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H.376

Introduced by Representatives Nugent of South Burlington, Bos-Lun of
Westminster, Cina of Burlington, Cordes of Bristol, Headrick of
Burlington, McGill of Bridport, Ode of Burlington, Pouech of
Hinesburg, and Priestley of Bradford

Referred to Committee on

Date:

Subject: Alcoholic beverages; manufacturers and rectifiers; labeling
requirements; taxes

Statement of purpose of bill as introduced: This bill proposes to (1) require all
alcoholic beverages sold in the State to bear a label containing a statement of
the alcohol content in U.S. Standard Drinks; (2) increase the gallonage taxes
on malt beverages and vinous beverages; (3) increase the excise tax on spirits;
(4) create the Treatment and Recovery Fund, dedicate the proceeds of the
gallonage tax to the Fund, and establish the purposes for which monies from
the Fund may be disbursed; and (5) require the Division of Liquor Control to
study and report on compliance with Vermont law governing the shipment of
alcoholic beverages to consumers.

An act relating to the creation of the Treatment and Recovery Fund and the
labeling and taxation of alcoholic beverages

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 * * * Labeling Requirement; U.S. Standard Drink Equivalent * * *

3 Sec. 1. FINDINGS, INTENT, AND SHORT TITLE

4 (a) The General Assembly finds:

5 (1) the State of Vermont is currently experiencing an education funding
6 crisis and one of the central drivers of the increased education fund pressures
7 are the costs associated with treating mental health needs of youth and
8 families;

9 (2) there is a need to fund mental health, treatment, and recovery
10 resources;

11 (3) the consumption of alcoholic beverages is a significant factor for
12 mental health, overdoses, and cancer diagnoses;

13 (4) the responsible consumption of alcoholic beverages requires that the
14 consumer be adequately informed of the beverage and its contents; and

15 (5) according to the 2024 Direct to Consumer Shipping Pilot Program
16 conducted by the Department of Liquor and Lottery, 100% of the direct-to-
17 consumer shipments received under the Program failed to fully comply with
18 Vermont law.

19 (b) Therefore, it is the intent of the General Assembly that:

20 (1) all alcoholic beverages sold in the State bear a label that discloses
21 the alcohol content in a form and manner that adequately informs the consumer

1 of serving size and that alcohol content labeling be consistent throughout all
2 beverage alcohol categories; and

3 (2) the gallonage tax on certain alcoholic beverages be increased to
4 offset the continuing costs of support services and that all proceeds be
5 deposited in a special fund for that purpose.

6 Sec. 2. 7 V.S.A. § 6 is added to read:

7 § 6. ALCOHOLIC BEVERAGE CONTAINERS; LABELING

8 (a) Malt beverages, vinous beverages, and ready-to-drink spirits beverages.
9 A manufacturer or rectifier of malt beverages, vinous beverages, or ready-to-
10 drink spirits beverages shall not sell or distribute its alcoholic beverages in the
11 State unless the labeling or packaging of the product includes a statement of
12 alcohol content in U.S. Standard Drinks. The statement of alcohol content in
13 U.S. Standard drinks shall be in a format permitted under the labeling
14 regulations adopted by the Alcohol and Tobacco Tax and Trade Bureau.

15 (b) Spirits and fortified wines. The Department of Liquor and Lottery, and
16 any manufacturer or rectifier that sells unopened containers at a fourth-class
17 location, shall affix a statement of alcohol content label on all spirits and
18 fortified wines sold in the State. The label shall state the alcohol content of the
19 beverage in U.S. Standard Drinks. The Department shall provide labels to the
20 holder of a fourth-class license for purposes of labeling unopened containers
21 sold from the premises. The Department may adopt requirements for the form,

1 format, and contents of the label by rule pursuant to 3 V.S.A. chapter 25,
2 provided that the statement of alcohol content shall be in a format permitted
3 under the labeling regulations adopted by the Alcohol and Tobacco Tax and
4 Trade Bureau.

5 (c) Any alcoholic beverage sold in the State shall bear a cancer warning
6 and serving facts label. The cancer warning shall state “WARNING: Drinking
7 alcoholic beverages may increase cancer risk and, if consumed during
8 pregnancy, can cause birth defects.” The serving facts label shall state the
9 following:

10 (1) serving size in U.S. Standard Drinks;

11 (2) alcohol by volume;

12 (3) calories per U.S. Standard Drink; and

13 (4) measurements in grams for total fat, saturated fat, sodium, total
14 carbohydrates, total sugars, added sugars, and protein.

15 * * * Taxes on Alcoholic Beverages * * *

16 Sec. 3. 7 V.S.A. § 421 is amended to read:

17 § 421. TAX ON MALT AND VINOUS BEVERAGES

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

20 (1) the sum of ~~26 and one-half cents~~ \$1.36 per gallon for every gallon or
21 its equivalent of:

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

3 ~~(B)~~ or hard ciders ~~containing not more than seven percent of alcohol~~
4 ~~by volume at 60 degrees Fahrenheit sold by them to retailers in the State;~~

5 (2) the sum of ~~55 cents~~ \$3.75 per gallon for each gallon of:

6 ~~(A)~~ malt beverages ~~containing more than six percent of alcohol by~~
7 ~~volume at 60 degrees Fahrenheit;~~

8 ~~(B)~~ hard ciders ~~containing more than seven percent of alcohol by~~
9 ~~volume at 60 degrees Fahrenheit sold by them to retailers in the State; and~~

10 ~~(C)~~ vinous beverages sold by them to retailers in the State; and

11 (3) the sum of ~~\$1.40~~ \$1.36 per gallon of ready-to-drink spirits beverages
12 sold by them to retailers in the State.

13 * * *

14 (g) Beginning on July 1, 2027 and on each subsequent July 1, the sums in
15 subsection (a) of this section shall be increased by the percentage increase of
16 the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted,
17 or successor index, as calculated by the U.S. Department of Labor or successor
18 agency for the 12 months preceding the previous September 1. The sums shall
19 be rounded off to the nearest \$0.01.

1 Sec. 4. 7 V.S.A. § 421a is added to read:

2 § 421a. TREATMENT AND RECOVERY FUND

3 (a) There is created the Treatment and Recovery Fund, a special fund
4 established and managed pursuant to 32 V.S.A. chapter 7, subchapter 5 and
5 administered by the Department of Health. The Fund shall consist of all
6 monies collected by the Commissioner of Taxes pursuant to section 421 of this
7 chapter and 50 percent of the monies collected by Board of Liquor and Lottery
8 pursuant to section 424 of this chapter.

9 (b) The Department of Health shall submit a spending plan to the General
10 Assembly annually on or before November 15. The Department shall disburse
11 monies from the Fund pursuant to 32 V.S.A. chapter 7, subchapter 3.

12 (c) Expenditures from the Fund may be used to support any program that
13 provides:

14 (1) mental health support for primary and postsecondary schools, with
15 priority given to the support for student assistance professionals; or

16 (2) treatment or supportive housing for individuals with alcohol use
17 disorder.

18 Sec. 5. 7 V.S.A. § 422 is amended to read:

19 § 422. TAX ON SPIRITS AND FORTIFIED WINES

20 (a) A tax of ~~five~~ 10 percent is assessed on the gross revenue from the sale
21 of spirits and fortified wines in the State of Vermont by the Board of Liquor

1 and Lottery or the retail sale of spirits and fortified wines in Vermont by a
2 manufacturer or rectifier of spirits or fortified wines, in accordance with the
3 provisions of this title.

4 * * *

5 * * * Study; Manufacturer and Retailer Compliance * * *

6 Sec. 6. DIVISION OF LIQUOR CONTROL; STUDY AND REPORT;
7 MANUFACTURER, DISTRIBUTOR, AND RETAILER
8 COMPLIANCE

9 On or before November 15, 2024, the Division of Liquor Control shall
10 submit to the House Committee on Government Operations and Military
11 Affairs and the Senate Committee on Economic Development, Housing and
12 General Affairs a written report concerning the legal compliance of alcoholic
13 beverage manufacturers, distributors, and retailers with the requirements of
14 Vermont's consumer shipping laws. The Division shall specifically study and
15 report on the rate of compliance for any person offering the online sale of
16 alcoholic beverages, the Division's current and planned compliance monitoring
17 programs, and recommended legislation or appropriations to support and
18 improve compliance with Vermont's consumer shipping laws.

19 * * * Effective Date * * *

20 Sec. 7. EFFECTIVE DATE

21 This act shall take effect on July 1, 2025.