

H.730

Summary and Notes

- Secs. 2 through 44 – RTDs and Fortified Wines
 - These sections amend various sections of Title 7 to
 - move “ready-to-drink spirits beverages” and fortified wines from the exclusive retail and distribution by DLL and
 - allow these beverages to be distributed and sold in the same retail streams as malt and vinous beverages.
 - Additionally, the sections change the licensing scheme for the manufacture and sale of these beverages in order to accommodate the shift from exclusive state control. (An example is the elimination of the fortified wines permit for second-class licensees, because those licensees will be able to sell fortified wines under their existing license).
 - Finally, these sections update Title 7 tax statutes to apply a gallonage tax to RTDs and fortified wines in lieu of the excise tax.
- Sec. 2 (definitions)
 - 7 V.S.A. § 2 is amended to add a definition for “ready-to-drink spirits beverages.”
 - RTDs are defined as beverages containing not more than 12% alcohol obtained by distillation and mixed with non-alcoholic beverages.
 - Any RTD that contains more than 12% ABV or that is packaged in containers that hold more than 24 fluid ounces will be a “spirit” and stay under the exclusive control of DLL.
 - 7 V.S.A. § 2 is also amended to include fortified wines with less than 16% ABV within “vinous beverages.”
- Secs. 3 through 44
 - Each of the Title 7 statutes related to the distribution and retail sale of malt or vinous beverages is amended to include RTDs and Fortified wines. Here is a list of those statutes and the amendments that were made:
 - Sec. 3. Fortified wines are removed from the rare products raffle held by DLL.
 - Sec. 4. RTDs and FWs added to the statute governing the hours of sale for first- and third-class licenses.

- Sec. 5. RTDs and FWs added to the statute governing prohibitions and limitations on the importation of alcohol for personal use.
- Sec. 6. RTDs and FWs added or removed from particular rulemaking jurisdiction of the Board of Liquor and Lottery, where necessary.
- Sec. 7. FWs removed from list of particular duties of the Commissioner of DLL.
- Sec. 8 FWs removed from the special brand purchasing statute related to DLL.
- Sec. 9 FWs removed from the list of beverages that, when sold by DLL, the profits are sent to the liquor control enterprise fund.
- Sec.10 and 11 Local control ballots and initiatives are amended to accommodate the shift of RTDs and FWs.
- Sec. 12 RTDs are added to the licensing fee lists to match manufacturing and distribution authority granted later in the bill, including certificates of approval for RTDs.
 - Certificates of approval are issued to manufacturers or distributors “who are not otherwise licensed in this state” who wish to sell products directly to packagers and wholesalers.
- Sec. 13 through 16 RTDs and FWs are added to the first-, second-, and fourth-class license statutes – removed from third-class.
 - First = bars/restaurants that sell malt and vinous bevs.
 - Second = Retail locations that sell alcoholic beverages for off-premises consumption (grocery stores, etc.)
 - Third = bars/restaurants that sell spirits sourced from DLL
 - Fourth = on premises license for manufacturers.
- Sec.17 RTDs and FWs added to statute governing retail delivery permits for second-class licensees.
- Sec. 18 RTDs and FWs added to statute governing sampler flights.
- Sec. 19 RTDs and FWs added to statute governing educational sampling events.
- Secs. 20 and 21 RTDs and FWs added to statutes governing special events permits and festival permits.
- Sec. 22. RTDs and FWs added to special venue serving permit.
- Secs. 23 and 24 RTDs and FWs added to retail alcoholic beverage tasting permits and promotional tasting for licensees.
- Sec. 25 RTDs and FWs added to statute governing sampling for quality assurance statute.
- Sec. 26 Manufacturer license statute reorganized to include RTDs with spirits license and to include FWs solely with vinous beverage license.
- Sec. 27 RTDs and FWs added to wholesale dealer’s license
- Sec. 28 Certificate of approval statute amended to add RTDs and FWs.

- Sec. 28 RTDs and FWs added to solicitor license statute.
 - Sec. 30 through 33 RTDs added to consumer shipping license but not fortified wines (FWs are >16%, DLL expressed public safety concern).
 - Sec. 34 through 36. RTDs and Fortified wines are put under the \$.55 per gallon beverage tax (used to be subject to 5% excise tax).
 - Sec. 37 RTDs and FWs are added to the order solicitation statute.
 - Sec. 38 RTDs are expressly included in the underage possession statute.
 - Secs. 39 through 42. RTDs and Fortified wines are included within the franchise and exclusive territory statutes.
 - Sec. 43 RTDs are added to the bottle redemption statute.
 - Sec. 44 Repeal of the fortified wine permit.
 - This allowed second-class licensees to sell FWs. No longer necessary now that FWs are no longer under exclusive DLL control.
- Secs. 45 and 46 (criminal background checks)
 - These sections grant authority to DLL to conduct criminal background checks on applicants for alcoholic beverage, tobacco, and lottery licenses.
- Sec. 47 (Deputy Commissioner)
 - This section amends 7 V.S.A. § 101 to reduce the number of Deputy Commissioners to one. There will be a single Deputy Commissioner of Liquor and Lottery.
- Sec. 48 (Rare Products Raffle)
 - This section amends 7 V.S.A. § 5 to allow a third-class licensee to purchase a ticket for the rare and unusual products raffle. Previously, tickets were available to the “general public” and it was not clear whether a bar or restaurant could apply as a licensee to win a rare product.
- Sec. 49 (staggered licenses)
 - This is session law that authorizes the DLL to extend the expiration date of current licenses and to stagger the effective dates of licenses issued in 2022 and 2023.
- Sec. 50 (effective dates)
 - Sec. 49 (staggered licenses) is effective on passage.
 - All other sections are effective on July 1, 2022.