

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 730 entitled “An act relating to alcoholic
4 beverages and the Department of Liquor and Lottery” respectfully reports that
5 it has considered the same and recommends that the Senate propose to the
6 House that the bill be amended by striking out all after the enacting clause and
7 inserting in lieu thereof the following:

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

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

10 § 2. DEFINITIONS

11 As used in this title:

12 * * *

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

18 * * *

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

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

3 * * *

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

7 * * *

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

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

17 * * *

18
19 (31) “Ready-to-drink spirits beverage” means an alcoholic beverage
20 containing more than one percent alcohol by volume and not more than
21 12 percent alcohol by volume at 60 degrees Fahrenheit obtained by distillation,

1 by chemical synthesis, or through concentration by freezing and mixed with
2 nonalcoholic beverages, flavoring, or coloring materials. Ready-to-drink spirits
3 beverages may also contain water, fruit juices, fruit adjuncts, sugar, carbon
4 dioxide, preservatives, and other ingredients.

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

8 ~~(32)~~(33) “Retail dealer” means any person who sells or furnishes malt or
9 vinous beverages to the public.

10 ~~(33)~~(34) “Retail delivery permit” means a permit granted by the
11 Division of Liquor Control that permits a second-class licensee to deliver malt
12 beverages and vinous beverages sold from the licensed premises for
13 consumption off the premises to an individual who is 21 years of age or older
14 at a physical address in Vermont.

15 ~~(34)~~(35) “Sampler flight” means a flight, ski, paddle, or any similar
16 device by design or name intended to hold alcoholic beverage samples for the
17 purpose of comparison.

18 ~~(35)~~(36) “Second-class license” means a license permitting the licensee
19 to export and to sell malt beverages ~~and~~, vinous beverages, or ready-to-drink
20 spirits beverages to the public for consumption off the premises for which the
21 license is granted.

1 ~~(36)~~(37) “Special event permit” means a permit granted by the Division
2 of Liquor Control permitting a licensed manufacturer or rectifier to sell, by the
3 glass or by the unopened bottle, alcoholic beverages manufactured or rectified
4 by the license holder at an event open to the public that has been approved by
5 the local control commissioners.

6 ~~(37)~~(38) “Special venue serving permit” means a permit granted by the
7 Division of Liquor Control permitting an art gallery, bookstore, public library,
8 or museum to conduct an event at which malt or vinous beverages, or both, are
9 served by the glass to the public. As used in this section, “art gallery” means a
10 fixed establishment whose primary purpose is to exhibit or offer for sale works
11 of art; “bookstore” means a fixed establishment whose primary purpose is to
12 offer books for sale; “public library” has the same meaning as in 22 V.S.A.
13 § 101; and “museum” has the same meaning as in 27 V.S.A. § 1151.

14 ~~(38)~~(39) “Specialty beer” means a malt beverage that contains more
15 than eight percent alcohol and not more than 16 percent alcohol by volume at
16 60 degrees Fahrenheit.

17 ~~(39)~~(40) “Spirits” means beverages that contain more than one percent
18 alcohol obtained by distillation, by chemical synthesis, or through
19 concentration by freezing; vinous beverages containing more than 23 percent
20 alcohol; and malt beverages containing more than 16 percent alcohol by
21 volume at 60 degrees Fahrenheit. “Spirits” also means a ready-to-drink spirits

1 beverage that contains more than 12 percent alcohol by volume at 60 degrees
2 Fahrenheit or is packaged in containers greater than 24 fluid ounces in volume.

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

6 ~~(41)~~(42) “Vinous beverages” means all fermented beverages of any
7 name or description manufactured or obtained for sale from the natural sugar
8 content of fruits or other agricultural product, containing sugar, the total
9 alcoholic content of which is not less than one percent nor more than
10 16 percent by volume at 60 degrees Fahrenheit.

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

16 (44) “Cider” means a vinous beverage, made a majority from the
17 fermented natural sugar content of apples or pears, that contains an alcoholic
18 content of not less than one percent or more than 16 percent by volume at
19 60 degrees Fahrenheit. “Cider” includes sweetened, flavored, and carbonated
20 cider.

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

1 § 62. HOURS OF SALE

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

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

8 * * *

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

10 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;
11 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

12 (a)(1) All spirits and fortified wines imported or transported into this State
13 shall be imported or transported by and through the Board of Liquor and
14 Lottery. A person importing or transporting or causing to be imported or
15 transported into this State any spirits or fortified wines, or both, in violation of
16 this section shall be imprisoned not more than one year or fined not more than
17 \$5,000.00, or both.

18 (2) Notwithstanding subdivision (1) of this subsection, a person may
19 import or transport not more than eight quarts of spirits or fortified wines, or
20 both, into this State in ~~his or her~~ the person's own private vehicle or in his or

1 her actual possession at the time of importation without a license or permit,
2 provided the beverages are not for resale.

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

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

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

21 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

4 * * *

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

7 * * *

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

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

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

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

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

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

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

20 Yes ___ No ___

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

1 Yes ___ No ___

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

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

7 § 201. LICENSES CONTINGENT ON TOWN VOTE

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

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

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

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

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

4 * * *

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

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

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

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

10 * * *

11 (16) For a certificate of approval:

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

13 (B) for vinous beverages, \$985.00.

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

15 * * *

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

17 § 221. FIRST-CLASS LICENSES

18 * * *

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

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

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

9 * * *

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

11 § 222. SECOND-CLASS LICENSES

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

17 * * *

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

* * *

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

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

* * *

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

§ 224. FOURTH-CLASS LICENSES

* * *

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

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

* * *

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

§ 226. RETAIL DELIVERY PERMITS

* * *

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

* * *

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

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

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

§ 228. SAMPLER FLIGHTS

1 (a) The holder of a first-class license may serve a sampler flight of up to
2 32 ounces in the aggregate of malt beverages or ciders to a single customer at
3 one time.

4 (b) The holder of a first-class license may serve a sampler flight of up to
5 12 ounces in the aggregate of vinous beverages or ready-to-drink spirits
6 beverages to a single customer at one time.

7 * * *

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

9 § 251. EDUCATIONAL SAMPLING EVENT PERMIT

10 * * *

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

15 * * *

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

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

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

1 * * *

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

4 * * *

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

7 * * *

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

9 § 252. SPECIAL EVENT PERMITS

10 * * *

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

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

17 (A) by the glass; and

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

1 (c) A licensed manufacturer or rectifier may:

2 (1) list on the permit multiple manufacturers or rectifiers that will be
3 selling or distributing alcoholic beverages at a single event; and

4 (2) be issued not more than 10 special event permits for the same
5 physical location in a calendar year.

6 * * *

7 Sec. 15. 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 **and ciders** for sampling shall be offered in
20 glasses that contain not more than 12 ounces, with not more than 60 ounces
21 served to any 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. 16. 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. 17. 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 (A) The permit authorizes the employees of the second-class licensee
2 or of a designated manufacturer or rectifier to dispense to each customer of
3 legal age on the licensee’s premises malt ~~or~~ beverages, vinous beverages, or
4 ready-to-drink spirits beverages by the glass not to exceed two ounces of each
5 beverage with a total of eight ounces of malt ~~or~~ beverages, vinous beverages,
6 or ready-to-drink spirits beverages.

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

10 * * *

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

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

19 * * *

20 (3) A licensed wholesale dealer. The permit authorizes a licensed
21 wholesale dealer to dispense malt ~~or~~ beverages, vinous beverages, or ready-to-

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

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

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

13 * * *

14 Sec. 18. 7 V.S.A. § 256 is amended to read:

15 § 256. PROMOTIONAL TASTINGS FOR LICENSEES

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

* * *

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

* * *

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

* * *

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

* * *

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

§ 257. TASTINGS FOR PRODUCT QUALITY ASSURANCE

* * *

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

4 * * *

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

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

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

11 (A) malt beverages;

12 (B) vinous beverages and fortified wines; or

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

14 * * *

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

16 (d)–(f) of this section:

17 * * *

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

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

7 * * *

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

9 § 273. WHOLESALE DEALER’S LICENSE

10 * * *

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

14 * * *

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

16 § 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT

17 ~~OR BEVERAGES,~~ VINOUS BEVERAGES,

18 OR READY-TO DRINK SPIRITS BEVERAGES

19 (a) The Board of Liquor and Lottery may grant to a manufacturer or
20 distributor of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits

1 beverages that is not licensed under the provisions of this title a certificate of
2 approval if the manufacturer or distributor does all of the following:

3 * * *

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

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

15 * * *

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

17 § 275. SOLICITOR'S LICENSE

18 * * *

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

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

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

4 * * *

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

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

15 § 277. MALT AND₂ VINOUS, AND READY-TO-DRINK SPIRITS

16 BEVERAGE CONSUMER SHIPPING LICENSE

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

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

3 * * *

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

12 * * *

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

* * *

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

§ 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
REQUIREMENTS

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

* * *

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

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

* * *

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

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

3 * * *

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

5 § 280. COMMON CARRIERS; REQUIREMENTS

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

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

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

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

2 § 281. PROHIBITIONS

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

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

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

17 * * *

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

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

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

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

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

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

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

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

13 (C) vinous beverages, or ready-to-drink spirits beverages sold by
14 them to retailers in the State.

15 (3) A manufacturer or rectifier of malt beverages, ~~or~~ vinous beverages,
16 or ready-to-drink spirits beverages shall pay the taxes required by this
17 subsection to the Commissioner of Taxes for all malt and vinous 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, and ready-to-drink spirits
11 beverages sold by the packager, wholesale dealer, manufacturer, or rectifier
12 during the preceding filing period, and report any other information requested
13 by the Commissioner accompanied by payment of the tax required by this
14 section. The amount of tax computed under subsection (a) of this section shall
15 be rounded to the nearest whole cent. At the same time this form is due, each
16 packager, wholesale dealer, manufacturer, or rectifier also shall transmit to the
17 Commissioner in electronic format a separate report showing the description,
18 quantity, and price of malt ~~and~~ beverages, vinous beverages, and ready-to-
19 drink spirits beverages sold by the packager, wholesale dealer, manufacturer,
20 or rectifier to each retail dealer as defined in section 2 of this title; provided,
21 however, for direct sales to retail dealers by manufacturers or rectifiers of

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

3 * * *

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

5 § 651. SOLICITING ORDERS

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

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

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

17 (a) Prohibited conduct; offense.

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

20 (A) Falsely represent ~~his or her~~ the person's age for the purpose of
21 procuring or attempting to procure malt or vinous beverages, ready-to-drink

1 spirits beverages, spirits, or fortified wines from any licensee, State liquor
2 agency, or other person or persons.

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

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

12 * * *

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

14 § 701. DEFINITIONS

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

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

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

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

5 * * *

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

10 * * *

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

15 * * *

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

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

7 * * *

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

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

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

13 * * *

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

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

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

5 * * *

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

7 § 705. EXCLUSIVE TERRITORIES

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

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

16 § 706. SALE TO RETAILERS BY FRANCHISEES

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

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

2 § 1521. DEFINITIONS

3 ~~For the purpose of~~ As used in this chapter:

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

8 * * *

9 Sec. 36. TRANSFER TO GENERAL FUND

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

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

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

1 * * * DLL Criminal Background Checks * * *

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

3 § 215. AUTHORITY FOR CRIMINAL BACKGROUND CHECKS

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

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

11 § 655. DUTIES OF THE COMMISSIONER

12 * * *

13 (b) The Commissioner shall:

14 * * *

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

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

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

3 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF
4 LIQUOR AND LOTTERY; BOARD OF LIQUOR AND LOTTERY

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

9 * * *

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

13 * * *

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

20 * * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

* * * Expansion of Rare Spirits Raffle * * *

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

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

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

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

* * *

* * * Staggered Licenses * * *

Sec. 41. TRANSITIONAL PROVISION; STAGGERED LICENSE

RENEWAL

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

1 Sec. 42. DEPARTMENT OF LIQUOR AND LOTTERY; STUDIES AND
2 REPORTS

3 (a) Ready-to-drink spirits beverage study.

4 (1) On or before December 1, 2022 the Department of Liquor and
5 Lottery shall submit a written report to the House Committees on Ways and
6 Means and on General, Housing, and Military Affairs and the Senate
7 Committees on Economic Development, Housing and General Affairs and on
8 Finance concerning the fiscal and economic impacts of privatizing the sale of
9 ready-to-drink spirits beverages. In particular, the report shall examine and
10 analyze:

11 (A) the tax imposed on these beverages by other control states that
12 have privatized the sale of these beverages;

13 (B) any reports or information from other control states concerning
14 the impact of privatizing these beverages on state tax revenue;

15 (C) estimates on the value of the distribution rights of these
16 beverages; and

17 (D) any reports or information concerning impacts on the local craft
18 beer industry in control states that have privatized the sale of these beverages.

19 (2) In the preparation of the report, the Department of Liquor and Lottery
20 shall solicit input from the Joint Fiscal Office, the Department of Taxes, and
21 other stakeholders.

1 (b) Fortified wines study. On or before January 15, 2023, the Department
2 of Liquor and Lottery shall submit a written report to the House Committees
3 on Ways and Means and on General, Housing, and Military Affairs and the
4 Senate Committees on Economic Development, Housing and General Affairs
5 and on Finance concerning:

6 (1) the impact on State revenue of privatizing the sale of fortified wines;

7 (2) an examination of control state models that permit private sale of
8 fortified wines up to 23 percent alcohol by volume; and

9 (3) the current and historical volume of fortified wine sales by retailers
10 that hold a fortified wines permit.

11 (c) Study on consumer shipping of spirits. On or before January 15, 2023,
12 the Department of Liquor and Lottery shall submit a written report to the
13 House Committees on Ways and Means and on General, Housing, and Military
14 Affairs and the Senate Committees on Economic Development, Housing and
15 General Affairs and on Finance concerning:

16 (1) an analysis of the revenue impacts to the State and 802 retailers if
17 direct to consumer shipping of spirits its authorized;

18 (2) an examination of the illegal direct to consumer shipping market that
19 exists in the State; and

20 (3) an analysis of the volume of direct to consumer spirits sales in the
21 states with legal markets.

1 Sec. 43. 31 V.S.A. chapter 25 is added to read:

2 CHAPTER 25. SPORTS WAGERING

3 § 1301. DEFINITIONS

4 As used in this chapter:

5 (1) “Agent” means a party who is authorized by contract or agreement
6 with the Department to conduct a sportsbook.

7 (2) “Board” means the Board of Liquor and Lottery.

8 (3) “Category of wager” means the kind of event being wagered on.

9 (4) “Collegiate sports event” means a sports or athletic event
10 participated in or offered or sponsored by a public or private institution that
11 offers educational services beyond the secondary level.

12 (5) “Commissioner” means the Commissioner of the Department of
13 Liquor and Lottery or designee.

14 (6) “Department” means the Department of Liquor and Lottery.

15 (7) “Gross sports wagering revenue” means gross sports wagering
16 receipts, excluding voided bets, less winnings paid to authorized participants
17 and any federal excise tax.

18 (8) “High school sports event” means a sports or athletic event
19 participated in or offered or sponsored by a public or private institution that
20 offers educational services at the secondary level.

1 (9) “In-play sports wager” means a sports wager on a sports event after
2 the sports event has begun and before it ends.

3 (10) “Mobile sports wagering platform” means the combination of
4 hardware, software, and data networks used to manage, administer, record, or
5 control sports wagers through mobile devices or the Internet.

6 (11) “Professional sports event” means an event at which two or more
7 persons participate in a sports or athletic event and receive compensation in
8 excess of actual expenses for their participation in the event.

9 (12) “Prohibited sports bettor” means:

10 (A) any member or employee of the Department and any spouse,
11 child, sibling, or parent residing in the same household as a member or
12 employee of the Department;

13 (B) any principal or employee of any agent;

14 (C) any contractor of the Department or its agents when the contract
15 relates to the conduct of sports wagering;

16 (D) any contractor or employee of an entity that conducts sports
17 wagering in another jurisdiction when the bettor, as a result of the bettor’s
18 contract or employment, possesses confidential or nonpublic information
19 relating to the wager being placed;

1 (E) any amateur or professional athlete if the sports wager is based in
2 whole or part on a sport or athletic event overseen by the athlete’s governing
3 sports body;

4 (F) any sports agent, owner, or employee of a team, player, umpire,
5 referee, coach, union official, or official of a sport’s governing body if the
6 sports wager is based in whole or in part on a sport or athletic event overseen
7 by the governing body that oversees the individual’s sport;

8 (G) any individual placing a wager as an agent of or proxy for a
9 prohibited sports bettor; or

10 (H) any person under 21 years of age.

11 (13)(A) “Prohibited sports event” means any:

12 (i) collegiate sports event in which one of the participants is a
13 collegiate team of a college institution that is primarily located in Vermont,
14 unless the collegiate sports event is subject to the provisions of subdivision (B)
15 of this subsection;

16 (ii) high school or collegiate sports event that takes place in
17 Vermont; and

18 (iii) amateur or professional sports event where the participants
19 are primarily under 18 years of age.

20 (B) “Prohibited sports event” does not mean the games of a collegiate
21 sports tournament in which a Vermont college team participates, nor does it

1 include any games of a collegiate sports tournament that occur outside
2 Vermont even though some of the individual games or events are held in
3 Vermont, and provided further that sports wagers are permitted on collegiate
4 sports tournament games in which a Vermont college team participates only if
5 the outcome of the wager is based on the outcome of all games within the
6 tournament.

7 (14) “Sportsbook” means the business of accepting wagers on any sports
8 event by any system or method of wagering.

9 (15) “Sports governing body” means the organization that prescribes
10 final rules and enforces codes of conduct with respect to a sporting event and
11 the participants therein.

12 (16) “Sports wager” means cash or cash equivalent paid by an individual
13 to participate in sports wagering.

14 (17) “Sports wagering” means wagering on sporting events or any
15 portion thereof or on the individual performance statistics of athletes
16 participating in a sports event, or a combination of sports events, by any
17 system or method of wagering, including in-person communication and
18 electronic communication through Internet websites accessed via a mobile
19 device or computer and mobile device applications. “Sports wagering”
20 includes single game bets, teaser bets, parlays, over-under bets, money line

1 bets, pools, exchange wagering, in game wagering, in-play bets, proposition
2 bets, and straight bets.

3 § 1302. DEPARTMENT OF LIQUOR AND LOTTERY; DUTIES

4 (a) The Commissioner is authorized to negotiate and contract to authorize a
5 not more than six agents to operate a sportsbook in Vermont through a mobile
6 sports wagering platform. This subsection shall not be construed to require the
7 Department to authorize unqualified applicants to conduct a sportsbook.

8 (b) The Department, either independently or through its agent, shall
9 provide:

10 (1) Age verification measures to be undertaken to block access to and
11 prevent sports wagers by persons under 21 years of age.

12 (2) Identity verification through secure online databases or by
13 examination of photo identification.

14 (3) That mobile sports wagers must be initiated and received within the
15 State of Vermont and may not be intentionally routed outside the State. The
16 incidental intermediate routing of a mobile sports wager shall not determine
17 the location or locations in which the wager is initiated, received, or otherwise
18 made.

19 (4) Wager limits for daily, weekly, and monthly amounts consistent with
20 the best practices in addressing problem gambling.

1 (5) A voluntary self-exclusion program for players to exclude
2 themselves from wagering for a set period of time.

3 (6) Security mechanisms to ensure the confidentiality of wagering and
4 personal and financial information except as otherwise authorized by this
5 chapter.

6 (7) Measures to ensure that wagers are not placed by a prohibited sports
7 bettor.

8 (c) The Department shall approve wager categories and types in a
9 reasonable time frame. Once a particular category or wager type is approved
10 for its first use, it may be used on multiple events without further approval.
11 The Department may issue general approval for agents to conduct enumerated
12 types and categories of wagers.

13 (d) The Department shall only approve wagers on categories of events
14 where:

15 (1) the outcome can be verified;

16 (2) the outcome can be generated by a reliable and independent process;

17 and

18 (3) the event is conducted in conformity with applicable laws.

19 (e) The Department shall ensure that any contract with an agent includes a
20 provision that allows the Department with 30 days' notice to amend or

1 terminate the contract upon the amendment of this subchapter by the General
2 Assembly.

3 § 1303. PROCEDURES

4 (a)(1) The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to
5 govern the establishment and operation of any sportsbook authorized by this
6 chapter. For each procedure proposed to be adopted or amended pursuant to
7 this section, the Board shall publish the proposal on the Department of Liquor
8 and Lottery’s website, provide notice of the proposal to all agents, provide not
9 less than 30 days for public comment on the proposal, and hold not less than
10 two public hearings at which members of the public may seek additional
11 information or submit oral or written comments on the proposal.

12 (2) The Board shall not be required to initiate rulemaking pursuant to
13 3 V.S.A. § 831(c) in relation to a procedure adopted pursuant to this section.

14 (3) A procedure adopted pursuant to this section shall have the force of
15 law and be binding on all persons who play or offer sports wagering within the
16 State.

17 (b) The Board shall adopt procedures pursuant to this section that govern
18 the following minimum standards for the Department’s agents:

19 (1) Minimum computer system security, including:

20 (A) documented system security testing performed by a licensed
21 third-party contractor approved by the Department;

- 1 (B) unique identification and verification systems for wagers;
- 2 (C) procedures to prevent past posting of wagers;
- 3 (D) minimum data that must be recorded relating to each wager;
- 4 (E) system redundancy to ensure recording of wagers during a system
5 outage; and

- 6 (F) integration with an independent control system to ensure integrity
7 of system wagering information;

- 8 (2) sports wagering system requirements that meet or exceed Gaming
9 Laboratories International’s GLI-33: Standards for Event Wagering Systems,
10 and its appendices, as amended or modified (GLI-33);

- 11 (3) minimum house rules, including:

- 12 (A) the method for calculation and payment of winning wagers;
- 13 (B) the effect of schedule changes for a sports event;
- 14 (C) the method of notifying bettors of odds or proposition changes;
- 15 (D) acceptance of wagers at terms other than those posted;
- 16 (E) circumstances under which the agent will void a bet; and
- 17 (F) treatment of errors, late bets, and related contingencies;

- 18 (4) minimum accounting controls, including:

- 19 (A) processes for recording collection of wagers, payment of wagers,
20 and cancellation of wagers issued; and
- 21 (B) requirements for an annual audit of accounting controls;

1 (5) minimum internal control standards; and

2 (6) minimum cash reserves to be maintained by each agent.

3 (c) The procedures adopted pursuant to this section shall be submitted to
4 the Sports Betting Study Committee for review and comment prior to formal
5 implementation by the Board.

6 § 1303a. RESPONSIBLE GAMING; AGENT PLANS, DUTIES, AND

7 REPORT

8 (a) Annually, each agent shall submit to the Department a responsible
9 gaming plan that shall include information related to the posting of materials
10 related to problem gaming, resources to be made available to bettors
11 expressing concerns about problem gaming, house-imposed player limits, and
12 self-exclusion programs. The Commissioner shall require each applicant to
13 submit a responsible gaming plan prior to authorizing the applicant to conduct
14 a sportsbook within the State.

15 (b) Annually on or before January 15, the Department, in consultation with
16 the Department of Mental Health, shall submit to the General Assembly a
17 report on the impact of sports wagering on problem gamblers in Vermont,
18 including an analysis of demographics that are disproportionately impacted by
19 problem gambling. The Department may require the agents to pay for the
20 costs associated with preparing and submitting the report.

- 1 (c) The Department shall ensure that any agent operating in the State
2 operates a mobile sports wagering platform that:
- 3 (1) prohibits an individual from establishing more than one account;
4 (2) limits a person to the use of only one debit card or one credit card for
5 an account and places a monetary limit on the use of a credit card over a period
6 of time;
7 (3) allows a person to limit the amount of money that may be deposited
8 into an account and spent per day through an account;
9 (4) establishes a voluntary self-exclusion process to allow a person to:
10 (A) exclude himself or herself from establishing an account;
11 (B) exclude himself or herself from placing wagers through an
12 account; or
13 (C) limit the amount such person may spend using such an account;
14 (5) provides responsible gambling and problem gambling information to
15 participants; and
16 (6) conspicuously displays on each applicable Internet website or mobile
17 application:
18 (A) a link to a description of the provisions of this subsection (c);
19 (B) a link to responsible gambling information;
20 (C) a toll-free telephone number an individual may use to obtain
21 information about problem gambling;

1 (D) a link to information about the voluntary self-exclusion process
2 described in subdivision (4) of this subsection (c);

3 (E) a periodic pop-up message displaying the amount of time an
4 individual has spent on the agent’s Internet website or mobile application;

5 (F) a means to initiate a break in play to discourage excessive play;
6 and

7 (G) a clear display of the amount of money available to the individual
8 in the individual’s account.

9 (d) At least every five years, each agent shall be subject to an independent
10 review of the agent’s responsible gaming plan, as assessed by industry
11 standards and performed by a third party approved by the Department. The
12 Department may require the agent to pay for the independent review.

13 (e) Sports wagering advertisements shall not:

14 (1) depict an individual under 21 years of age, unless such individual is
15 a professional athlete or a collegiate athlete who, if permitted by applicable
16 law, is able to profit from the use of the individual’s name and likeness; or

17 (2) be aimed exclusively or primarily at individuals under 21 years of
18 age.

1 § 1304. SPORTS WAGERING AGENTS; COMPETITIVE BIDDING

2 PROCESS

3 (a) The Commissioner shall select agents through a competitive bidding
4 process.

5 (b) The Board shall adopt procedures pursuant to 3 V.S.A. § 835 to
6 establish criteria for the selection of agents. At a minimum, the Board's
7 guidelines shall require an applicant to include the following in the proposal:

8 (1) an estimate of the applicant's potential gross sports wagering
9 revenue and the percentage of gross revenue from mobile sports wagering the
10 applicant will pay to the State if selected to be an agent;

11 (2) the number of skins the operator proposes to use for its sports
12 wagering operations in Vermont;

13 (3) the applicant's responsible gaming plan and a description of
14 responsible gaming safeguards that the applicant currently employs;

15 (4) a list of all jurisdictions where the applicant and any parent
16 companies are currently authorized to conduct sports wagering operations;

17 (5) the applicant's player acquisition model, advertising and affiliate
18 programs, and marketing budget, including details on how the applicant will
19 convert customers from wagering through illegal channels to wagering legally
20 in the State;

1 (6) the estimated time frame for implementing the applicant’s sports
2 wagering operations;

3 (7) the applicant’s integrity monitoring systems, including any current
4 affiliations related to integrity monitoring; and

5 (8) the applicant’s plan for maximizing sustainable, long-term revenue
6 for the State, including a detailed market analysis.

7 (c) The Department shall impose the following licensing and operating
8 fees:

9 (1) A new agent shall pay a one-year license fee of \$50,000.00. If after
10 the first year of licensure there are not significant ownership or other changes
11 as determined by the Department, an annual license renewal fee shall be
12 \$20,000.00. Licenses shall be valid for one year from the date of issuance.
13 License fees shall not be prorated.

14 (2) A licensed agent shall pay an annual operational fee of \$100,000.00.

15 § 1305. PROHIBITED ACTIVITIES

16 The Department’s agents are prohibited from the following activities:

17 (1) accepting or making payment relating to sports wagers made by
18 prohibited sports bettors;

19 (2) accepting sports wagers on prohibited sports events; or

20 (3) accepting sports wagers from persons who are physically outside the
21 State of Vermont at the time the sports wager is placed.

1 § 1306. PROCEEDS TO GENERAL FUND

2 The proceeds received by the Department from sports wagering, less the
3 administrative costs of the Department, shall be deposited in the General Fund.

4 § 1307. MAINTAINING SPORTS INTEGRITY

5 The Department and its agents may participate in national and international
6 monitoring services and associations and may share betting information with
7 those entities and sports governing bodies in order to ensure the integrity of
8 sports wagers and sports events. The Commissioner may restrict, limit, or
9 exclude wagering on a sports event if the Commissioner determines that the
10 restriction, limitation, or exclusion is necessary to ensure the integrity of the
11 sportsbook.

12 § 1308. ACCESS TO FINANCIAL REPORTS

13 The Department may require financial and compliance reports from its
14 agents at any time and may conduct audits of these reports to ensure that the
15 State receives the contractual share of revenue.

16 § 1309. COMPLIANCE OVERSIGHT

17 (a) The Department shall retain oversight of its agents to ensure that all
18 sports wagering activities are conducted in accordance with this chapter, any
19 contractual terms, and any procedures adopted by the Department.

20 (b) Any failure to comply with this chapter, contractual terms, or any
21 procedures adopted by the Department may be brought before the Board of

1 Liquor and Lottery. The Board shall have the authority to impose sanctions on
2 an agent for a violation, including monetary penalties, suspension of agent
3 operations within the State, and the termination of all agent operations within
4 the State. The Department may also bring an action in a Vermont court for
5 damages, injunctive relief, or enforcement of monetary penalties related to any
6 contract violation.

7 § 1310. RESPONSIBLE GAMING SPECIAL FUND

8 (a) There is established the Responsible Gaming Special Fund that shall be
9 managed in accordance with 32 V.S.A. chapter 7, subchapter 5. Annually, an
10 amount equal to 2.5 percent of the annual sports wagering revenue received by
11 the Department of Liquor and Lottery shall be credited to this Fund.

12 (b) This Fund shall be available to the Department of Mental Health for:

13 (1) providing support to agencies, organizations, and persons that
14 provide education, assistance, awareness, treatment, and recovery services to
15 persons and families experiencing difficulty as a result of addictive or
16 problematic gambling;

17 (2) promoting public awareness of and providing education about
18 gambling addiction;

19 (3) establishing and funding programs to certify addiction counselors;

20 (4) promoting public awareness of assistance programs for gambling
21 addiction;

1 (5) paying the costs and expenses associated with the treatment of
2 gambling addiction; and

3 (6) funding a helpline with text messaging and online chat capabilities.

4 (c) On or before January 15 of each year, the Department of Mental Health
5 shall submit to the General Assembly a report detailing the expenditures from
6 the Fund in the preceding fiscal year and summarizing the programs and
7 activities supported by those expenditures.

8 § 1311. CONFIDENTIALITY OF RECORDS

9 (a) When produced or acquired by the Department pursuant to this chapter,
10 the following records are exempt from public inspection and copying under the
11 Public Records Act and shall be kept confidential:

12 (1) personal information and background check documents;

13 (2) any lists of names, including information related to voluntary self-
14 exclusion;

15 (3) trade secrets, business records, financial records, and related
16 information; and

17 (4) records relating to agent security, technology, facilities, or systems.

18 (b) The Public Records Act exemptions created in this section shall not be
19 subject to the provisions of 1 V.S.A. 317(e) (repeal of Public Records Act
20 exemptions).

1 § 1312. CRIMES AND PENALTIES

2 (a) A person who is not permitted to conduct sports wagering pursuant to
3 this chapter that operates, conducts, or exposes sports wagering for play or
4 accepts a bet or wager associated with sports wagering shall be fined not more
5 than \$10,000.00 or imprisoned not more than six months, or both.

6 (b) A person convicted of a second violation or subsequent violation of
7 subsection (a) of this section shall be fined not more than \$25,000.00 or
8 imprisoned not more than one year, or both.

9 (c) A person convicted of a third or subsequent violation of subsection (a)
10 of this section shall be fined not more than \$50,000.00 or imprisoned not more
11 than two years, or both.

12 * * * Effective Dates * * *

13 Sec. 44. EFFECTIVE DATES

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

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

17
18
19
20

21 (Committee vote: _____)

1
2
3

Senator _____

FOR THE COMMITTEE

DRAFT