

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on General, Housing, and Military Affairs to which was
3 referred House Bill No. 313 entitled “An act relating to miscellaneous
4 amendments to alcoholic beverage laws” respectfully reports that it has
5 considered the same and recommends that the bill be amended by striking out
6 all after the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 7 V.S.A. § 6 is added to read:

8 § 6. LOW-ALCOHOL SPIRITS BEVERAGES

9 (a) As used in this section, “low-alcohol spirits beverage” means an
10 alcoholic beverage containing more than one percent alcohol by volume and
11 not more than 12 percent alcohol by volume obtained by distillation, by
12 chemical synthesis, or through concentration by freezing and mixed with
13 nonalcoholic beverages, flavoring, or coloring materials. “Low-alcohol spirits
14 beverages” may also contain water, fruit juices, fruit adjuncts, sugar, carbon
15 dioxide, preservatives, and other ingredients.

16 (b) A low-alcohol spirits beverage shall be considered a vinous beverage
17 for purposes of this title. However, a low-alcohol spirits beverage shall be
18 considered a spirit if the low-alcohol spirits beverage:

19 (1) contains more than 12 percent alcohol by volume;

20 (2) is not packaged in metal cans; or

21 (3) is packaged in containers greater than 24 fluid ounces in volume.

1 (c) The holder of a manufacturer’s or rectifier’s license that is permitted to
2 operate a facility pursuant to subdivision 271(a)(1)(C) of this title may produce
3 low-alcohol spirits beverages.

4 (d) A low-alcohol spirits beverage shall be a “beverage” for purposes of 10
5 V.S.A. § 1521.

6 Sec. 2. 7 V.S.A. § 204 is amended to read:

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

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

11 * * *

12 (6) For a third-class license, \$1,095.00 for an annual license and
13 \$550.00 for a six-month license. For a stand-alone third-class license, the
14 issuing municipality may assess an additional \$50.00 local processing fee.

15 * * *

16 (24) For a third-class license granted to the holder of a manufacturer’s
17 or rectifier’s license, \$230.00.

18 (b) Except for fees collected for first-, second-, and third-class licenses, the
19 fees collected pursuant to subsection (a) of this section shall be deposited in the
20 Liquor Control Enterprise Fund. The other fees shall be distributed as follows:

1 (1) Third-class license fees: 55 percent shall go to the Liquor Control
2 Enterprise Fund, and 45 percent shall go to the General Fund and shall fund
3 alcohol abuse prevention and treatment programs. The local processing fee for
4 stand-alone third-class licenses shall be retained by the issuing municipality.

5 * * *

6 Sec. 3. 7 V.S.A. § 230 is added to read:

7 § 230. SALE OF ALCOHOLIC BEVERAGES FOR OFF-PREMISES
8 CONSUMPTION

9 (a) The Board of Liquor and Lottery and the local control commissioners
10 may authorize:

11 (1) First- and third-class licensees to sell malt beverages, vinous
12 beverages, and spirits-based prepared drinks for off-premises consumption.

13 All sales of alcoholic beverages for off-premises consumption must be
14 accompanied by a food order.

15 (2) Second-class licensees to provide curbside pickup of unopened
16 containers of the alcoholic beverages that the licensee is permitted to sell from
17 the licensed premises pursuant to section 222 of this subchapter.

18 (3) Fourth-class licensees to provide curbside pickup of unopened
19 containers of the alcoholic beverages that the licensee is permitted to sell from
20 the licensed location pursuant to section 224 of this subchapter.

1 (b) For any alcoholic beverage sold pursuant to subdivision (a)(1) of this
2 section, the first- or third-class licensee shall provide the alcoholic beverage in
3 a container:

4 (1) with a securely affixed tamper-evident seal; and

5 (2) bearing a label that:

6 (A) states that the beverage contains alcohol; and

7 (B) lists the ingredients and serving size.

8 (c) A licensee may sell alcoholic beverages pursuant to this section
9 between 10:00 a.m. and 11:00 p.m.

10 (d) The Board of Liquor and Lottery may adopt rules and forms necessary
11 to implement this section.

12 Sec. 4. 7 V.S.A. § 253 is amended to read:

13 § 253. FESTIVAL PERMITS

14 * * *

15 (b)(~~1~~) A festival required to be permitted under this section is any event
16 that is open to the public for which the primary purpose is to serve one or more
17 of the following: malt beverages, vinous beverages, fortified wines, or spirits.

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

21 (d) The permit holder shall ensure the following:

1 (1) Attendees at the festival shall be required to pay an entry fee of not
2 less than \$5.00.

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

6 (B) Vinous beverages for sampling shall be offered in glasses that
7 contain not more than five ounces with not more than 25 ounces served to any
8 patron at one event.

9 (C) Fortified wines for sampling shall be offered in glasses that
10 contain not more than three ounces with not more than 15 ounces served to any
11 patron at one event.

12 (D) Spirits for sampling shall be offered in glasses that contain not
13 more than one ounce with not more than five ounces served to any patron at
14 one event.

15 (E) Patrons attending a festival where combinations of malt, vinous,
16 fortified wines, or spirits are mutually sampled shall not be served more than a
17 combined total of six U.S. standard drinks containing 3.6 fluid ounces or
18 84 grams of pure ethyl alcohol.

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

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

6 (2) The invoiced volumes of malt or vinous beverages may be
7 transported to the site and sold by the glass to the public by the permit holder
8 or its employees and volunteers only during the event.

9 ~~(e)~~(f) A festival permit holder shall be subject to the provisions of this title,
10 including section 214 of this title, and the rules of the Board regarding the sale
11 of the alcoholic beverages and shall pay the tax on the malt or vinous
12 beverages pursuant to section 421 of this title.

13 ~~(d)~~(g) A person shall be granted ~~no~~ not more than four festival permits per
14 year, and each permit shall be valid for ~~no~~ not more than four consecutive
15 days.

16 Sec. 5. 7 V.S.A. § 256 is amended to read:

17 § 256. PROMOTIONAL TASTINGS FOR LICENSEES

18 (a)(1) At the request of a first- or second-class licensee, a holder of a
19 manufacturer's, rectifier's, or wholesale dealer's license may distribute without
20 charge to the first- or second-class licensee's management and staff, provided

1 they are of legal age ~~and are off duty for the rest of the day~~, two ounces per
2 person of vinous or malt beverages for the purpose of promoting the beverage.

3 (2) At the request of a holder of a third-class license, a manufacturer or
4 rectifier of spirits or fortified wines may distribute without charge to the third-
5 class licensee's management and staff, provided they are of legal age ~~and are~~
6 ~~off duty for the rest of the day~~, one-quarter ounce of each beverage and ~~no~~ not
7 more than a total of one ounce to each individual for the purpose of promoting
8 the beverage.

9 (3) No permit is required for a tasting pursuant to this subsection, ~~but~~
10 ~~written notice of the event shall be provided to the Division of Liquor Control~~
11 ~~at least two days prior to the date of the tasting.~~

12 * * *

13 Sec. 6. 7 V.S.A. 277a is added to read:

14 § 277a. SPIRITS CONSUMER SHIPPING LICENSE

15 (a) An in-state or out-of-state consumer shipping license may be granted to
16 a manufacturer or rectifier of spirits or fortified wines in the same manner as a
17 manufacturer or rectifier of malt or vinous beverages pursuant to section 277
18 of this title. An in-state or out-of-state spirits or fortified wines consumer
19 shipping license may only be granted to a manufacturer that meets all the
20 requirements of section 277 and 279 of this title.

1 **(b) The holder of a consumer shipping license that ships fortified wines or**
2 **spirits shall:**

3 **(1) register each product intended for sale within the State and affirm**
4 **that it is the brand owner for each product registered;**

5 **(2) submit each product registration to the Division on a form prescribed**
6 **by the Division; and**

7 **(3) sell the fortified wines or spirits at the prevailing retail price set by**
8 **the Department.**

9 **(c) The product registrations required by subsection (b) of this section shall**
10 **remain valid provided the spirits or fortified wines consumer shipping license**
11 **is valid. In the event of a change of ownership, the new owner shall renew the**
12 **registration with the Division.**

13 **(d) In any calendar year, a spirits or fortified wines consumer shipping**
14 **licensee shall not ship to any one Vermont resident more than:**

15 **(1) 12 cases of fortified wines containing not more than 29 gallons of**
16 **fortified wines; or**

17 **(2) four cases of spirits containing not more than three gallons of spirits.**

18 **(e) Notwithstanding subdivision 279(4) of this title, the holder of a spirits**
19 **or fortified wines consumer shipping license shall submit to the Division**
20 **quarterly reports containing the information required by subdivision 279(4).**

1 Sec. 7. FEE REDUCTION FOR RENEWAL OF FIRST- AND THIRD-
2 CLASS LICENSES BY CLUBS; TEMPORARY PROVISION

3 Notwithstanding 7 V.S.A. § 204(a)(4) and (6), in the year 2021, the first-
4 and third-class license renewal fees shall be waived for any club as defined in
5 7 V.S.A. § 2.

6 Sec. 8. REPORT; SPORTS BETTING STUDY

7 (a) On or before October 15, 2021, the Office of Legislative Counsel and
8 the Joint Fiscal Office shall submit a written report to the House Committee on
9 General, Housing, and Military Affairs and the Senate Committee on
10 Economic Development, Housing and General Affairs concerning the current
11 state of the regulated sports betting market in the United States. In particular,
12 the report shall examine and analyze:

13 (1) the sports betting laws in each state that has an active or proposed
14 sports betting market;

15 (2) studies carried out by other states concerning the legalization,
16 taxation, and regulation of sports betting;

17 (3) the models for regulation of sports betting that are currently
18 operating in other states, including a summary of the tax or revenue sharing
19 structures used in each state;

20 (4) for each state with an active sports betting market, the state revenue
21 resulting from sports betting; and

1 (5) any reports or information concerning impacts on problem gaming in
2 the states with regulated sports betting markets.

3 (b) In the preparation of the report, the Office of Legislative Counsel and
4 the Joint Fiscal Office shall solicit input from the Department of Liquor and
5 Lottery, the Department of Taxes, the Office of the Attorney General, and
6 other stakeholders.

7 Sec. 9. REPORTS; DEPARTMENT OF LIQUOR AND LOTTERY; 2023

8 SUNSETS

9 (a) On or before January 15, 2023, the Department of Liquor and Lottery
10 shall submit the following reports to the Senate Committee on Economic
11 Development, Housing and General Affairs and the House Committee on
12 General, Housing, and Military Affairs:

13 (1) A report concerning the sale of alcoholic beverages for delivery and
14 curbside pickup by first-, second-, third-, and fourth-class licensees. The
15 report shall include an analysis of:

16 (A) the economic impact on the licensees that were approved to sell
17 alcoholic beverages pursuant to 7 V.S.A. § 230; and

18 (B) the impact on public safety and compliance with the State's
19 alcoholic beverage laws.

20 (2) A report concerning the economic impact of the retail sale of low-
21 alcohol spirits beverages pursuant to 7 V.S.A. § 6, including any information

1 the Department deems necessary to evaluate the impact of 7 V.S.A. § 6 on the
2 alcoholic beverages market.

3 (3) A report concerning the spirits and fortified wines consumer
4 shipping license program, including information concerning the number of
5 licensees, the volume of direct to consumer sales, and any impact on
6 compliance with the State’s alcoholic beverage laws.

7 (b) For the report required by subdivision (a)(1) of this section, the
8 Department shall collect data from licensees that is sufficient to demonstrate
9 the economic impact of the authority granted to the licensees pursuant to 7
10 V.S.A. § 230.

11 Sec. 10. REPEALS

12 The following are repealed on July 1, 2023:

13 (1) 7 V.S.A. § 6 (low-alcohol spirits beverages);

14 (2) 7 V.S.A. § 230 (sale of alcoholic beverages for off-premises
15 consumption); and

16 (3) 7 V.S.A. § 277a (spirits and fortified wines consumer shipping
17 license).

18 Sec. 11. EFFECTIVE DATES

19 This act shall take effect on July 1, 2021, except that this section and Sec. 7
20 (fee reduction for first- and third-class licenses) shall take effect on passage.

21

1

2 (Committee vote: _____)

3

4

Representative _____

5

FOR THE COMMITTEE