

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

2 Date:

3 Subject: Alcoholic beverages; Department of Liquor and Lottery;
4 miscellaneous amendments

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

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

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

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

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

20 (5) authorize third-class licensees to purchase tickets for the
21 Department’s rare and unusual products raffle; and

1 spirits beverages to the public for consumption only on the premises for which
2 the license is granted.

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5 ~~for consumption off the licensed premises: [Repealed.]~~

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

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

15 * * *

16 (25) “Ready-to-drink spirits beverage” means an alcoholic beverage
17 containing more than one percent alcohol by volume and not more than
18 12 percent alcohol by volume at 60 degrees Fahrenheit obtained by distillation,
19 by chemical synthesis, or through concentration by freezing and mixed with
20 nonalcoholic beverages, flavoring, or coloring materials. Ready-to-drink
21 spirits beverages may also contain water, fruit juices, fruit adjuncts, sugar,

1 carbon dioxide, preservatives, and other ingredients. A ready-to-drink spirits
2 beverage shall be a spirit if the ready-to-drink spirits beverage:

3 (A) contains more than 12 percent alcohol by volume at 60 degrees
4 Fahrenheit; or

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

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

11 (26)(27) “Manufacturer’s or rectifier’s license” means a license granted
12 by the Board of Liquor and Lottery that permits the holder to manufacture or
13 rectify malt beverages, vinous beverages and fortified wines, or spirits and
14 ~~fortified wines~~ ready-to-drink spirits beverages.

15 (27)(28) “Minor” means an individual who has not attained 21 years of
16 age.

17 (28)(29) “Outside consumption permit” means a permit granted by the
18 Division of Liquor Control allowing the holder of a first-class, first- and third-
19 class, or fourth-class license to allow for consumption of alcoholic beverages
20 in a delineated outside area.

1 ~~(29)~~(30) “Packager’s license” means a license granted by the Board of
2 Liquor and Lottery permitting a person to bottle or otherwise package
3 alcoholic beverages for sale and to distribute and sell alcoholic beverages at
4 wholesale in this State.

5 ~~(30)~~(31) “Person,” as applied to licensees, means an individual who is a
6 citizen, a lawful permanent resident of the United States, or a holder of an E-2
7 Visa; a partnership composed of individuals, a majority of whom are citizens,
8 lawful permanent residents of the United States, or holders of an E-2 Visa; a
9 corporation organized under the laws of this State or another state in which a
10 majority of the directors are citizens, lawful permanent residents of the United
11 States, or holders of an E-2 Visa; or a limited liability company organized
12 under the laws of this State or another state in which a majority of the members
13 or managers are citizens, lawful permanent residents of the United States, or
14 holders of an E-2 Visa.

15 ~~(31)~~(32) “Request-to-cater permit” means a permit granted by the
16 Division of Liquor Control authorizing a licensed caterer or commercial
17 caterer to cater individual events.

18 ~~(32)~~(33) “Retail dealer” means any person who sells or furnishes malt ~~or~~
19 beverages, vinous beverages, or fortified wines to the public.

20 ~~(33)~~(34) “Retail delivery permit” means a permit granted by the
21 Division of Liquor Control that permits a second-class licensee to deliver malt

1 beverages and vinous beverages sold from the licensed premises for
2 consumption off the premises to an individual who is 21 years of age or older
3 at a physical address in Vermont.

4 ~~(34)~~(35) “Sampler flight” means a flight, ski, paddle, or any similar
5 device by design or name intended to hold alcoholic beverage samples for the
6 purpose of comparison.

7 ~~(35)~~(36) “Second-class license” means a license permitting the licensee
8 to export and to sell malt beverages ~~and~~, vinous beverages, and fortified wines
9 to the public for consumption off the premises for which the license is granted.

10 ~~(36)~~(37) “Special event permit” means a permit granted by the Division
11 of Liquor Control permitting a licensed manufacturer or rectifier to sell, by the
12 glass or by the unopened bottle, alcoholic beverages manufactured or rectified
13 by the license holder at an event open to the public that has been approved by
14 the local control commissioners.

15 ~~(37)~~(38) “Special venue serving permit” means a permit granted by the
16 Division of Liquor Control permitting an art gallery, bookstore, public library,
17 or museum to conduct an event at which malt or vinous beverages, or both, are
18 served by the glass to the public. As used in this section, “art gallery” means a
19 fixed establishment whose primary purpose is to exhibit or offer for sale works
20 of art; “bookstore” means a fixed establishment whose primary purpose is to

1 offer books for sale; “public library” has the same meaning as in 22 V.S.A.
2 § 101; and “museum” has the same meaning as in 27 V.S.A. § 1151.

3 ~~(38)~~(39) “Specialty beer” means a malt beverage that contains more
4 than eight percent alcohol and not more than 16 percent alcohol by volume at
5 60 degrees Fahrenheit.

6 ~~(39)~~(40) “Spirits” means beverages that contain more than one percent
7 alcohol obtained by distillation, by chemical synthesis, or through
8 concentration by freezing; vinous beverages containing more than 23 percent
9 alcohol; and malt beverages containing more than 16 percent alcohol by
10 volume at 60 degrees Fahrenheit but does not mean fortified wines or vinous
11 beverages to which spirits have been added during manufacture that contain
12 not more than 16 percent alcohol by volume at 60 degrees Fahrenheit.

13 ~~(40)~~(41) “Third-class license” means a license granted by the Board of
14 Liquor and Lottery permitting the licensee to sell spirits ~~and fortified wines~~ for
15 consumption only on the premises for which the license is granted.

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

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

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

7 § 62. HOURS OF SALE

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

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

14 * * *

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

16 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;
17 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

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

1 this section shall be imprisoned not more than one year or fined not more than
2 \$5,000.00, or both.

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

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

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

1 to-drink spirits beverages, into this State in ~~his or her~~ the person's own private
2 vehicle or in ~~his or her~~ the person's actual possession at the time of importation
3 without a license or permit, provided the beverages are not for resale.

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

5 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

9 * * *

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

12 (3) Locate, establish, and supervise the operation of a central liquor
13 warehouse and office for the purpose of supplying spirits ~~and fortified wines~~ to
14 local agencies established in accordance with this title and for the purpose of
15 selling spirits ~~and fortified wines~~ to licensees of the third class ~~and fortified~~
16 ~~wine~~ permit holders.

17 * * *

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

21 * * *

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

2 § 107. DUTIES OF COMMISSIONER OF LIQUOR AND LOTTERY

3 * * *

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

5 (1) In towns that vote to permit the sale of spirits ~~and fortified wines~~,
6 establish local agencies as the Board of Liquor and Lottery shall determine.

7 However, the Board shall not be obligated to establish an agency in every town
8 that votes to permit the sale of spirits ~~and fortified wines~~.

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

14 (3) Recommend rules subject to approval and adoption by the Board
15 governing:

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

19 ~~(B) the minimum prices at which fortified wines shall be sold by~~
20 ~~local agencies and second-class licensees that hold fortified wine permits, the~~

1 ~~method for their delivery, and the quantities of fortified wines that may be sold~~
2 ~~to any one person at any one time.~~

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

7 (5) Purchase spirits ~~and fortified wines~~ for and in behalf of the Board of
8 Liquor and Lottery; supervise their storage and distribution to local agencies,
9 third-class licensees, and holders of fortified wine permits; and recommend
10 rules subject to approval and adoption by the Board regarding the sale and
11 delivery from the central liquor warehouse.

12 * * *

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

14 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF
15 LIQUOR AND LOTTERY

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

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

2 § 112. LIQUOR CONTROL ENTERPRISE FUND

3 The Liquor Control Enterprise Fund is established. It shall consist of all
4 receipts from the sale of spirits, ~~fortified wines~~, and other items by the Board
5 of Liquor and Lottery and Division of Liquor Control; fees paid to the
6 Division of Liquor Control for the benefit of the Division; all other amounts
7 received by the Division of Liquor Control for its benefit; and all amounts that
8 are from time to time appropriated to the Division of Liquor Control.

9 Sec. 10. 7 V.S.A. § 161 is amended to read:

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

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

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

17 Shall spirits and fortified wines be sold in this town?

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

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

21 Yes ___ No ___

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

2 Yes ___ No ___

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

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

8 § 201. LICENSES CONTINGENT ON TOWN VOTE

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

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

18 § 204. APPLICATION AND RENEWAL FEES FOR LICENSES AND

19 PERMITS; DISPOSITION OF FEES

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

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* * *

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

* * *

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

* * *

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

* * *

Sec. 16. 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 (1) Attendees at the educational sampling event shall be required to pay
2 an entry fee of ~~no~~ not less than \$5.00.

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

6 * * *

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

9 * * *

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

12 * * *

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

14 § 252. SPECIAL EVENT PERMITS

15 * * *

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

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

1 (A) by the glass; and

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

6 * * *

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

8 § 253. FESTIVAL PERMITS

9 * * *

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

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

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

18 * * *

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

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

4 * * *

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

10 * * *

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

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

20 (f) A festival permit holder shall be subject to the provisions of this title,
21 including section 214 of this title, and the rules of the Board regarding the sale

1 of the alcoholic beverages and shall pay the tax on the malt ~~or~~ beverages,
2 vinous beverages, or ready-to-drink spirits beverages pursuant to section 421
3 of this title.

4 * * *

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

6 § 254. SPECIAL VENUE SERVING PERMITS

7 * * *

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

10 * * *

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

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

16 § 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

17 * * *

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

20 (1) A second-class licensee.

1 wines, or ready-to-drink spirits beverages for promotional purposes at the
2 wholesale dealer’s premises without charge to invited employees of first-,
3 second-, and third-class licensees, provided the invited employees are of legal
4 age.

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

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

14 * * *

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

16 § 256. PROMOTIONAL TASTINGS FOR LICENSEES

17 (a)(1) At the request of a first- or second-class licensee, a holder of a
18 manufacturer’s, rectifier’s, or wholesale dealer’s license may distribute without
19 charge to the first- or second-class licensee’s management and staff, provided
20 they are of legal age, two ounces per person of vinous beverages, ready-to-

1 drink spirits beverages, or one ounce per person of fortified wines, for the
2 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, one-
6 quarter ounce of each beverage and not more than a total of one ounce to each
7 individual for the purpose of promoting the beverage.

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

13 * * *

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

19 * * *

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

1 * * *

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

3 § 257. TASTINGS FOR PRODUCT QUALITY ASSURANCE

4 * * *

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

8 * * *

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

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

11 (a)(1) The Board of Liquor and Lottery may grant a manufacturer's or
12 rectifier's license upon application and payment of the fee provided in section
13 204 of this title that permits the license holder to operate a facility that
14 manufactures or rectifies:

15 (A) malt beverages;

16 (B) vinous beverages and fortified wines; or

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

18 * * *

19 (b) Except as otherwise provided in section 224 of this title and subsections

20 (d)–(f) of this section:

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

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

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

12 * * *

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

14 § 273. WHOLESALE DEALER’S LICENSE

15 * * *

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

20 * * *

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

1 § 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT
2 BEVERAGES, OR VINOUS BEVERAGES, FORTIFIED WINES,
3 OR READY-TO DRINK SPIRITS BEVERAGES

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

9 * * *

10 (b) A certificate of approval shall permit the holder to export malt ~~or~~
11 beverages, vinous beverages, fortified wines, or ready-to-drink spirits
12 beverages or sell malt ~~or~~ beverages, vinous beverages, fortified wines, or
13 ready-to-drink spirits beverages to holders of packagers' or wholesale dealers'
14 licenses issued under section 272 or 273 of this title, or both.

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

21 * * *

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

2 § 275. SOLICITOR’S LICENSE

3 * * *

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

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

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

9 * * *

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

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

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

21 BEVERAGE CONSUMER SHIPPING LICENSE

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

7 * * *

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

16 * * *

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

1 (2) A licensee shall not ship more than 12 cases of malt beverages
2 containing ~~no~~ not more than 36 gallons of malt beverages or ~~no~~ not more than
3 12 cases of vinous beverages or ready-to-drink spirits beverages containing ~~no~~
4 not more than 29 gallons of vinous beverages or ready-to-drink spirits
5 beverages to any one Vermont resident in any calendar year.

6 * * *

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

8 § 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
9 REQUIREMENTS

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

12 * * *

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

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

21 * * *

1 beverages that have been shipped by the holder of a vinous beverage storage
2 license issued under section 283 of this subchapter.

3 Sec. 33. 7 V.S.A. § 281 is amended to read:

4 § 281. PROHIBITIONS

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

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

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

19 * * *

20 Sec. 34. 7 V.S.A. § 421 is amended to read:

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

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

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

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

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

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

19 (b) A packager or wholesale dealer may sell malt ~~or beverages,~~ vinous
20 beverages, fortified wines, or ready-to-drink spirits beverages to any duly
21 authorized agency of the U.S. Armed Forces on any U.S. Armed Forces'

1 installation presently existing in the State or ~~which~~ that may in the future be
2 established as though to a retail dealer but without the payment of the
3 gallonage tax, subject to the filing of the returns as provided in subsection (c)
4 of this section.

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

1 dealers by manufacturers or rectifiers of vinous beverages or ready-to-drink
2 spirits beverages, the report required by this subsection may be submitted in a
3 nonelectronic format.

4 * * *

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

6 § 422. TAX ON SPIRITS AND ~~FORTIFIED WINES~~

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

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

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

18 § 423. RULES

19 * * *

20 (b) Notwithstanding subsection (a) of this section, where the spirits ~~and~~
21 ~~fortified wines~~ tax liability of a manufacturer or rectifier under section 422 of

1 this title for the immediately preceding full calendar year has been (or would
2 have been in cases when the business was not operating for the entire year)
3 \$1,000.00 or less, the tax imposed on the manufacturer or rectifier by
4 section 422 of this title shall be due and payable in one annual payment on or
5 before the 25th day of January. Where the spirits ~~and fortified wines~~ tax
6 liability of a manufacturer or rectifier under section 422 of this title for the
7 immediately preceding full calendar year has been (or would have been in
8 cases when the business was not operating for the entire year) more than
9 \$1,000.00, the tax imposed on the manufacturer or rectifier by section 422 of
10 this title shall be due and payable in quarterly installments on or before the
11 25th day of the calendar month succeeding the quarter ending the last day of
12 March, June, September, and December of each year.

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

14 § 651. SOLICITING ORDERS

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

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

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

5 (a) Prohibited conduct; offense.

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

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

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

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

21 * * *

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

2 § 701. DEFINITIONS

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

5 (1) “Certificate of approval” means an authorization by the Board of
6 Liquor and Lottery pursuant to section 274 of this title to a manufacturer or
7 distributor of malt beverages, ~~or~~ vinous beverages, fortified wines, or ~~both~~,
8 ready-to-drink spirits beverages not licensed under the provisions of this title,
9 to sell those beverages to holders of a packager’s or wholesale dealer’s license
10 issued by the Board pursuant to section 272 or 273 of this title.

11 (2) “Franchise” or “agreement” ~~shall mean~~ means one or more of the
12 following:

13 * * *

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

18 * * *

19 (E) a relationship that has been in existence for at least one year in
20 which the wholesale dealer’s business is substantially reliant on the certificate

1 of approval holder or manufacturer for the continued supply of malt beverages
2 ~~or~~, vinous beverages, fortified wines, or ready-to-drink spirits beverages; or

3 * * *

4 (3) “Franchisee” means any malt beverages, ~~or~~ vinous beverages,
5 fortified wines, or ready-to-drink spirits beverages wholesale dealer to whom a
6 franchise or agreement as defined in this section is granted or offered, or any
7 malt beverages, ~~or~~ vinous beverages, fortified wines, or ready-to-drink spirits
8 beverages certificate of approval holder or manufacturer who is a party to a
9 franchise or agreement as defined in this section.

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

17 * * *

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

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

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

6 * * *

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

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

19 * * *

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

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

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

9 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF

10 LIQUOR AND LOTTERY; BOARD OF LIQUOR AND LOTTERY

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

15 * * *

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

19 * * *

20 (D) The Commissioner, with the approval of the Governor, may
21 appoint a Deputy Commissioner of Liquor ~~Control~~ and Lottery to supervise

1 and direct the Division of Liquor Control and a ~~Deputy Commissioner of the~~
2 ~~State Lottery to supervise and direct~~ the Division of Lottery. ~~Both~~ The Deputy
3 ~~Commissioners~~ Commissioner shall be exempt from the classified service and
4 shall serve at the pleasure of the Commissioner.

5 * * *

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

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

8 § 5. DIVISION OF LIQUOR CONTROL; RAFFLES FOR RIGHT TO
9 PURCHASE RARE AND UNUSUAL ~~PRODUCTS~~ SPIRITS

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

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

18 * * *

19 * * * Staggered Licenses * * *

20 Sec. 49. TRANSITIONAL PROVISION; STAGGERED LICENSE
21 RENEWAL

