

# ASSESSMENT OF THE IMPACT OF ALCOHOLIC BEVERAGES FOR OFF-PREMISE CONSUMPTION

1

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**Submitted by:**  
**Wendy Knight**  
Commissioner,  
Department of Liquor and  
Lottery  
[Wendy.Knight@vermont.gov](mailto:Wendy.Knight@vermont.gov)  
802-828-7632

As required by [Act 70](#), The Department of Liquor and Lottery (DLL) assessed the impact of beverages for off-premise consumption on licensees, public safety, and compliance.

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The goals of this report are to:

- 1) Assess the economic impact on licensees that were approved to sell alcoholic beverages pursuant to 7 V.S.A. § 230.
  - 2) Assess the impact of alcoholic beverages for off-premise consumption on public safety and compliance.
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## CONTENTS

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|   |                 |
|---|-----------------|
| <b>Executive Summary</b> .....                    | <b>Page 3</b>   |
| <b>Data Collection Methods</b> .....              | <b>Page 4-5</b> |
| Economic Data Collection .....                    | Page 4          |
| Compliance and Public Safety Data Collection..... | Page 5          |
| <b>Findings</b> .....                             | <b>Page 5-6</b> |
| Economic Impact .....                             | Page 5-6        |
| Compliance and Public Safety Impact.....          | Page 6-7        |
| <b>Summary</b> .....                              | <b>Page 8</b>   |

## EXECUTIVE SUMMARY

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### Introduction

As required by [Act 70](#), The Department of Liquor and Lottery (DLL) assessed the economic, public safety, and compliance impact of off-premise consumption and curbside pick-up of alcoholic beverages to licensees. [7 V.S.A. § 230](#) defines “to-go alcoholic beverages” and “curbside pick-up” as follows.

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#### *To-Go Alcoholic Beverages*

*“...malt beverages, vinous beverages, and spirits-based prepared drinks for off-premises consumption [that] must be accompanied by a food order...”*

#### *Beverages for Curbside Pick-Up*

*“...unopened containers of the alcoholic beverages that the licensee is permitted to sell...”*

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### Abstract

Passed in 2021, Act 70 permitted the sale of alcoholic beverages for off-premise consumption by first and third-class licensees. First (malt and vinous beverages) and third-class (distilled spirits) licenses permit an establishment to sale liquor for on-premise consumption. The law requires first- or third-class licensees to provide to-go alcoholic beverages in a container: (1) with a securely affixed tamper-evident seal; (2) bearing a label that: (A) states that the beverage contains alcohol; and (B) lists the ingredients and serving size. All sales of alcoholic beverages for off-premises consumption must be accompanied by a food order.

Act 70 also permitted second-class (retail stores) and fourth-class (manufacturer tasting rooms) licensees to provide curbside pickup of unopened containers of the alcoholic beverages.

## DATA COLLECTION METHODS

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### Economic Data Collection

#### To-Go Alcoholic Beverages

As of the date of this report, DLL does not have a comprehensive list of licensees that sell to-go alcoholic beverages. However, DLL's Office of Compliance and Enforcement proactively collected names of licensees that had interest in selling to-go alcoholic beverages in July 2021. Using that list, the Department contacted relevant licensees and distributed a 6-question survey. Sixteen (16) establishments completed the survey, 50% of which identified as casual dining and 25% of which identified as fine dining.

To assess the economic impact of to-go alcoholic beverages, DLL asked first-class (wine and beer on-premise) and third-class (distilled spirits on premise) licensees the following questions:

1. What percentage of your total alcohol sales are to-go alcoholic beverages?
2. Did to-go alcoholic beverages increase your alcohol sales for the period of July 1, 2021, through June 30, 2022 compared to the previous fiscal year (July 1, 2020 through June 30, 2021)? If yes, by how much?
3. Did to-go alcoholic beverages cause your alcohol sales to decline for the period of July 1, 2021 through June 30, 2022 compared to the previous fiscal year (July 1, 2020 through June 30, 2021)? If yes, by how much?
4. Please choose the establishment type(s) that best fit your business(es). If you are responding for multiple businesses, please select an answer for each establishment.
5. Please choose the establishment type(s) that best fit your business(es). If you are responding for multiple businesses, please select an answer for each establishment.
6. Please provide your name, role, and the name of the establishment(s) in which you sell to-go alcoholic beverages.

In addition to direct emails, DLL disseminated the survey for first and third-class licensees through the Vermont Independent Restaurant Coalition, Vermont Chamber of Commerce, and local chambers of commerce from September 2022 through December 2022. To encourage engagement, we posted on the survey on the [Department's website](#), [Division of Liquor Control website](#), and [Facebook](#) page. We also reminded licensees in our quarterly stakeholder meetings.

### Beverages for Curbside Pick-Up

DLL compiled email addresses from our internal licensing system and distributed the survey link to 338 second-class (retail stores) and fourth-class (manufacturer tasting rooms) licensees. Additionally, the Vermont Retail Grocer's Association, Distillers Spirits Council of Vermont, Vermont Brewers Association, Vermont Grape and Wine Council, Vermont Cider Association, Vermont Wholesale Beverage Association, and the Wine Institute shared the invitation with their members. Thirty-two (32) establishments completed the survey.

To assess the economic impact of curbside pick-up, DLL asked second and fourth-class licensees the following questions:

1. What percentage of your total sales are curbside pick-up sales?
2. Did curbside pick-up increase your sales for the period of July 1, 2021, through June 30, 2022, compared to the previous fiscal year (July 1, 2020, through June 30, 2021)? If yes, by how much?
3. Did curbside pick-up cause your sales to decline for the period of July 1, 2021, through June 30, 2022, compared to the previous fiscal year (July 1, 2020, through June 30, 2021)? If yes, by how much?
4. Please provide your name, role, and the name of the establishment(s) from which you sell curbside pick-up merchandise.

**Public Safety Data Collection** DLL's Office of Compliance and Enforcement conducts routine compliance checks on all active licensees throughout the year. Public safety and compliance data contained within this report is a result of DLL investigative work and data regularly collected by DLL Office of Compliance and Enforcement to regulate the alcohol beverage industry.

## FINDINGS

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### Economic Impact

To understand the economic impact on first-and-third class licensees from the ability to sell *alcoholic beverages for off-premise consumption*, we collected data on participation in to-go alcohol beverage sales and impact on sales. We found that the prevalence of to-go alcoholic beverages sales was very low and there

was a modest positive impact on alcohol beverages sales. There was no reported negative impact on sales.

- 78.57% of respondents said to-go alcoholic beverages only represent 1-5% of their total alcohol sales.
- 50% of respondents said they saw no economic impact from to-go alcoholic beverages for the period of July 1, 2021, through June 30, 2022, compared to the previous fiscal year (July 1, 2020, through June 30, 2021).
- 25% of respondents said they saw an increase in alcohol sales of 1-5% for the period of July 1, 2021, through June 30, 2022, compared to the previous fiscal year (July 1, 2020, through June 30, 2021). 12.5% of respondents indicated an increase of alcohol sales of 6-10% from year to year.
- No respondents saw a decline in alcohol sales due to to-go alcoholic beverages.

To understand economic impact on second-and-fourth class licensees from the ability to offer *curbside pickup of unopened containers of alcoholic beverages*, we collected data on participation in curbside pick-up sales and impact on sales.

- 50% of respondents indicated that curbside pick-up sales represent between 1-5% of total sales. 34.38% of respondents said less than 1% of their sales are from curbside pick-up.
- 19.23% of respondents indicated that curbside pick-up sales increased overall sales by 1-5%; 11.54% indicated that curbside pick-up sales increased overall sales by 6-10%; and 7.69% said curbside pick-up sales resulted in an increase of overall sales between 11-20%.
- 61.54% of respondents saw no change in their sales from curbside pick-up during the period of July 1, 2021, through June 30, 2022, compared to the previous fiscal year (July 1, 2020, through June 30, 2021).
- 93.55% of respondents said curbside pick-up did not cause a decline in their sales.

Nearly sixty percent (60%) of respondents shared written feedback about their experience with curbside pick-up. Six licensees noted how curbside pick-up protects public health and safety as communities rebound from the effects of COVID. Two licensees shared they had very few curbside pick-up sales. One licensee noted that curbside pick-up is vital to their business. "...We're on Main Street, so we don't have any parking. Curbside would allow us to serve folks who might have mobility issues or immuno-compromised individuals..."

### **Compliance and Public Safety**

From July 1, 2020 – July 30, 2021, the DLL Office of Compliance and Enforcement completed one thousand two hundred ninety-six (1,296) routine compliance inspections. At the point of inspection, investigators asked first and third-class licensees if they were actively selling to-go alcoholic beverages. Of the 1,296 establishments inspected, only 23 licenses answered "yes." This means only 1.77% of licenses inspected during that time were engaging to-go alcoholic beverage sales.

From July 1, 2020 – July 30, 2021, DLL Office of Compliance and Enforcement issued seventy-nine (79) violations to 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> class licensed establishments. There was only one (1) violation related to-go alcoholic beverages and none for curbside pick-up. The one violation was issued to a 4<sup>th</sup> class licensee for failure to provide food with to-go alcoholic beverages.

During the same timeframe, none of our Place of Last Drink (POLD) cases involved to-go alcoholic beverages or curbside pick-up alcohol sales. The POLD cases that we investigate are DULs that: come from a licensed establishment and that involve a crash, a suspect with a BAC greater than .18%, or suspect that is a minor.

## SUMMARY

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Our assessment of the off-premise consumption and curbside pick-up of alcoholic beverages provisions permitted in Act 70 is that there was a moderate increase in alcohol beverages sales and there were no public safety or compliance issues. As such, the Department of Liquor and Lottery recommends that the General Assembly permit the off-premise consumption and curbside pick-up of alcoholic beverages permanently.