

Exclude fortified wines (incl. vermouth) from BLL/DLL wholesale/retail control; define lower ABV fortified wines (incl. vermouth) as “vinous beverages”

7 V.S.A. § 2 amended to read:

§ 2. Definitions

As used in this title:

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(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~~ fortified wines 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.

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(16) “First-class license” means a license permitting the licensee to sell malt beverages, ~~and~~ vinous beverages and fortified wines to the public for consumption only on the premises for which the license is granted.

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 [Repealed]~~

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

(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.

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(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~~.

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

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

* * *

(39) “Spirits” means beverages that contain more than one percent alcohol obtained by distillation, by chemical synthesis, or through concentration by freezing, but excluding all vinous beverages to which spirits have been added during manufacture when containing no more than 16 percent alcohol; vinous beverages containing more than 23 percent alcohol; and malt beverages containing more than 16 percent alcohol by volume at 60 degrees Fahrenheit; but shall not mean fortified wines.

(40) “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.

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(41) “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, including such beverages to which spirits have been added during manufacture, the total alcoholic content of which is not less than one percent nor more than 16 percent by volume at 60 degrees Fahrenheit.

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

7 V.S.A. § 5 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 who is 21 years of age or older.

(2) Tickets for the raffle shall be sold at a price fixed by the Commissioner.

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

(A) the price of a raffle ticket;

(B) the date of the drawing;

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

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

(4) No Board member or employee of the Department of Liquor and Lottery and no immediate family member of a Board member or employee of the Department shall be permitted to enter the raffle.

(b) The proceeds from the sale of tickets for each raffle shall be deposited in the Liquor Control Enterprise Fund established pursuant to section 112 of this title.

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

7 V.S.A. § 62 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 beverages, ~~and~~ vinous beverages and fortified wines between the hours of 6:00 a.m. and 12:00 midnight.

(2) Fourth-class licensees may sell or furnish alcoholic beverages between the hours of 6:00 a.m. and 12:00 midnight.

(c) The Board of Liquor and Lottery may adopt rules controlling hours of consumption and sale under this section and may extend the hours of sale by holders of first- or first- and third-class licenses on New Year's Day.

7 V.S.A. § 63 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 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 beverages, ~~or~~ vinous beverages, or fortified wines ~~both,~~ 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 beverages, ~~or~~ vinous beverages, or fortified wines ~~both,~~ 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 vinous beverages, or eight quarts of fortified wines ~~both,~~ into this State in his or her 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.

7 V.S.A. § 104 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:

(1)(A) Ensure that the laws relating to alcohol and alcoholic beverages are enforced, using for that purpose as much of the monies annually available to the Board of Liquor and Lottery as may be necessary.

(B) The Board of Liquor and Lottery and its agents and investigators shall act in this respect in collaboration with sheriffs, deputy sheriffs, constables, law enforcement officers certified as Level II or Level III pursuant to 20 V.S.A. chapter 151, and members of village and city police forces, control commissioners, the Attorney General, and State's Attorneys.

(C) When the Board acts to enforce any section of this title or any administrative rule relating to sale to minors, its investigation on the alleged violation shall be forwarded to the Attorney General or the appropriate State's Attorney whether or not there is an administrative finding of wrongdoing. Nothing in this section shall be deemed to affect the responsibility or duties of law enforcement officers or agencies with respect to the enforcement of the provisions of this title.

(D) The Commissioner or designee is authorized to prosecute administrative matters under this section and shall have the authority to enter into direct negotiations with a licensee to reach a proposed resolution or settlement of an alleged violation, subject to Board approval, or dismissal with or without prejudice.

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

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

(4) Supervise the financial transactions of the central liquor warehouse and office, and the local agencies established in accordance with this title.

(5) Adopt rules necessary for the execution of its powers and duties and of the powers and duties of all persons under its supervision and control.

(6) Employ assistants, investigators, and other officers as it deems necessary, subject to the approval of the Governor.

(7) Fix bonds or other security to be given by licensees.

(8) Adopt rules concerning, and issue licenses and permits under whatever terms and conditions it may impose for the furnishing, purchasing, selling, bartering, transporting, importing, exporting, delivering, and possessing of alcohol, including denatured alcohol, for manufacturing, mechanical, medicinal, and scientific purposes.

(9) Adopt rules regarding labeling and advertising of alcoholic beverages by adoption of federal regulations or otherwise, and collaborate with federal agencies in respect to the adoption and the enforcement of the rules.

(10) Adopt rules relating to extension of credit by and to licensees or permittees.

(11) Adopt rules regarding intrastate transportation of malt and vinous beverages.

(12) Review the budget for the Department submitted by the Commissioner and approve or amend it for submission to the Governor.

7 V.S.A. § 107 amended to read:

§ 107. Duties of Commissioner of Liquor and Lottery

(a) The Commissioner of Liquor and Lottery shall direct and supervise the Department of Liquor and Lottery and, subject to the direction of the Board, shall see that the laws relating to alcohol and tobacco under this title and to the State Lottery under 31 V.S.A. chapter 14 are carried out. The Commissioner shall annually prepare a budget for the Department and submit it to the Board for review pursuant to subdivision 104(12) of this chapter.

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

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

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

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

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

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

(4) Supervise the quantities and qualities of spirits ~~and fortified wines~~ to be kept as stock in local agencies and recommend rules subject to approval and adoption by the Board regarding

the filling of requisitions for spirits ~~and fortified wines~~ on the Commissioner of Liquor and Lottery.

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

(6) Check and audit the income and disbursements of all local agencies and the central storage plant.

(7) Report to the Board regarding the State's liquor control system and make recommendations for the promotion of the general good of the State.

(8) Devise methods and plans for eradicating intemperance and promoting the general good of the State and make effective such methods and plans as part of the administration of this title.

7 V.S.A. § 110 amended to read:

§ 110. Special brands; purchase by Commissioner of Liquor and Lottery

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

7 V.S.A. § 112 amended to read:

§ 112. Liquor Control Enterprise Fund

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

7 V.S.A. § 161 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 beverages, ~~and~~ vinous beverages and fortified wines 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 beverages, ~~and~~ vinous beverages and fortified wines 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 beverages, ~~and~~ vinous beverages and fortified wines, ~~and of 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.

7 V.S.A. § 201 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 fortified wines 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.

7 V.S.A. § 204 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~~, \$285.00 for each license.

(2) For a packager's license, \$1,865.00.

(3) For a wholesale dealer's license, \$1,245.00 for each location.

(4) For a first-class license, \$230.00.

(5) For a second-class license, \$140.00.

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

(7) For a shipping license for malt beverages or vinous 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.

(8)(A) For a caterer's license, \$250.00.

(B) For a commercial catering license, \$220.00.

(C) For a request to cater permit, \$20.00.

(9) For up to ten fourth-class licenses, \$70.00.

(10) For an industrial alcohol distributor's license, \$220.00.

(11) For a special events permit, \$35.00.

(12) For a festival permit, \$125.00.

(13) For an alcoholic beverages tasting permit, \$25.00.

(14) For an educational sampling event permit, \$250.00.

(15) For an outside consumption permit, \$20.00.

(16) For a certificate of approval:

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

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

(17) For a solicitor's license, \$70.00.

(18) For a vinous beverages storage license, \$235.00.

(19) For a promotional railroad tasting permit, \$20.00.

(20) For a special venue serving permit, \$20.00.

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

(22) For a retail delivery permit, \$100.00.

(23) For a destination resort master license, \$1,000.00.

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

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

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

(2) First- and second-class license fees: At least 50 percent of first-class and second-class license fees shall go to the respective municipalities in which the licensed premises are located, and the remaining percentage of those fees shall go to the Liquor Control Enterprise Fund. A municipality may retain more than 50 percent of the fees that the municipality collected for first- and second-class licenses to the extent that the municipality has assumed responsibility for enforcement of those licenses pursuant to a contract with the Division. The Board of Liquor and Lottery shall adopt rules regarding contracts entered into pursuant to this subdivision.

7 V.S.A. § 221 amended to read:
§ 221. First-class licenses

(a)(1) With the approval of the Board of Liquor and Lottery, the control commissioners may grant a first-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:

(A) are leased, rented, or owned by the retail dealer; and

(B) are devoted primarily to dispensing meals to the public and have adequate and sanitary space and equipment for preparing and serving meals, except in the case of clubs or holders of a manufacturer's or rectifier's license.

(2) The Board of Liquor and Lottery may grant a first-class license to a boat or railroad dining car if the person that operates it submits an application and pays the fee provided in section 204 of this title.

(3) The Division shall post notice of pending applications on its website.

(b)(1) A first-class license permits the holder to sell malt beverages ~~and~~ vinous beverages and fortified wines 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 fortified wines 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 beverages ~~or~~ vinous beverages or fortified wines for consumption on the premises.

(d) Partially consumed bottles of vinous beverages or specialty beers that were purchased with a meal may be removed from first-class licensed premises, provided the beverages are recapped or resealed.

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

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

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

(f)(1) A holder of a first-class license may contract with another person to prepare and dispense food on the licensed premises.

(2) The first-class license holder shall provide to the Division written notification five business days prior to the start of the contract that includes the following information:

(A) the name and address of the license holder;

(B) a signed copy of the contract;

(C) the name and address of the person contracted to provide the food;

(D) a copy of the person's license from the Department of Health for the facility in which food is served; and

(E) the person's rooms and meals tax certificate from the Department of Taxes.

(3) The holder of the first-class license shall notify the Division within five business days of the termination of the contract to prepare and dispense food. The first-class licensee shall be responsible for controlling all conduct on the premises at all times, including in the area in which the food is prepared and stored.

(g) A hotel that holds a first-class license and places a minibar in any room of a registered guest shall ensure that the minibar is locked and that access to the minibar is restricted to guests of legal drinking age.

(h) The holder of a first-class license may permit a customer to:

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

(2) maintain control over his or her open container of alcoholic beverages at all times while on the licensed premises.

7 V.S.A. § 222 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:

(A) are leased, rented, or owned by the retail dealer; and

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

(2) The Division shall post notice of pending applications on its website.

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

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

(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 fortified wines 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 beverages, and vinous beverages and fortified wines.

7 V.S.A. § 223 amended to read:

§ 223. Third-class licenses

(a) The Board of Liquor and Lottery may grant to a person who operates a hotel, restaurant, club, boat, or railroad dining car, or who holds a manufacturer's or rectifier's license, a third-class license if:

(1) the person files an application accompanied by the fee provided in section 204 of this title for the premises in which the business of the hotel, restaurant, club, or manufacturer or rectifier is carried on or for the boat or railroad dining car;

(2) the local control commissioners have approved the application; and

(3) the applicant satisfies the Board that:

(A) the applicant is the bona fide owner or lessee of the premises, boat, or railroad dining car;

(B) except in the case of clubs or holders of a manufacturer's or rectifier's license, the premises, boat, or railroad dining car has adequate and sanitary space and equipment for preparing and serving meals to the public; and

(C) the premises, boat, or railroad dining car is operated for the purpose covered by the license.

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

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

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

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

(d)(1) Except as otherwise provided in 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.

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

(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.

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

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

or

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

7 V.S.A. § 225 repealed:

~~§ 225. Fortified wine permits~~

~~(a)(1) The Division of Liquor Control may grant a fortified wine permit to a second-class licensee if the licensee files an application accompanied by the fee provided in section 204 of this title.~~

~~(2) The Division of Liquor Control shall issue not more than 150 fortified wine permits in any single year.~~

~~(b)(1) A fortified wine permit holder may sell fortified wines to the public from the licensed premises for consumption off the premises.~~

~~(2) A fortified wine permit holder shall purchase all fortified wines to be offered for sale to the public pursuant to the permit through the Board of Liquor and Lottery at a price equal to~~

~~not more than 75 percent of the current retail price for the fortified wine established by the Commissioner pursuant to subdivision 107(3)(B) of this title.~~

7 V.S.A. § 228 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 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 to a single customer at one time.

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

(d) The holder of a third-class license may serve a sampler flight of up to four ounces in the aggregate of spirits or fortified wines to a single customer at one time.

7 V.S.A. § 256 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 malt beverages, or one ounce per person of fortified wines, for the purpose of promoting the beverage.

(2) At the request of a holder of a third-class license, a manufacturer or rectifier of spirits ~~or fortified wines~~ may distribute without charge to the third-class licensee's management and staff, provided they are of legal age, one-quarter ounce of each beverage and not more than a total of one ounce to each individual for the purpose of promoting the beverage.

(3) No permit is required for a tasting pursuant to this subsection.

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

(2) The event shall be held on the premises of the first-class licensee.

(3) The first-class licensee shall be responsible for complying with all applicable laws under this title.

(4) No permit is required for a tasting pursuant to this subsection, but the wholesale dealer shall provide written notice of the event to the Division of Liquor Control at least 10 days prior to the date of the tasting.

(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 beverages, ~~or~~ vinous beverages or fortified wines 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.

(2) The event shall be held on the premises of the first- or second-class applicant.

(3) The first- or second-class applicant shall be responsible for complying with all applicable laws under this title.

(4) No malt beverages, ~~or~~ vinous beverages or fortified wines shall be left behind at the conclusion of the tasting.

(5) No permit is required under this subsection, but the wholesale dealer shall provide written notice of the event to the Division at least five days prior to the date of the tasting.

7 V.S.A. § 271 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 ~~and fortified wines~~.

(2) A manufacturer or rectifier shall obtain a separate license for each facility at which it manufactures or rectifies alcoholic beverages.

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

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

(2) malt beverages, ~~and~~ vinous beverages and fortified wines 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~~ and fortified wines 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 more than 25 percent imported vinous beverages.

(d)(1) The Board of Liquor and Lottery may grant to a licensed manufacturer or rectifier a first-class license or a third-class license, or both, permitting the licensee to sell alcoholic beverages to the public at an establishment located at the manufacturer's or rectifier's licensed facility, provided the manufacturer or rectifier owns or has direct control over that establishment.

(2) A licensed manufacturer of malt beverages may operate up to two licensed establishments pursuant to this subsection that are located at the licensed manufacturing facility or on property that is owned by the licensee and is contiguous with the parcel of land on which the licensed manufacturing facility is located, provided the manufacturer owns or has direct control over both establishments.

(3) [Repealed.]

(e) The Board of Liquor and Lottery may grant a licensed manufacturer of malt beverages a second-class license permitting the licensee to sell alcoholic beverages to the public anywhere on the premises of the licensed manufacturing facility.

(f)(1) A licensed manufacturer or rectifier may serve alcoholic beverages with or without charge at an event held at the licensed manufacturing or rectifying facility or at a location on property that is owned by the licensee and is contiguous with the parcel of land on which the licensed facility is located, provided the licensee at least five days before the event gives the Division written notice of the event, including details required by the Division.

(2) Any beverages not manufactured by the licensee that are served at the event shall be purchased on invoice from a licensed manufacturer or wholesale dealer or the Board of Liquor and Lottery.

7 V.S.A. § 273 amended to read:

§ 273. Wholesale dealer's license

(a) The Board of Liquor and Lottery may grant a wholesale dealer's license to a person if the person:

- (1) submits an application on a form required by the Board;
- (2) pays the fee provided in section 204 of this title; and
- (3) satisfies the Board as to its qualifications as a wholesale dealer.

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

(c)(1) In no event shall a wholesale dealer's license holder be permitted to carry on business allowed by a first-class license or second-class license.

(2) A wholesale dealer's license holder shall comply with the provisions of subsection 274(c) of this subchapter.

7 V.S.A. § 274 amended to read:

§ 274. Certificate of approval for distribution of malt beverages, or vinous beverages or fortified wines

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

(1) Submits an application on a form prescribed by the Board, including any additional information that the Board may deem necessary.

(2) Agrees to comply with the rules of the Board.

(3) Pays the fee provided in section 204 of this title to the Division of Liquor Control by a certified check payable to the State of Vermont or another form of payment approved by the Board of Liquor and Lottery. If the Board does not grant the application, the certified check or payment shall be returned to the applicant.

(b) A certificate of approval shall permit the holder to export malt beverages, or vinous beverages or fortified wines, or sell malt beverages, or vinous beverages or fortified wines 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 ~~beverages~~ vinous beverages or fortified wines unless the person, manufacturer, or distributor from which the beverages are obtained holds a valid certificate of approval or packager's license.

(d)(1) The Board of Liquor and Lottery may suspend or revoke a certificate of approval if the holder fails to comply with the rules of the Board or to submit reports to the Commissioner of Taxes in accordance with all applicable laws and rules.

(2)(A) A certificate of approval shall not be revoked unless the holder has been given a hearing following reasonable notice.

(B) Notice of a revocation or suspension shall be sent to each holder of a packager's or wholesale dealer's license prior to the effective date of the revocation or suspension.

(e) A person who violates a provision of this section shall be fined not more than \$750.00 or imprisoned not more than one year, or both, for each offense and shall forfeit any license issued under the provisions of this title.

7 V.S.A. § 275 amended to read:

§ 275. Solicitor's license

(a) The Board of Liquor and Lottery may grant an individual a solicitor's license if he or she does all of the following:

(1) Submits an application to the Board of Liquor and Lottery on a form prescribed by the Board. The application shall include, at a minimum, the name, residence, and business address of the applicant; the name and address of the vendor, manufacturer, or employer to be represented by the applicant; and an agreement by the applicant to comply with the rules of the Board.

(2) Submits to the Board a recommendation by the vendor, manufacturer, or employer to be represented by the applicant that indicates the applicant is qualified to hold a solicitor's license.

(3) Pays the fee provided in section 204 of this title to the Division of Liquor Control by certified check made payable to the State of Vermont. The certified check shall be returned to the applicant if the Board does not grant him or her a license under this section.

(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 ~~beverages, or~~ vinous beverages or fortified wines; and

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

(c) The Board of Liquor and Lottery may suspend or revoke a solicitor's license for failure to comply with any rule of the Board or for other cause. A solicitor's license shall not be revoked until the license holder has had an opportunity for a hearing following reasonable notice.

(d) A person who solicits, or attempts to solicit, orders for malt ~~beverages, or~~ vinous beverages or fortified wines, or promotes, or attempts to promote, the sale of malt or vinous 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.

7 V.S.A. § 421 amended to read:

§ 421. Tax on malt ~~beverages, and~~ vinous beverages and fortified wines

(a) Every packager and wholesale dealer shall pay to the Commissioner of Taxes 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 the sum of 55 cents per gallon for each gallon of malt beverages containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of vinous beverages and fortified wines sold by them to retailers in the State. A manufacturer or rectifier of malt ~~beverages, or~~ vinous beverages or fortified wines 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) A packager or wholesale dealer may sell malt ~~beverages, or~~ vinous beverages or fortified wines 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 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.

(c)(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 ~~beverages, and~~ vinous beverages and fortified wines 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 beverages ~~and~~ vinous beverages and fortified wines 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, the report required by this subsection may be submitted in a nonelectronic format.

(2) Where the tax liability for the immediately preceding full calendar year has been (or would have been in cases when the business was not operating for the entire year):

(A) \$2,000.00 or less, then payment of the tax and submission of the documents required by this section shall be due and payable in quarterly installments on or before the 25th day of the calendar month succeeding the quarter ending the last day of March, June, September, and December of each year; or

(B) more than \$2,000.00, then payment of the tax and submission of the documents required by this section shall be due and payable monthly on or before the 25th (23rd of February) day of the month following the month for which the tax is due.

(d) The exemption provided in this section for beverages sold on any U.S. Armed Forces' installation presently existing in the State is allowed only if the sales are evidenced by a proper voucher or affidavit in a form prescribed by the Commissioner of Taxes, which shall be a part of the return filed.

(e) A person failing to pay the tax when due, or failing to make returns as required by this section, shall be subject to and governed by the provisions of 32 V.S.A. §§ 3202 and 3203.

(f) [Repealed.]

7 V.S.A. § 423 amended to read:

§ 423. Rules

(a) The Board of Liquor and Lottery shall adopt rules as it deems necessary for the proper administration and collection of the tax imposed under section 422 of this title.

(b) Notwithstanding subsection (a) of this section, where the spirits ~~and fortified wines~~ tax liability of a manufacturer or rectifier under section 422 of this title for the immediately preceding full calendar year has been (or would have been in cases when the business was not operating for the entire year) \$1,000.00 or less, the tax imposed on the manufacturer or rectifier by section 422 of this title shall be due and payable in one annual payment on or before the 25th

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

7 V.S.A. § 442 amended to read:

§ 422. Tax on spirits ~~and fortified wines~~

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

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

7 V.S.A. § 651 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 beverages, ~~or~~ vinous beverages or fortified wines, 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.

7 V.S.A. § 701 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~~ fortified wines, 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 one or more of the following:

(A) a commercial relationship between a wholesale dealer and a certificate of approval holder or a manufacturer of a definite duration or indefinite duration that is or is not in writing and has been in existence for at least one year;

(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 fortified wines offered by the certificate of approval holder or manufacturer;

(C) a relationship that has been in existence for at least one year in which the wholesale dealer, as an independent business, constitutes a component of a certificate of approval holder's or manufacturer's distribution system;

(D) a relationship that has been in existence for at least one year in which the wholesale dealer's business is substantially associated with the certificate of approval holder's or manufacturer's brand, advertising, or other commercial symbol designating the 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 fortified wines; or

(F) a written or oral arrangement for a definite or indefinite period that has been in existence for at least one year in which a certificate of approval holder or manufacturer grants to a wholesale dealer a license to use a trade name, trademark, service mark, or related characteristic, and in which there is a community of interest in the marketing of goods or services at wholesale, retail, by lease, or otherwise.

(3) "Franchisee" means any malt beverages, ~~or~~ vinous beverages or fortified wines 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 fortified wines 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 fortified wines certificate of approval holder or manufacturer who enters into any franchise or agreement with a malt beverages, ~~or~~ vinous beverages or fortified wines wholesale dealer, or any malt beverages, ~~or~~ vinous beverages or fortified wines certificate of approval holder or manufacturer who is a party to a franchise or agreement as defined in this section.

(5) "Territory" or "sales territory" means the area of sales responsibility designated by any agreement or franchise between any franchisee or franchisor for the brand or brands of any franchisor or manufacturer.

(6) “Brand” and “brands” are synonymous with label and labels.

(7) “Wholesale dealer” means a packager licensed pursuant to section 272 of this title or a wholesale dealer licensed pursuant to section 273 of this title.

7 V.S.A. § 702 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:

(1) Induce or coerce, or attempt to induce or coerce, any wholesale dealer to accept delivery of any alcoholic beverage, any form of advertisement, or any other commodity, that was not ordered by the wholesale dealer.

(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 fortified wines 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 fortified wines 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.

(4) Require a wholesale dealer to agree to any condition, stipulation, or provision limiting the wholesale dealer’s rights to sell the product of another manufacturer or certificate of approval holder.

7 V.S.A. § 705 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 fortified wines in the territory being primarily served or concentrated upon by the first licensed wholesale dealer.

7 V.S.A. § 706 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 fortified wines to any retail licensee whose place of business is not within the sales territory granted to the franchisee.