Fail or refuse to deliver promptly to a wholesale dealer after the
receipt of its order any malt beverages or, vinous beverages, fortified wines, or
ready-to-drink spirits beverages when the product is available for immediate
sale. If a manufacturer or certificate of approval holder believes in good faith
that it does not have a sufficient amount of a product available for immediate
sale to satisfy the demand of a wholesale dealer and its other customers, it
shall allocate the available product between the wholesale dealer and its other
customers in a fair and equitable manner.

1 ~~Sec. 41. 7 V.S.A. § 705 is amended to read:~~

2 § 705. EXCLUSIVE TERRITORIES

3 No certificate of approval holder or manufacturer, who designates a sales
4 territory for which a wholesale dealer shall be primarily responsible or in
5 which a wholesale dealer is required to concentrate its efforts, shall enter into
6 any franchise or agreement with any other wholesale dealer for the purpose of
7 establishing an additional franchisee for its brand or brands of malt beverages
8 ~~or~~, vinous beverages, fortified wines, or ready-to-drink spirits beverages in the
9 territory being primarily served or concentrated upon by the first licensed
10 wholesale dealer.

11 Sec. 42. 7 V.S.A. § 706 is amended to read:

12 § 706. SALE TO RETAILERS BY FRANCHISEES

13 No franchisee that is granted a sales territory for which the franchisee shall
14 be primarily responsible or in which the franchisee is required to concentrate
15 its efforts shall make any sale or delivery of malt beverages ~~or~~, vinous
16 beverages, fortified wines, or ready-to-drink spirits beverages to any retail
17 licensee whose place of business is not within the sales territory granted to the
18 franchisee.

19 Sec. 43. 10 V.S.A. § 1521 is amended to read:

20 § 1521. DEFINITIONS

21 ~~For the purpose of As used in this chapter.~~

1 ~~(1) "Beverage" means beer or other malt beverages and mineral waters,~~
2 ~~mixed wine drink, soda water and carbonated soft drinks in liquid form and~~
3 ~~intended for human consumption. As of January 1, 1990 "beverage" also shall~~
4 ~~mean "Beverage" also means liquor and ready-to-drink spirits beverage.~~

5 * * *

6 Sec. 44. REPEAL

7 7 V.S.A. § 225 (fortified wine permits) is repealed.

Sec. 44a. TRANSFER TO GENERAL FUND

(a) In fiscal year 2023, a minimum of \$20,400,000.00 shall be transferred from the Liquor Control Enterprise Fund to the General Fund. The amount transferred pursuant to this subsection shall include any amounts transferred pursuant to the fiscal year 2023 annual budget bill.

(b) In fiscal year 2024, a minimum of \$21,200,000.00 shall be transferred from the Liquor Control Enterprise Fund to the General Fund.

(c) It is the intent of the General Assembly that for each year after fiscal year 2024 the amounts transferred from the Liquor Control Enterprise Fund to the General Fund shall annually increase according to the growth rate of liquor tax revenues in the most recent January Consensus Revenue Forecast.

8 * * * DLL Criminal Background Checks * * *

9 Sec. 45. 7 V.S.A. § 215 is added to read:

10 ~~§ 215. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS~~

1 ~~Subject to the approval of the Board, the Commissioner shall establish a~~
2 ~~user agreement with the Vermont Crime Information Center in accordance~~
3 ~~with 20 V.S.A. chapter 117 for the purpose of obtaining Vermont criminal~~
4 ~~history records, out-of-state criminal history records, and criminal history~~
5 ~~records from the Federal Bureau of Investigation to review applications for~~
6 ~~any liquor or tobacco license issued under this title.~~

7 Sec. 46. 31 V.S.A. § 655 is amended to read:

8 § 655. DUTIES OF THE COMMISSIONER

9 * * *

10 (b) The Commissioner shall:

11 * * *

12 (7) Subject to the approval of the Board, establish a user agreement with
13 the Vermont Crime Information Center in accordance with 20 V.S.A. chapter
14 117 for the purpose of obtaining Vermont criminal history records, out-of-state
15 criminal history records, and criminal history records from the Federal Bureau
16 of Investigation to review applications for any Lottery sales agent license
17 issued under this title.

18 * * * Appointment of One Deputy Commissioner * * *

19 Sec. 47. 7 V.S.A. § 101 is amended to read:

20 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF

21 ~~LIQUOR AND LOTTERY; BOARD OF LIQUOR AND LOTTERY~~

1 ~~(e)(1) The Department of Liquor and Lottery, created by 3 V.S.A. § 212,~~
2 shall administer the laws relating to alcoholic beverages, tobacco, and the State
3 Lottery. It shall include the Commissioner of Liquor and Lottery and the
4 Board of Liquor and Lottery.

5 * * *

6 (3)(A) The Department of Liquor and Lottery shall be under the
7 immediate supervision and direction of the Commissioner of Liquor and
8 Lottery.

9 * * *

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

16 * * *

17 * * * Expansion of Rare Spirits Raffle * * *

18 Sec. 48. 7 V.S.A. § 5 is amended to read:

19 § 5. DIVISION OF LIQUOR CONTROL; RAFFLES FOR RIGHT TO

20 ~~PURCHASE RARE AND UNUSUAL PRODUCTS SPIRITS~~

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

6 (1) Tickets to enter the raffle shall only be available for purchase to a
7 member of the general public, or to a third-class licensee by and through an
8 authorized agent, who is 21 years of age or older.

9 * * *

10 * * * Staggered Licenses * * *

11 Sec. 49. TRANSITIONAL PROVISION; STAGGERED LICENSE

12 RENEWAL

13 The Department of Liquor and Lottery may extend the expiration date and
14 stagger the issuance or renewal of permits, licenses, and certificates that are set
15 to expire in the years 2022 and 2023. Permits, licenses, and certificates that
16 are renewed on April 30, 2022 shall remain valid for one year or until a later
17 renewal date designated by the Department.

18 * * * Effective Dates * * *

19 Sec. 50. EFFECTIVE DATES

20 (a) This section and Sec. 49 (transitional provision; staggered license
21 renewal) shall take effect on passage.

1

~~(b) All other sections shall take effect on July 1, 2022.~~

** * * Ready-to-Drink Spirits Beverages; Ciders * * **

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

§ 2. DEFINITIONS

As used in this title:

** * **

(2) “Alcoholic beverages” means malt beverages, vinous beverages, spirits, ready-to-drink spirits beverages, and fortified wines.

** * **

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

** * **

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

(16) “First-class license” means a license permitting the licensee to sell malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages to

the public for consumption only on the premises for which the license is granted.

* * *

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

* * *

(25) “Malt beverages” means all fermented beverages of any name or description manufactured for sale from malt, wholly or in part, or from any substitute therefor, known as, among other things, beer, ale, or lager, containing not less than one percent nor more than 16 percent alcohol by volume at 60 degrees Fahrenheit.

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

* * *

(31) “Ready-to-drink spirits beverage” means an alcoholic beverage containing more than one percent alcohol by volume and not more than 12 percent alcohol by volume at 60 degrees Fahrenheit obtained by

distillation, by chemical synthesis, or through concentration by freezing and mixed with nonalcoholic beverages, flavoring, or coloring materials. Ready-to-drink spirits beverages may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, preservatives, and other ingredients. “Ready-to-drink spirits beverage” shall not include a beverage that is packaged in containers greater than 24 fluid ounces in volume.

(32) “Request-to-cater permit” means a permit granted by the Division of Liquor Control authorizing a licensed caterer or commercial caterer to cater individual events.

(32)(33) “Retail dealer” means any person who sells or furnishes malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages to the public.

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

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

~~(35)~~(36) *“Second-class license” means a license permitting the licensee to export and to sell malt beverages ~~and~~, vinous beverages, or ready-to-drink spirits beverages to the public for consumption off the premises for which the license is granted.*

~~(36)~~(37) *“Special event permit” means a permit granted by the Division of Liquor Control permitting a licensed manufacturer or rectifier to sell, by the glass or by the unopened bottle, alcoholic beverages manufactured or rectified by the license holder at an event open to the public that has been approved by the local control commissioners.*

~~(37)~~(38) *“Special venue serving permit” means a permit granted by the Division of Liquor Control permitting an art gallery, bookstore, public library, or museum to conduct an event at which malt or vinous beverages, or both, are served by the glass to the public. As used in this section, “art gallery” means a fixed establishment whose primary purpose is to exhibit or offer for sale works of art; “bookstore” means a fixed establishment whose primary purpose is to offer books for sale; “public library” has the same meaning as in 22 V.S.A. § 101; and “museum” has the same meaning as in 27 V.S.A. § 1151.*

~~(38)~~(39) *“Specialty beer” means a malt beverage that contains more than eight percent alcohol and not more than 16 percent alcohol by volume at 60 degrees Fahrenheit.*

~~(39)~~(40) “Spirits” means beverages that contain more than one percent alcohol obtained by distillation, by chemical synthesis, or through concentration by freezing; vinous beverages containing more than 23 percent alcohol; and malt beverages containing more than 16 percent alcohol by volume at 60 degrees Fahrenheit. “Spirits” also means a ready-to-drink spirits beverage that contains more than 12 percent alcohol by volume at 60 degrees Fahrenheit or is packaged in containers greater than 24 fluid ounces in volume.

~~(40)~~(41) “Third-class license” means a license granted by the Board of Liquor and Lottery permitting the licensee to sell spirits and fortified wines for consumption only on the premises for which the license is granted.

~~(41)~~(42) “Vinous beverages” means all fermented beverages of any name or description manufactured or obtained for sale from the natural sugar content of fruits or other agricultural product, containing sugar, the total alcoholic content of which is not less than one percent nor more than 16 percent by volume at 60 degrees Fahrenheit.

~~(42)~~(43) “Wholesale dealer’s license” means a license granted by the Board of Liquor and Lottery permitting the holder to sell or distribute malt ~~and beverages~~, vinous beverages, and ready-to-drink spirits beverages to first- and second-class licensees, to educational sampling event permit holders, and to agencies of the United States.

(44) "Cider" means a vinous beverage, made a majority from the fermented natural sugar content of apples or pears, that contains an alcoholic content of not less than one percent or more than 16 percent by volume at 60 degrees Fahrenheit. "Cider" includes sweetened, flavored, and carbonated cider.

Sec. 2. 7 V.S.A. § 62 is amended to read:

§ 62. HOURS OF SALE

(a) First- or first- and third-class licensees, or festival, special event, or educational sampling event permit holders may sell alcoholic beverages between the hours of 8:00 a.m. and 2:00 a.m. the next morning.

(b)(1) Second-class licensees may sell malt ~~and~~ beverages, vinous beverages and ready-to-drink spirits beverages between the hours of 6:00 a.m. and 12:00 midnight.

* * *

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

§ 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;

PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

(a)(1) All spirits and fortified wines imported or transported into this State shall be imported or transported by and through the Board of Liquor and Lottery. A person importing or transporting or causing to be imported or transported into this State any spirits or fortified wines, or both, in violation of

this section shall be imprisoned not more than one year or fined not more than \$5,000.00, or both.

(2) Notwithstanding subdivision (1) of this subsection, a person may import or transport not more than eight quarts of spirits or fortified wines, or both, into this State in ~~his or her~~ the person's own private vehicle or in his or her actual possession at the time of importation without a license or permit, provided the beverages are not for resale.

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

(2) Notwithstanding subdivision (1) of this subsection, a person may import or transport not more than six gallons of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages, or both a combination of malt beverages, vinous beverages, and ready-to-drink spirits beverages, into this

State in ~~his or her~~ the person's own private vehicle or in ~~his or her~~ the person's actual possession at the time of importation without a license or permit, provided the beverages are not for resale.

Sec. 4. 7 V.S.A. § 104 is amended to read:

§ 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

** * **

(11) Adopt rules regarding intrastate transportation of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages.

** * **

Sec. 5. 7 V.S.A. § 161 is amended to read:

§ 161. LICENSES VOTED BY TOWN; TOWN MEETINGS; WARNING

(a) Upon petition of not less than five percent of the legal voters of any town, filed with the town clerk in conformance with 17 V.S.A. § 2642, the warning of the annual or special meeting shall contain an article providing for a vote upon the following questions:

Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages be granted in this town?

Shall spirits and fortified wines be sold in this town?

The vote under the article shall be by ballot in the following form:

Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages be granted in this town?

Yes ___ No ___

Shall spirits and fortified wines be sold in this town?

Yes ___ No ___

(b) Licenses and permits for the sale of malt ~~and~~ beverages, vinous beverages, ready-to-drink spirits beverages, and spirits and fortified wines shall be issued according to the vote at the annual town meeting held in March 1969 until a town votes otherwise.

Sec. 6. 7 V.S.A. § 201 is amended to read:

§ 201. LICENSES CONTINGENT ON TOWN VOTE

Licenses of the first or second class shall not be granted by the control commissioners or the Board of Liquor and Lottery to be exercised in any city or town, the voters of which vote "No" on the question of whether to permit the sale of malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages pursuant to section 161 of this title. Licenses of the third class shall not be granted by the Board of Liquor and Lottery to be exercised in any city or town, the voters of which vote "No" on the question of whether to sell fortified wines and spirits pursuant to section 161 of this title.

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

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

(a) The following fees shall be paid when applying for a new license or permit or to renew a license or permit:

(1) For a manufacturer's or rectifier's license to manufacture or rectify malt beverages, or vinous beverages and fortified wines, or spirits—~~and~~ fortified wines, and ready-to-drink spirits beverages, \$285.00 for each license.

** * **

(7) For a shipping license for malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages:

(A) in-state consumer shipping license, \$330.00~~;~~

(B) out-of-state consumer shipping license, \$330.00~~;~~

(C) vinous beverages retail shipping license, \$250.00.

** * **

(16) For a certificate of approval:

(A) for malt beverages, \$2,485.00;

(B) for vinous beverages, \$985.00~~;~~

(C) for ready-to-drink spirits beverages, \$985.00.

** * **

Sec. 8. 7 V.S.A. § 221 is amended to read:

§ 221. FIRST-CLASS LICENSES

* * *

(b)(1) A first-class license permits the holder to sell malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages for consumption only on those premises.

(2) Except as otherwise provided pursuant to sections 271 and 278 of this title, a first-class license holder shall purchase all malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages sold pursuant to the license from Vermont wholesale dealers or packagers.

(c) A retail dealer carrying on business in more than one place shall acquire a first-class license for each place where the retail dealer sells malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages for consumption on the premises.

* * *

Sec. 9. 7 V.S.A. § 222 is amended to read:

§ 222. SECOND-CLASS LICENSES

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

* * *

(b)(1) A second-class license permits the holder to export malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages and to sell malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages to the public from the licensed premises for consumption off the premises.

* * *

(3) Except as otherwise provided pursuant to sections 225, 271, and 278 of this title, a second-class license holder shall purchase all malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages sold pursuant to its license from Vermont wholesale dealers or packagers.

(c) A retail dealer carrying on business in more than one place shall be required to acquire a second-class license for each place where the retail dealer sells malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages.

* * *

Sec. 10. 7 V.S.A. § 224 is amended to read:

§ 224. FOURTH-CLASS LICENSES

* * *

(b) At each licensed location, a fourth-class licensee may sell by the unopened container or distribute by the glass, with or without charge, alcoholic beverages manufactured by the licensee.

(1) A licensee may, for consumption at the licensed premises or location,

distribute the following amounts of alcoholic beverages to a retail customer:

(A) ~~no~~ not more than two ounces of malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages with a total of eight ounces; and

** * **

Sec. 11. 7 V.S.A. § 226 is amended to read:

§ 226. RETAIL DELIVERY PERMITS

** * **

(b) A retail delivery permit holder may deliver malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages sold from the licensed premises for consumption off the premises to an individual who is 21 years of age or older subject to the following requirements:

** * **

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

(5) Malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages delivered pursuant to a retail delivery permit shall be for personal use and not for resale.

Sec. 12. 7 V.S.A. § 228 is amended to read:

§ 228. *SAMPLER FLIGHTS*

(a) *The holder of a first-class license may serve a sampler flight of up to 32 ounces in the aggregate of malt beverages or ciders to a single customer at one time.*

(b) *The holder of a first-class license may serve a sampler flight of up to 12 ounces in the aggregate of vinous beverages or ready-to-drink spirits beverages to a single customer at one time.*

* * *

Sec. 13. 7 V.S.A. § 251 is amended to read:

§ 251. *EDUCATIONAL SAMPLING EVENT PERMIT*

* * *

(b) *An educational sampling event permit holder is permitted to conduct an event that is open to the public at which malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, spirits, or all ~~four~~ five are served only for the purposes of marketing and educational sampling.*

* * *

(d) *The permit holder shall ensure all the following:*

(1) *Attendees at the educational sampling event shall be required to pay an entry fee of ~~no~~ not less than \$5.00.*

(2)(A) ~~Malt beverages or,~~ vinous beverages, or ready-to-drink spirits beverages for sampling shall be offered in glasses that contain ~~no~~ not more than two ounces of either beverage.

* * *

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

* * *

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

(4) fortified wines: \$19.80 per gallon served; and

(5) ready-to-drink spirits beverages: \$1.10 per gallon served.

Sec. 14. 7 V.S.A. § 252 is amended to read:

§ 252. SPECIAL EVENT PERMITS

* * *

(b)(1) A special event permit holder may sell alcoholic beverages manufactured or rectified by the permit holder by the glass within the event boundaries or the unopened bottle.

(2) For purposes of tasting, a special event permit holder may distribute beverages manufactured or rectified by the permit holder with or without charge, provided the beverages are distributed:

(A) by the glass; and

(B) in quantities of ~~no~~ not more than two ounces per product and

eight ounces total of malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages and ~~no~~ not more than one ounce in total of spirits or fortified wines to each individual.

* * *

Sec. 15. 7 V.S.A. § 253 is amended to read:

§ 253. FESTIVAL PERMITS

* * *

(b) A festival required to be permitted under this section is any event that is open to the public for which the primary purpose is to serve one or more of the following: malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, or spirits.

(c) A festival permit holder is permitted to conduct an event that is open to the public at which one or more of the following are served: malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, or spirits.

(d) The permit holder shall ensure the following:

* * *

(2)(A) Malt beverages and ciders for sampling shall be offered in glasses that contain not more than 12 ounces, with not more than 60 ounces served to any patron at one event.

(B) Vinous beverages or ready-to-drink spirits beverages for sampling shall be offered in glasses that contain not more than five ounces

with not more than 25 ounces served to any patron at one event.

** * **

(E) Patrons attending a festival where combinations of malt beverages, vinous beverages, ready-to-drink spirits beverages, fortified wines, or spirits are mutually sampled shall not be served more than a combined total of six U.S. standard drinks containing 3.6 fluid ounces or 84 grams of pure ethyl alcohol.

** * **

(e)(1) A festival permit holder may purchase invoiced volumes of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages directly from a manufacturer or packager licensed in Vermont or a manufacturer or packager that holds a federal Basic Permit or Brewers Notice or evidence of licensure in a foreign country that is satisfactory to the Board.

(2) The invoiced volumes of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages may be transported to the site and sold by the glass to the public by the permit holder or its employees and volunteers only during the event.

(f) A festival permit holder shall be subject to the provisions of this title, including section 214 of this title, and the rules of the Board regarding the sale of the alcoholic beverages and shall pay the tax on the malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages pursuant to section 421

of this title.

* * *

Sec. 16. 7 V.S.A. § 254 is amended to read:

§ 254. SPECIAL VENUE SERVING PERMITS

* * *

(b) A permit holder may purchase malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages directly from a licensed retailer.

* * *

(d) A public library or museum may only be granted a permit pursuant to this section for an event held for a charitable or educational purpose at which malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages will be served for a period of not more than six hours.

Sec. 17. 7 V.S.A. § 255 is amended to read:

§ 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

* * *

(b) The Division may grant the following alcoholic beverage tasting permits to the following types of licensees:

(1) A second-class licensee.

(A) The permit authorizes the employees of the second-class licensee or of a designated manufacturer or rectifier to dispense to each customer of legal age on the licensee's premises malt ~~or~~ beverages, vinous beverages, or

ready-to-drink spirits beverages by the glass not to exceed two ounces of each beverage with a total of eight ounces of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages.

(B) Malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages dispensed at the tasting event shall be from the inventory of the licensee or purchased from a wholesale dealer.

* * *

(2) A licensed manufacturer or rectifier of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages.

(A) The permit authorizes the licensed manufacturer or rectifier to dispense to each customer of legal age for consumption on the premises of a second-class licensee beverages produced by the manufacturer or rectifier by the glass not to exceed two ounces of each beverage with a total of eight ounces of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages.

* * *

(3) A licensed wholesale dealer. The permit authorizes a licensed wholesale dealer to dispense malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages for promotional purposes at the wholesale dealer's premises without charge to invited employees of first-, second-, and third-class licensees, provided the invited employees are of legal age.

(c) A vinous beverage, ready-to-drink spirits beverage, or malt beverage tasting event held pursuant to subsection (b) of this section, not including an alcoholic beverage tasting conducted on the premises of the manufacturer or rectifier, shall comply with the following:

(1) continue for ~~no~~ not more than six hours, with ~~no~~ not more than six beverages to be offered at a single event, and ~~no~~ not more than two ounces of any single beverage and ~~no~~ not more than a total of eight ounces of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages to be dispensed to a customer;

* * *

Sec. 18. 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, two ounces per person of vinous ~~or~~ beverages, malt beverages, or ready-to-drink spirits beverages for the purpose of promoting the beverage.

* * *

(b)(1) At the request of a holder of a wholesale dealer's license, a first-class licensee may dispense malt ~~or~~ beverages, vinous beverages, or ready-to-

drink spirits beverages for promotional purposes without charge to invited management and staff of first-, second-, or third-class licensees, provided they are of legal age.

* * *

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

* * *

(4) No malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages shall be left behind at the conclusion of the tasting.

* * *

Sec. 19. 7 V.S.A. § 257 is amended to read:

§ 257. TASTINGS FOR PRODUCT QUALITY ASSURANCE

* * *

(b) Each sample of malt beverages ~~or,~~ vinous beverages, or ready-to-drink spirits beverages shall be ~~no~~ not larger than two ounces, and each sample of spirits or fortified wines shall be ~~no~~ not larger than one-quarter ounce.

* * *

Sec. 20. 7 V.S.A. § 271 is amended to read:

§ 271. MANUFACTURER'S OR RECTIFIER'S LICENSE

(a)(1) The Board of Liquor and Lottery may grant a manufacturer's or rectifier's license upon application and payment of the fee provided in section 204 of this title that permits the license holder to operate a facility that manufactures or rectifies:

(A) malt beverages;

(B) vinous beverages and fortified wines; or

(C) spirits, ready-to-drink spirits beverages, and fortified wines.

** * **

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

** * **

(2) malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits beverages may be manufactured or rectified for sale to packagers or wholesale dealers, or for export, or both.

(c) A licensed manufacturer of vinous beverages or fortified wines, or both, may receive from another manufacturer licensed in or outside this State bulk shipments of vinous beverages to rectify with the licensee's own product, provided that the vinous beverages or fortified wines produced by the licensed manufacturer may contain ~~no~~ not more than 25 percent imported vinous beverages.

* * *

Sec. 21. 7 V.S.A. § 273 is amended to read:

§ 273. WHOLESALE DEALER'S LICENSE

* * *

(b) A wholesale dealer's license holder may distribute or sell malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages to first- and second-class licensees and holders of educational sampling event permits.

* * *

Sec. 22. 7 V.S.A. § 274 is amended to read:

§ 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT

~~OR BEVERAGES, VINOUS BEVERAGES,~~

OR READY-TO DRINK SPIRITS BEVERAGES

(a) The Board of Liquor and Lottery may grant to a manufacturer or distributor of malt ~~or beverages, vinous beverages, or ready-to-drink spirits beverages~~ that is not licensed under the provisions of this title a certificate of approval if the manufacturer or distributor does all of the following:

* * *

(b) A certificate of approval shall permit the holder to export malt ~~or beverages, vinous beverages, or ready-to-drink spirits beverages~~ or sell malt ~~or beverages, vinous beverages, or ready-to-drink spirits beverages~~ to holders of packagers' or wholesale dealers' licenses issued under section 272 or 273

of this title, or both.

(c) A holder of a packager's or a wholesale dealer's license issued under this title shall not purchase within or outside the State, or import or cause to be imported into the State, any malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages unless the person, manufacturer, or distributor from which the beverages are obtained holds a valid certificate of approval or packager's license.

* * *

Sec. 23. 7 V.S.A. § 275 is amended to read:

§ 275. SOLICITOR'S LICENSE

* * *

(b) A solicitor's license holder may, by canvassing or interviewing holders of licenses issued under the provisions of this title:

(1) solicit orders for and promote the sale of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages; and

(2) promote the sale of spirits and fortified wines.

* * *

(d) A person who solicits, or attempts to solicit, orders for malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages; or promotes, or attempts to promote, the sale of malt or vinous beverages, ready-to-drink spirits beverages, spirits, or fortified wines by canvassing or interviewing a

holder of a license issued under the provisions of this title, without having first obtained a solicitor's license as provided in this section, or who makes a false or fraudulent statement or representation in an application for the license or in connection with an application shall be imprisoned not more than six months or fined not more than \$500.00, or both.

Sec. 24. 7 V.S.A. § 277 is amended to read:

§ 277. MALT AND, VINOUS, AND READY-TO-DRINK SPIRITS

BEVERAGE CONSUMER SHIPPING LICENSE

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

** * **

(b)(1) A manufacturer or rectifier of malt ~~or beverages,~~ vinous beverages, or ready-to-drink spirits beverages licensed in another state that operates a brewery ~~or,~~ winery, or distillery in the United States and holds valid state and federal permits and licenses may be granted an out-of-state consumer shipping license by filing with the Division of Liquor Control an application in a form required by the Commissioner accompanied by copies of the applicant's

current out-of-state manufacturer's license and the fee provided in section 204 of this title.

** * **

(c)(1) A consumer shipping license granted pursuant to this section shall permit the licensee to ship malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages produced by the licensee to private residents for personal use and not for resale.

(2) A licensee shall not ship more than 12 cases of malt beverages containing ~~no~~ not more than 36 gallons of malt beverages or ~~no~~ not more than 12 cases of vinous beverages or ready-to-drink spirits beverages containing ~~no~~ not more than 29 gallons of vinous beverages or ready-to-drink spirits beverages to any one Vermont resident in any calendar year.

** * **

Sec. 25. 7 V.S.A. § 279 is amended to read:

§ 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL

REQUIREMENTS

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

** * **

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

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

(A) the total amount of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages shipped into or within the State during the preceding six months if a holder of a consumer shipping license or during the preceding 12 months if a holder of a retail shipping license;

** * **

(5) Pay to the Commissioner of Taxes the tax required pursuant to section 421 of this title on the malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages shipped pursuant to this subchapter and comply with the provisions of 32 V.S.A. chapter 233, 24 V.S.A. § 138, and any other legally authorized local sales taxes. Delivery in this State shall be deemed to constitute a sale in this State at the place of delivery and shall be subject to all appropriate taxes levied by the State of Vermont.

** * **

Sec. 26. 7 V.S.A. § 280 is amended to read:

§ 280. COMMON CARRIERS; REQUIREMENTS

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

(b) No employee of a certified common carrier may deliver malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages until that employee completes the training required pursuant to subsection 213(c) of this title.

(c) A certified common carrier shall deliver only malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages that have been shipped by the holder of a license issued under section 277 or 278 of this subchapter or vinous beverages that have been shipped by the holder of a vinous beverage storage license issued under section 283 of this subchapter.

Sec. 27. 7 V.S.A. § 281 is amended to read:

§ 281. PROHIBITIONS

(a)(1) Except as otherwise provided in section 226 of this title, direct shipments of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages are prohibited if the shipment is not specifically authorized and in compliance with sections 277–280 of this subchapter.

(2) Any person who knowingly makes, participates in, imports, or receives a direct shipment of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages from a person who does not hold a license, permit, or certificate pursuant to sections 226 or 277–280 of this title may be fined not more than \$2,500.00 or imprisoned not more than one year, or both.

(b) The holder of a license issued pursuant to section 277 or 278 of this

title or a common carrier that ships malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages to an individual under 21 years of age shall be fined not less than \$1,000.00 or more than \$3,000.00 or imprisoned not more than two years, or both.

* * *

** * * Tax on ready-to-drink spirits beverages; effective July 1, 2022 * * **

Sec. 28. 7 V.S.A. § 421 is amended to read:

§ 421. TAX ON MALT AND VINOUS BEVERAGES

(a) Every packager and wholesale dealer shall pay to the Commissioner of Taxes:

(1) the sum of 26 and one-half cents per gallon for every gallon or its equivalent of malt beverages containing not more than six percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the State ~~and~~;

(2) the sum of 55 cents per gallon for each gallon of:

(A) malt beverages containing more than six percent of alcohol by volume at 60 degrees Fahrenheit; and each gallon of

(B) vinous beverages sold by them to retailers in the State; and

(3) the sum of \$1.10 per gallon of ready-to-drink spirits beverages sold by them to retailers in the State.

(b) A manufacturer or rectifier of malt beverages, ~~or~~ vinous beverages, or ready-to-drink spirits beverages shall pay the taxes required by this subsection

to the Commissioner of Taxes for all malt and vinous beverages manufactured or rectified by them and sold at retail.

~~(b)(c)~~ A packager or wholesale dealer may sell malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages to any duly authorized agency of the U.S. Armed Forces on any U.S. Armed Forces' installation presently existing in the State or ~~which~~ that may in the future be established as though to a retail dealer but without the payment of the gallonage tax, subject to the filing of the returns as provided in subsection (c) of this section.

~~(e)(1)(d)(1)~~ For the purpose of ascertaining the amount of tax, on the filing dates set out in subdivision (2) of this subsection according to tax liability, each packager, wholesale dealer, manufacturer, or rectifier shall transmit to the Commissioner of Taxes, upon a form prepared and furnished by the Commissioner, a statement or return under oath or affirmation showing the quantity of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages sold by the packager, wholesale dealer, manufacturer, or rectifier during the preceding filing period, and report any other information requested by the Commissioner accompanied by payment of the tax required by this section. The amount of tax computed under subsection (a) of this section shall be rounded to the nearest whole cent. At the same time this form is due, each packager, wholesale dealer, manufacturer, or rectifier also shall transmit to the Commissioner in electronic format a separate report showing the description,

quantity, and price of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages sold by the packager, wholesale dealer, manufacturer, or rectifier to each retail dealer as defined in section 2 of this title; provided, however, for direct sales to retail dealers by manufacturers or rectifiers of vinous beverages or ready-to-drink spirits beverages, the report required by this subsection may be submitted in a nonelectronic format.

** * **

** * * Tax on ciders; effective July 1, 2023 * * **

Sec. 28a. 7 V.S.A. § 421 is amended to read:

§ 421. TAX ON MALT AND VINOUS BEVERAGES

(a) Every packager and wholesale dealer shall pay to the Commissioner of Taxes:

(1) the sum of 26 and one-half cents per gallon for every gallon or its equivalent of:

(A) malt beverages containing not more than six percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the State; and

(B) ciders containing not more than seven percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the State;

(2) the sum of 55 cents per gallon for each gallon of:

(A) malt beverages containing more than six percent of alcohol by volume at 60 degrees Fahrenheit; ~~and~~

(B) ciders containing more than seven percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the State; and

(C) vinous beverages sold by them to retailers in the State; and

** * **

Sec. 29. 7 V.S.A. § 651 is amended to read:

§ 651. SOLICITING ORDERS

A person who, for himself or herself or as agent, takes or solicits orders for the sale of malt ~~or beverages~~, vinous beverages, or ready-to-drink spirits beverages, except for licensees or from agencies of the U.S. Armed Forces as specified in section 421 of this title, or of spirits or fortified wines shall be imprisoned not more than six months or fined not more than \$500.00 nor less than \$100.00, or both.

Sec. 30. 7 V.S.A. § 656 is amended to read:

*§ 656. PERSON 16 YEARS OF AGE OR OLDER AND UNDER 21 YEARS
OF AGE MISREPRESENTING AGE, PROCURING, POSSESSING,
OR CONSUMING ALCOHOLIC BEVERAGES; CIVIL
VIOLATION*

(a) Prohibited conduct; offense.

(1) Prohibited conduct. A person 16 years of age or older and under 21 years of age shall not:

(A) Falsely represent ~~his or her~~ the person's age for the purpose of

procuring or attempting to procure malt or vinous beverages, ready-to-drink spirits beverages, spirits, or fortified wines from any licensee, State liquor agency, or other person or persons.

(B) Possess malt or vinous beverages, ready-to-drink spirits beverages, spirits, or fortified wines for the purpose of consumption by ~~himself~~ ~~or herself~~ the person or other minors, except in the regular performance of duties as an employee of a licensee licensed to sell alcoholic liquor.

(C) Consume malt or vinous beverages, ready-to-drink spirits beverages, spirits, or fortified wines. A violation of this subdivision may be prosecuted in a jurisdiction where the minor has consumed malt or vinous beverages, ready-to-drink spirits beverages, spirits, or fortified wines or in a jurisdiction where the indicators of consumption are observed.

* * *

Sec. 31. 7 V.S.A. § 701 is amended to read:

§ 701. DEFINITIONS

Except as otherwise provided pursuant to section 752 of this chapter, as used in this chapter:

(1) “Certificate of approval” means an authorization by the Board of Liquor and Lottery pursuant to section 274 of this title to a manufacturer or distributor of malt beverages ~~or~~, vinous beverages, or ~~both~~, ready-to-drink spirits beverages not licensed under the provisions of this title, to sell those

beverages to holders of a packager's or wholesale dealer's license issued by the Board pursuant to section 272 or 273 of this title.

(2) "Franchise" or "agreement" shall ~~mean~~ means one or more of the following:

** * **

(B) a relationship that has been in existence for at least one year in which the wholesale dealer is granted the right to offer and sell the brands of malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages offered by the certificate of approval holder or manufacturer;

** * **

(E) a relationship that has been in existence for at least one year in which the wholesale dealer's business is substantially reliant on the certificate of approval holder or manufacturer for the continued supply of malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages; or

** * **

(3) "Franchisee" means any malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages wholesale dealer to whom a franchise or agreement as defined in this section is granted or offered, or any malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages certificate of approval holder or manufacturer who is a party to a franchise or agreement as defined in this section.

(4) “Franchisor” means any malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages certificate of approval holder or manufacturer who enters into any franchise or agreement with a malt beverages or vinous beverages wholesale dealer; or any malt beverages or vinous beverages certificate of approval holder or manufacturer who is a party to a franchise or agreement as defined in this section.

** * **

Sec. 32. 7 V.S.A. § 702 is amended to read:

*§ 702. PROHIBITED ACTS BY MANUFACTURER OR CERTIFICATE OF
APPROVAL HOLDER*

A manufacturer or certificate of approval holder shall not do any of the following:

** * **

(2) Induce or coerce, or attempt to induce or coerce, any wholesale dealer to do any illegal act or thing by threatening to cancel or terminate the wholesale dealer’s malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages franchise agreement.

(3) Fail or refuse to deliver promptly to a wholesale dealer after the receipt of its order any malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages when the product is available for immediate sale. If a manufacturer or certificate of approval holder believes in good faith that it

does not have a sufficient amount of a product available for immediate sale to satisfy the demand of a wholesale dealer and its other customers, it shall allocate the available product between the wholesale dealer and its other customers in a fair and equitable manner.

* * *

Sec. 33. 7 V.S.A. § 705 is amended to read:

§ 705. EXCLUSIVE TERRITORIES

No certificate of approval holder or manufacturer; who designates a sales territory for which a wholesale dealer shall be primarily responsible or in which a wholesale dealer is required to concentrate its efforts; shall enter into any franchise or agreement with any other wholesale dealer for the purpose of establishing an additional franchisee for its brand or brands of malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages in the territory being primarily served or concentrated upon by the first licensed wholesale dealer.

Sec. 34. 7 V.S.A. § 706 is amended to read:

§ 706. SALE TO RETAILERS BY FRANCHISEES

No franchisee that is granted a sales territory for which the franchisee shall be primarily responsible or in which the franchisee is required to concentrate its efforts shall make any sale or delivery of malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages to any retail licensee whose place of business is not within the sales territory granted to the franchisee.

Sec. 35. 10 V.S.A. § 1521 is amended to read:

§ 1521. DEFINITIONS

For the purpose of As used in this chapter:

(1) “Beverage” means beer or other malt beverages and mineral waters, mixed wine drink, soda water and carbonated soft drinks in liquid form and intended for human consumption. As of January 1, 1990 “beverage” also shall mean “Beverage” also means liquor and ready-to-drink spirits beverage.

** * **

Sec. 36. TRANSFER TO GENERAL FUND

(a) In fiscal year 2023, a minimum of \$20,400,000.00 shall be transferred from the Liquor Control Enterprise Fund to the General Fund. The amount transferred pursuant to this subsection shall include any amounts transferred pursuant to the fiscal year 2023 annual budget bill.

(b) In fiscal year 2024, a minimum of \$21,200,000.00 shall be transferred from the Liquor Control Enterprise Fund to the General Fund.

(c) It is the intent of the General Assembly that for each year after fiscal year 2024 the amounts transferred from the Liquor Control Enterprise Fund to the General Fund shall annually increase according to the growth rate of liquor tax revenues in the most recent January Consensus Revenue Forecast.

** * * DLL Criminal Background Checks * * **

Sec. 37. 7 V.S.A. § 215 is added to read:

§ 215. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

Subject to the approval of the Board, the Commissioner shall establish a user agreement with the Vermont Crime Information Center in accordance with 20 V.S.A. chapter 117 for the purpose of obtaining Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation to review applications for any liquor or tobacco license issued under this title.

Sec. 38. 31 V.S.A. § 655 is amended to read:

§ 655. DUTIES OF THE COMMISSIONER

* * *

(b) *The Commissioner shall:*

* * *

(7) Subject to the approval of the Board, establish a user agreement with the Vermont Crime Information Center in accordance with 20 V.S.A. chapter 117 for the purpose of obtaining Vermont criminal history records, out-of-state criminal history records, and criminal history records from the Federal Bureau of Investigation to review applications for any Lottery sales agent license issued under this title.

* * * *Appointment of One Deputy Commissioner* * * *

Sec. 39. 7 V.S.A. § 101 is amended to read:

§ 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF

LIQUOR AND LOTTERY; BOARD OF LIQUOR AND LOTTERY

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

** * **

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

** * **

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

** * **

** * * Expansion of Rare Spirits Raffle * * **

Sec. 40. 7 V.S.A. § 5 is amended to read:

§ 5. DIVISION OF LIQUOR CONTROL; RAFFLES FOR RIGHT TO

PURCHASE RARE AND UNUSUAL PRODUCTS SPIRITS

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

(1) Tickets to enter the raffle shall only be available for purchase to a member of the general public, or to a third-class licensee by and through an authorized agent, who is 21 years of age or older.

* * *

* * * *Staggered Licenses* * * *

Sec. 41. TRANSITIONAL PROVISION; STAGGERED LICENSE

RENEWAL

The Department of Liquor and Lottery may extend the expiration date and stagger the issuance or renewal of permits, licenses, and certificates that are set to expire in the years 2023 and 2024. Permits, licenses, and certificates that are renewed on April 30, 2023 shall remain valid for one year or until a later renewal date designated by the Department.

Sec. 42. AGENCY OF ADMINISTRATION; STUDY AND REPORT

(a) Privatization study. On or before January 15, 2024, the Agency of Administration shall submit a written report to the House Committees on Ways and Means and on General, Housing, and Military Affairs and the Senate

Committees on Economic Development, Housing and General Affairs and on Finance concerning the potential privatization of Vermont's alcoholic beverage market. The study and report shall examine the impact on State revenue, the taxation and enforcement models that could be used in a private market, and recommendations for whether the State should amend regulatory structures to implement a privatized alcoholic beverage market. The Agency of Administration shall contract with an independent third-party consultant to conduct the study required by this subsection.

(b) Appropriation. The sum of \$50,000.00 is appropriated from the General Fund to the Agency of Administration in fiscal year 2023 for the purpose of contracting with an independent third-party consultant pursuant to subsection (a) of this section.

** * * Effective Dates * * **

Sec. 43. EFFECTIVE DATES

(a) This section and Sec. 41 (transitional provision; staggered license renewal) shall take effect on passage.

(b) Sec. 28a (tax on malt and vinous beverages; ciders) shall take effect on July 1, 2023.

(c) All other sections shall take effect on July 1, 2022.