

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2015

Bill Number: S.138 Name of Bill: Act Relating to Promoting Economic Development

Agency/ Dept: Liquor Control Author of Bill Review: William Goggins and Marcia Gardner

Date of Bill Review: 6/1/15 Related Bills and Key Players : NA

Status of Bill: (check one): Upon Introduction As passed by 1st body As passed by both

Recommended Position:

Support Oppose Remain Neutral Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. S.138 will:

1. Allow fortified wines to be sold on the premises of second class licensees, limited to 150 locations.
2. Allow libraries and museums to hold events where beer and wine will be served free of charge to attendees, with the same type of permit as is available to art galleries and bookstores.
3. Increase the number of Special Event Permits a manufacturer may apply for from 36 to 104.
4. Authorize a study to modernize the Vermont liquor control system.

2. Is there a need for this bill?

No. While the Commissioner of Liquor Control offered the fortified wine language as a compromise, the Liquor Control Board was not in favor of extending fortified wine sales to second class licensees.

- Fortified wines are already sold at 80 locations around the state.
- Libraries and museums can currently hire a caterer to serve beer and wine at events.
- There will be very few manufacturers who will participate in 104 special events due to the time, staff and preparation required to attend this number of events.
- Liquor Control has been studied twice in the past ten years – once by an outside company in 2005 and again by the State Auditor's Office in 2014.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

- The State will lose the profit margin realized on the sale of all the fortified wines sold by the second class licensees.
- The Department of Liquor Control's cash register system is unable at this time to set two different prices for the same product, which is what this bill will require. DLC has until January 1, 2016 to implement this portion of the bill. If a new point of sale system (POS) is not in place at that time, all fortified wines sold in accordance with this legislation will have to be manually discounted at the register for every transaction.
- There will be more events and permits for DLC staff to process and investigate.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

NA

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?

See below

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

A handful of second class licensees will support the fortified wine language. And, a handful of in-state manufacturers will support the increase in the number of Special Event Permits.

6.2 Who else is likely to oppose the proposal and why?

- Some in-state manufacturers oppose the permit to allow the service of free wine and beer at libraries and museums. The manufacturers feel that they are held to a much higher standard of public safety and that others should be held to the same standards.
- Public Safety does not support the service of free wine and beer at an ever increasing number of locations or the rapidly growing number of public events held each year that now include some type of alcohol beverage.
- The eighty independently-owned agency stores that now sell fortified wines oppose the sale of fortified wines outside the existing structure at higher profit margins.

7. Rationale for recommendation:

See above

8. Specific modifications that would be needed to recommend support of this bill:

NA

9. Gubernatorial appointments to board or commission?

NA

Secretary/Commissioner has reviewed this document:



Date: 6/3/15