



State of Vermont
Department of Liquor and Lottery
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Wendy Knight, Commissioner

February 25, 2026

Senator Alison Clarkson
Chair, Senate Committee on Economic Development, Housing, and General Affairs
Vermont State House
115 State Street
Room 27
Montpelier, Vermont 05633

Chair Clarkson:

Thank you for the opportunity to discuss the current tobacco licensing environment in the State of Vermont, as well as the proposed changes to this system contained in S. 198.

The Administration and the Department are opposed to new or increased taxes or fees, including those outlined in this bill.

Current Structure:

Vermont law requires all tobacco wholesalers and retailers to be licensed. Under the current structure, wholesalers are licensed through the Department of Taxes (Tax), while retail licensing and enforcement sits with the Department of Liquor and Lottery (DLL).

There are separate retail licenses for tobacco products (tobacco license, with a current annual fee of \$110.00) and tobacco substitutes such as vapes (tobacco substitute endorsement, with a current annual fee of \$50.00). A retailer must hold a tobacco license to obtain a tobacco substitute endorsement.

Fees for tobacco licenses and tobacco substitute endorsements are outlined in 7 V.S.A. § 1002 (d)(1). As directed by statute, applicants for a liquor license and a tobacco license pay the applicable liquor license fee provided in section 204 of Title 7. In other words, retailers applying for both a liquor license and a tobacco license, which are distinct licenses, pay the applicable liquor license fee and receive a tobacco license at no additional cost.

This structure reflects the reality that many retailers sell alcohol and tobacco products concurrently, and the current fee model was designed to reduce administrative burden while maintaining licensure requirements.





S. 198 Proposed Changes:

S. 198 seeks to drastically increase licensing fees for retailers of tobacco and tobacco substitute products, which, as previously stated, is a non-starter. Significant fee increases may create unintended consequences, including compliance challenges for small retailers, without meaningfully advancing enforcement outcomes.

In addition, the bill does not take sufficient steps to address the bifurcation of tobacco licensure responsibility. Wholesaler licensure information is critical to enforcement action; under the current structure, that licensure data becomes “privileged tax information,” stymying DLL’s ability to enforce regulatory compliance. DLL and Tax agree that aligning wholesaler licensing authority would create a clearer chain of accountability, improve operational responsiveness, and ensure greater regulatory consistency across the supply chain. Aligning licensing authority with enforcement responsibility would also allow for clearer rulemaking and stronger oversight of product movement from wholesale distribution to point-of-sale.

In closing, the Department of Liquor and Lottery remains wholly committed to our mission of creating and maintaining a regulatory framework of licensing, compliance, enforcement, and education through strong partnerships to support the responsible sale and consumption of alcohol, tobacco, and gaming products. Our goal is not only to regulate these markets, but to do so in a way that protects public health, supports responsible businesses, and keeps Vermont affordable and accountable. We look forward to supporting the advancement of policies that strengthen that framework for the future.

Best,

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Wendy Knight

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Wendy Knight, Commissioner

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