



A Short History of Liquor and Lottery in Vermont

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Outline of Presentation

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- ▶ The control and licensing models for state liquor regulation
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- ▶ A brief history of gambling in the U.S.
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- ▶ Other forms of legal gambling in Vermont
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The End of Prohibition

- ▶ Adopted in 1919, the 18th Amendment prohibited “the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States”
- ▶ The 18th Amendment was repealed in December 1933 by the 21st Amendment.
- ▶ Sec. 2 of the 21st Amendment provides “The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.”
- ▶ Under the 21st Amendment, states have authority to regulate the sale and distribution of alcoholic beverages.

After Prohibition: Two Basic Models for State Liquor Control

- ▶ The Control Model

- ▶ 17 states are so-called “control states.”

- ▶ All control states directly control the wholesale distribution of spirits within their borders.
 - ▶ 13 control states also control the retail sale of spirits through state stores or agency stores.
 - ▶ Some control states also control the wholesale distribution or retail sale, or both, of wine.
 - ▶ No control states exercise direct control over the sale of beer or the production of alcoholic beverages.

After Prohibition: Two Basic Models for State Liquor Control

- ▶ Licensing
 - ▶ 33 states are licensing states.
 - ▶ Licensing states regulate and license private businesses that produce, distribute, and sell alcoholic beverages.

The Department of Liquor Control and the Liquor Control Board

- ▶ Created by Act No. 1 of the 1934 Special Session.
- ▶ Vermont was one of 21 jurisdictions that adopted the control state model after the repeal of Prohibition.
- ▶ The Department and the Board were given the dual purpose of enforcing the laws related to alcoholic beverages and controlling the sale of spirits to the public.
- ▶ Vermont operated State liquor stores until 1996, when it transitioned to the agency store model that is in use today.

A Very Brief History of Lotteries and Gambling in the U.S.

- ▶ Lotteries existed in the British colonies and in the early United States, and were often used as a source of revenue by colonial and state governments.
- ▶ Various social movements resulted in laws prohibiting gambling being enacted throughout the 19th century.
- ▶ Prohibitions on gambling led to a rise in criminal gambling enterprises, particularly in large cities.
- ▶ In the 1920s, gambling on horse racing became a source of revenue for many states.
- ▶ During the depression, games such as bingo were legalized in some areas to help charities and religious organizations raise money.

A Very Brief History of Lotteries and Gambling in the U.S.

- ▶ Gambling was legalized in Nevada in 1931 as a way to help generate revenue for the state during the depression.
 - ▶ Following World War II, Nevada became an increasingly popular gambling destination.
- ▶ In 1964, New Hampshire became the first state with a modern lottery. Today 45 states, including Vermont, operate a lottery.
- ▶ Casinos began appearing on Native American Indian Reservations in 1979, when the Seminole Tribe opened a casino on its reservation.
- ▶ In the 1990s, several states legalized riverboat gambling.
- ▶ In the 21st century, gambling has expanded to the internet and sports betting is now legal and active in 19 states and D.C.

The Vermont Lottery

- ▶ Vermont held a public referendum on whether to create a Lottery in 1976
- ▶ Act 82 of 1977 created the Vermont Lottery Commission, and in 1978 Vermont's first lottery game went on sale.
- ▶ From 1978 to 1998, the profits from the Lottery went to the General Fund.
- ▶ Since 1998, Lottery profits have been dedicated to the Education Fund.
- ▶ The Vermont Lottery includes a variety of games, including some multi-state games such as Powerball, MegaMillions, and Lucky for Life

Other Forms of Legal Gambling in Vermont

- ▶ Break open tickets (31 V.S.A. chapter 23):
 - ▶ Regulated by the Department of Liquor and Lottery.
 - ▶ Can only be sold at retail by nonprofit organizations.
 - ▶ Can be sold in bars and fraternal clubs, subject to certain requirements.
- ▶ Nonprofit and fraternal organizations can operate “lotteries, raffles, or other games of chance for the purpose of raising funds to be used in charitable, religious, educational, and civic undertakings” (13 V.S.A. § 2143).
- ▶ Pools are permitted if all the proceeds are paid out as winnings to the participants or are donated to a nonprofit organization.
- ▶ Other forms of gambling are generally prohibited.

The Department of Liquor in Lottery and the Board of Liquor and Lottery

- ▶ In 2017, the General Assembly created the Department of Liquor and Lottery Task Force to examine merging the Department of Liquor Control and the State Lottery into a single entity.
- ▶ The Task Force met throughout the summer and fall of 2017.
- ▶ The following year, Act No. 1 of the 2018 Special Session created the Department of Liquor and Lottery and the Board of Liquor and Lottery.



ANY QUESTIONS?