

I. EXECUTIVE SUMMARY:

Quick Facts:

55 Employees

\$0 from the State General Fund

\$23,297,000 Contributed to the State General Fund in 2015

\$257,518,000 Contributed since 2000

Agency Overview

Vermont directly controls the sale of liquor at the wholesale level and is considered a “control state” or “control jurisdiction.” Vermont instituted a three-tier system of producers, wholesale distributors, and retailers to promote moderation in consumption, prevent concentration of power and raise revenues for the state.

The Department of Liquor Control (DLC) purchases, distributes, and sells alcoholic beverages through its eighty (80) Agency stores, enforces Vermont’s alcohol and tobacco statutes, with a strong emphasis on limiting youth access, educates licensees and promotes responsible consumption. An integral part of the DLC’s mission is to control the distribution of alcoholic beverages and tobacco, while providing excellent customer service and effective public safety, for the general good of the state.

The DLC was created under 3 V.S.A. § 212 and follows the definitions as laid out in the Vermont Administrative Procedure Act, 3 V.S.A. § 801. The DLC is responsible for regulating all persons and entities involved in the alcohol supply chain at any stage, upon entering Vermont, including licensees, manufacturers, distributors and importers of beer and wine of which there are about thirty to forty thousand (30,000 – 40,000). In addition, the DLC regulates tobacco licensing.

The DLC is governed by a Liquor Control Board and a Commissioner. The governor appoints and removes Board members (of which there are five) and the Commissioner. The composition of the DLC is described at 7 V.S.A. 5, § 101.

Board duties are described under 7 V.S.A. 5, § 104. The Board's primary responsibility is to create and see that the laws and regulations relating to alcohol and tobacco are enforced and that the DLC collaborates with other law enforcement entities in the state. The Board acts as a judicial board in hearing and adjudicating cases of violation by its licensees, manufacturers, distributors and importers.

The DLC is involved with licensing, permitting, education, investigations and enforcement. No new license is granted until the applicant has met with a DLC investigator to become informed about Vermont liquor laws, rules and regulations pertaining to the purchase, storage, and sale of alcoholic beverages and tobacco products. Permits vary in length, but each license is only valid for one year and must be renewed. In order to renew a license, the applicant must ensure that certain education and reporting requirements are satisfied. No license or permit will be renewed unless the records of the DLC show that the licensee has complied with the terms of the DLC’s

regulations found on its website and in the link below:

<http://liquorcontrol.vermont.gov/sites/liquorcontrol/files/Education%20Regulations.pdf>

The DLC handles enforcement through its Board, Commissioner and investigators. The DLC's enforcement division is charged with investigating complaints and possible violations of tobacco and liquor laws and regulations, and carrying out law enforcement activities related to these incidents. Investigators review violations utilizing standard police investigation techniques and make individualized determinations on how to handle a particular violation. The Board has the authority to discipline those people or entities who violate Title 7 or the other rules and regulations as set forth by the DLC. All Board hearings are open to the public. Disciplinary action depends on the type and severity of the infraction, as well as prior history and ranges from a warning or monetary sanction to the suspension or cancellation of a license. The Board makes a final determination regarding the person or entity based upon the findings and evidence presented. Any decision regarding licensing made by the Board may be appealed to the Vermont Supreme Court.

The DLC employs fifty-five (55) total staff members. The DLC is comprised of the following units: Enforcement, Licensing, Education, Warehouse & Delivery Operations, Spirits Purchasing, Retail Operations, Financial, and Information Technology ("IT").

Agency Major and Evolving Issues

- The DLC has outgrown its current office and warehouse spaces located at 13 Green Mountain Drive in Montpelier. Both spaces are outdated, overcrowded, inefficient, and in need of expensive repair. A warehouse study determined that a new facility would result in very significant savings in labor and equipment costs. The DLC is working to relocate to improve efficiency and accommodate its growing needs. The Department is going to issue a request for information with the goal of issuing a request for proposals in the first or second quarter of 2017.
- The DLC is running its business operations on an ancient and outdated point of sale system (POS). The present system is nearly 20 years old. It is being maintained by purchasing used equipment off of EBay and as a result the Department is unable to add any new agencies. This system is so antiquated that it is nearly impossible to get useful data about sales trends and inventory levels. The DLC has an RFP out to purchase a new, updated system capable of meeting the modern demands of DLC operations.
- Redrafting of Title 7 and the General Regulations to bring them into line with more modern times and create a simplified statutory scheme.
- The DLC works closely with the Department of Health on alcohol and tobacco issues.
- Tobacco related legislation to end free tobacco sales licenses and to create a licensing scheme that better addresses underage smoking.