

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 730 entitled “An act relating to alcoholic
4 beverages and the Department of Liquor and Lottery” respectfully reports that
5 it has considered the same and recommends that the Senate propose to the
6 House that the bill be amended by striking out all after the enacting clause and
7 inserting in lieu thereof the following:

8 * * * Ready-to-Drink Spirits Beverages; Ciders * * *

9 Sec. 1. 7 V.S.A. § 2 is amended to read:

10 § 2. DEFINITIONS

11 As used in this title:

12 * * *

13 (6) “Certificate of approval” means a license granted by the Board of
14 Liquor and Lottery to a manufacturer or distributor of malt beverages or vinous
15 beverages, or both, that is not licensed under the provisions of this title, that
16 permits the licensee to sell those beverages to holders of a packager’s or
17 wholesale dealer’s license.

18 * * *

19 (16) “First-class license” means a license permitting the licensee to sell
20 malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages to

1 the public for consumption only on the premises for which the license is
2 granted.

3 * * *

4 (19) “Fourth-class license” means a license permitting a licensed
5 manufacturer or rectifier to sell by the unopened container and distribute by ~~the~~
6 glass sample, with or without charge, beverages manufactured by the licensee.

7 * * *

8 (25) “Malt beverages” means all fermented beverages of any name or
9 description manufactured for sale from malt, wholly or in part, or from any
10 substitute therefor, known as, among other things, beer, ale, or lager,
11 containing not less than one percent nor more than 16 percent alcohol by
12 volume at 60 degrees Fahrenheit.

13 (26) “Manufacturer’s or rectifier’s license” means a license granted by
14 the Board of Liquor and Lottery that permits the holder to manufacture or
15 rectify malt beverages, vinous beverages, and fortified wines, or spirits, ~~and~~
16 fortified wines, and ready-to-drink spirits beverages.

17 * * *

18
19 (31) “Ready-to-drink spirits beverage” means an alcoholic beverage
20 containing more than one percent alcohol by volume and not more than
21 12 percent alcohol by volume at 60 degrees Fahrenheit obtained by distillation,

1 by chemical synthesis, or through concentration by freezing and mixed with
2 nonalcoholic beverages, flavoring, or coloring materials. Ready-to-drink spirits
3 beverages may also contain water, fruit juices, fruit adjuncts, sugar, carbon
4 dioxide, preservatives, and other ingredients.

5 (32) “Request-to-cater permit” means a permit granted by the Division
6 of Liquor Control authorizing a licensed caterer or commercial caterer to cater
7 individual events.

8 ~~(32)~~(33) “Retail dealer” means any person who sells or furnishes malt or
9 vinous beverages to the public.

10 ~~(33)~~(34) “Retail delivery permit” means a permit granted by the
11 Division of Liquor Control that permits a second-class licensee to deliver malt
12 beverages and vinous beverages sold from the licensed premises for
13 consumption off the premises to an individual who is 21 years of age or older
14 at a physical address in Vermont.

15 ~~(34)~~(35) “Sampler flight” means a flight, ski, paddle, or any similar
16 device by design or name intended to hold alcoholic beverage samples for the
17 purpose of comparison.

18 ~~(35)~~(36) “Second-class license” means a license permitting the licensee
19 to export and to sell malt beverages ~~and~~, vinous beverages, or ready-to-drink
20 spirits beverages to the public for consumption off the premises for which the
21 license is granted.

1 ~~(36)~~(37) “Special event permit” means a permit granted by the Division
2 of Liquor Control permitting a licensed manufacturer or rectifier to sell, by the
3 glass or by the unopened bottle, alcoholic beverages manufactured or rectified
4 by the license holder at an event open to the public that has been approved by
5 the local control commissioners.

6 ~~(37)~~(38) “Special venue serving permit” means a permit granted by the
7 Division of Liquor Control permitting an art gallery, bookstore, public library,
8 or museum to conduct an event at which malt or vinous beverages, or both, are
9 served by the glass to the public. As used in this section, “art gallery” means a
10 fixed establishment whose primary purpose is to exhibit or offer for sale works
11 of art; “bookstore” means a fixed establishment whose primary purpose is to
12 offer books for sale; “public library” has the same meaning as in 22 V.S.A.
13 § 101; and “museum” has the same meaning as in 27 V.S.A. § 1151.

14 ~~(38)~~(39) “Specialty beer” means a malt beverage that contains more
15 than eight percent alcohol and not more than 16 percent alcohol by volume at
16 60 degrees Fahrenheit.

17 ~~(39)~~(40) “Spirits” means beverages that contain more than one percent
18 alcohol obtained by distillation, by chemical synthesis, or through
19 concentration by freezing; vinous beverages containing more than 23 percent
20 alcohol; and malt beverages containing more than 16 percent alcohol by
21 volume at 60 degrees Fahrenheit. “Spirits” also means a ready-to-drink spirits

1 beverage that contains more than 12 percent alcohol by volume at 60 degrees
2 Fahrenheit or is packaged in containers greater than 24 fluid ounces in volume.

3 ~~(40)~~(41) “Third-class license” means a license granted by the Board of
4 Liquor and Lottery permitting the licensee to sell spirits and fortified wines for
5 consumption only on the premises for which the license is granted.

6 ~~(41)~~(42) “Vinous beverages” means all fermented beverages of any
7 name or description manufactured or obtained for sale from the natural sugar
8 content of fruits or other agricultural product, containing sugar, the total
9 alcoholic content of which is not less than one percent nor more than
10 16 percent by volume at 60 degrees Fahrenheit.

11 ~~(42)~~(43) “Wholesale dealer’s license” means a license granted by the
12 Board of Liquor and Lottery permitting the holder to sell or distribute malt ~~and~~
13 beverages, vinous beverages, and ready-to-drink spirits beverages to first- and
14 second-class licensees, to educational sampling event permit holders, and to
15 agencies of the United States.

16 (44) “Cider” means a vinous beverage, made a majority from the
17 fermented natural sugar content of apples or pears, that contains an alcoholic
18 content of not less than one percent or more than 16 percent by volume at
19 60 degrees Fahrenheit. “Cider” includes sweetened, flavored, and carbonated
20 cider.

1 Sec. 2. 7 V.S.A. § 62 is amended to read:

2 § 62. HOURS OF SALE

3 (a) First- or first- and third-class licensees; or festival, special event, or
4 educational sampling event permit holders may sell alcoholic beverages
5 between the hours of 8:00 a.m. and 2:00 a.m. the next morning.

6 (b)(1) Second-class licensees may sell malt ~~and beverages,~~ vinous
7 beverages and ready-to-drink spirits beverages between the hours of 6:00 a.m.
8 and 12:00 midnight.

9 * * *

10 Sec. 3. 7 V.S.A. § 63 is amended to read:

11 § 63. IMPORTATION OR TRANSPORTATION OF ALCOHOL;
12 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

13 (a)(1) All spirits and fortified wines imported or transported into this State
14 shall be imported or transported by and through the Board of Liquor and
15 Lottery. A person importing or transporting or causing to be imported or
16 transported into this State any spirits or fortified wines, or both, in violation of
17 this section shall be imprisoned not more than one year or fined not more than
18 \$5,000.00, or both.

19 (2) Notwithstanding subdivision (1) of this subsection, a person may
20 import or transport not more than eight quarts of spirits or fortified wines, or
21 both, into this State in ~~his or her~~ the person's own private vehicle or in his or

1 her actual possession at the time of importation without a license or permit,
2 provided the beverages are not for resale.

3 (b)(1) Except as provided in sections 277, 278, and 283 of this title, all malt
4 ~~or beverages,~~ vinous beverages, or ready-to-drink spirits beverages, or ~~both a~~
5 combination of malt beverages, vinous beverages, and ready-to-drink spirits
6 beverages, imported or transported into this State shall be imported or
7 transported by and through the holder of a wholesale dealer's license issued by
8 the Board of Liquor and Lottery. A person importing or transporting or
9 causing to be imported or transported into this State any malt ~~or beverages,~~
10 vinous beverages, or both or ready-to-drink spirits beverages, in violation of
11 this section shall be imprisoned not more than one year or fined not more than
12 \$1,000.00, or both.

13 (2) Notwithstanding subdivision (1) of this subsection, a person may
14 import or transport not more than six gallons of malt ~~or beverages,~~ vinous
15 beverages, or ready-to-drink spirits beverages, or ~~both a combination of malt~~
16 beverages, vinous beverages, and ready-to-drink spirits beverages, into this
17 State in ~~his or her~~ the person's own private vehicle or in ~~his or her~~ the person's
18 actual possession at the time of importation without a license or permit,
19 provided the beverages are not for resale.

1 Sec. 4. 7 V.S.A. § 104 is amended to read:

2 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

3 The Board shall supervise and manage the sale of spirits and fortified wines
4 within the State in accordance with the provisions of this title, and through the
5 Commissioner of Liquor and Lottery shall:

6 * * *

7 (11) Adopt rules regarding intrastate transportation of malt ~~and~~
8 beverages, vinous beverages, and ready-to-drink spirits beverages.

9 * * *

10 Sec. 5. 7 V.S.A. § 161 is amended to read:

11 § 161. LICENSES VOTED BY TOWN; TOWN MEETINGS; WARNING

12 (a) Upon petition of not less than five percent of the legal voters of any
13 town, filed with the town clerk in conformance with 17 V.S.A. § 2642, the
14 warning of the annual or special meeting shall contain an article providing for
15 a vote upon the following questions:

16 Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, and
17 ready-to-drink spirits beverages be granted in this town?

18 Shall spirits and fortified wines be sold in this town?

19 The vote under the article shall be by ballot in the following form:

20 Shall licenses for the sale of malt ~~and~~ beverages, vinous beverages, and
21 ready-to-drink spirits beverages be granted in this town?

1 Yes ___ No ___

2 Shall spirits and fortified wines be sold in this town?

3 Yes ___ No ___

4 (b) Licenses and permits for the sale of malt ~~and~~ beverages, vinous
5 beverages, ready-to-drink spirits beverages, and spirits and fortified wines shall
6 be issued according to the vote at the annual town meeting held in March 1969
7 until a town votes otherwise.

8 Sec. 6. 7 V.S.A. § 201 is amended to read:

9 § 201. LICENSES CONTINGENT ON TOWN VOTE

10 Licenses of the first or second class shall not be granted by the control
11 commissioners or the Board of Liquor and Lottery to be exercised in any city
12 or town, the voters of which vote “No” on the question of whether to permit
13 the sale of malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits
14 beverages pursuant to section 161 of this title. Licenses of the third class shall
15 not be granted by the Board of Liquor and Lottery to be exercised in any city
16 or town, the voters of which vote “No” on the question of whether to sell
17 fortified wines and spirits pursuant to section 161 of this title.

1 Sec. 7. 7 V.S.A. § 204 is amended to read:

2 § 204. APPLICATION AND RENEWAL FEES FOR LICENSES AND
3 PERMITS; DISPOSITION OF FEES

4 (a) The following fees shall be paid when applying for a new license or
5 permit or to renew a license or permit:

6 (1) For a manufacturer's or rectifier's license to manufacture or rectify
7 malt beverages, or vinous beverages and fortified wines, or spirits ~~and~~
8 fortified wines, and ready-to-drink spirits beverages, \$285.00 for each license.

9 * * *

10 (7) For a shipping license for malt beverages ~~or~~ vinous beverages, or
11 ready-to-drink spirits beverages:

12 (A) in-state consumer shipping license, \$330.00~~;~~

13 (B) out-of-state consumer shipping license, \$330.00~~;~~

14 (C) vinous beverages retail shipping license, \$250.00.

15 * * *

16 (16) For a certificate of approval:

17 (A) for malt beverages, \$2,485.00;

18 (B) for vinous beverages, \$985.00~~;~~

19 (C) for ready-to-drink spirits beverages, \$985.00.

20 * * *

1 Sec. 8. 7 V.S.A. § 221 is amended to read:

2 § 221. FIRST-CLASS LICENSES

3 * * *

4 (b)(1) A first-class license permits the holder to sell malt ~~and~~ beverages,
5 vinous beverages, and ready-to-drink spirits beverages for consumption only
6 on those premises.

7 (2) Except as otherwise provided pursuant to sections 271 and 278 of
8 this title, a first-class license holder shall purchase all malt beverages ~~and,~~
9 vinous beverages, and ready-to-drink spirits beverages sold pursuant to the
10 license from Vermont wholesale dealers or packagers.

11 (c) A retail dealer carrying on business in more than one place shall acquire
12 a first-class license for each place where the retail dealer sells malt ~~or~~
13 beverages, vinous beverages, or ready-to-drink spirits beverages for
14 consumption on the premises.

15 * * *

16 Sec. 9. 7 V.S.A. § 222 is amended to read:

17 § 222. SECOND-CLASS LICENSES

18 (a)(1) With the approval of the Board of Liquor and Lottery, the control
19 commissioners may grant a second-class license to a retail dealer for the
20 premises where the dealer carries on business if the retail dealer submits an

1 application and pays the fee provided in section 204 of this title and satisfies
2 the Board that the premises:

3 * * *

4 (b)(1) A second-class license permits the holder to export malt ~~and~~
5 beverages, vinous beverages, and ready-to-drink spirits beverages and to sell
6 malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages to
7 the public from the licensed premises for consumption off the premises.

8 * * *

9 (3) Except as otherwise provided pursuant to sections 225, 271, and 278
10 of this title, a second-class license holder shall purchase all malt beverages
11 ~~and~~, vinous beverages, and ready-to-drink spirits beverages sold pursuant to its
12 license from Vermont wholesale dealers or packagers.

13 (c) A retail dealer carrying on business in more than one place shall be
14 required to acquire a second-class license for each place where the retail dealer
15 sells malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits
16 beverages.

17 * * *

18 Sec. 10. 7 V.S.A. § 224 is amended to read:

19 § 224. FOURTH-CLASS LICENSES

20 * * *

1 (b) At each licensed location, a fourth-class licensee may sell by the
2 unopened container or distribute by the glass, with or without charge, alcoholic
3 beverages manufactured by the licensee.

4 (1) A licensee may, for consumption at the licensed premises or
5 location, distribute the following amounts of alcoholic beverages to a retail
6 customer:

7 (A) ~~no~~ not more than two ounces of malt beverages ~~or,~~ or vinous
8 beverages, or ready-to-drink spirits beverages with a total of eight ounces; and

9 * * *

10 Sec. 11. 7 V.S.A. § 226 is amended to read:

11 § 226. RETAIL DELIVERY PERMITS

12 * * *

13 (b) A retail delivery permit holder may deliver malt beverages ~~and,~~ or vinous
14 beverages, and ready-to-drink spirits beverages sold from the licensed
15 premises for consumption off the premises to an individual who is 21 years of
16 age or older subject to the following requirements:

17 * * *

18 (4) An employee of a retail delivery permit holder shall not be permitted
19 to make deliveries of malt beverages ~~or,~~ or vinous beverages, or ready-to-drink
20 spirits beverages pursuant to the permit unless ~~he or she~~ the employee has

1 completed a training program approved by the Division pursuant to section 213
2 of this chapter.

3 (5) Malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits
4 beverages delivered pursuant to a retail delivery permit shall be for personal
5 use and not for resale.

6 Sec. 12. 7 V.S.A. § 228 is amended to read:

7 § 228. SAMPLER FLIGHTS

8 (a) The holder of a first-class license may serve a sampler flight of up to
9 32 ounces in the aggregate of malt beverages or ciders to a single customer at
10 one time.

11 (b) The holder of a first-class license may serve a sampler flight of up to
12 12 ounces in the aggregate of vinous beverages or ready-to-drink spirits
13 beverages to a single customer at one time.

14 * * *

15 Sec. 13. 7 V.S.A. § 251 is amended to read:

16 § 251. EDUCATIONAL SAMPLING EVENT PERMIT

17 * * *

18 (b) An educational sampling event permit holder is permitted to conduct an
19 event that is open to the public at which malt beverages, vinous beverages,
20 ready-to-drink spirits beverages, fortified wines, spirits, or all four are served
21 only for the purposes of marketing and educational sampling.

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(d) The permit holder shall ensure all the following:

(1) Attendees at the educational sampling event shall be required to pay an entry fee of ~~no~~ not less than \$5.00.

(2)(A) Malt beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages for sampling shall be offered in glasses that contain ~~no~~ not more than two ounces of either beverage.

* * *

(f) Taxes for the alcoholic beverages served at the event shall be paid as follows:

* * *

(2) vinous beverages and ready-to-drink spirits beverages: \$0.55 per gallon served;

* * *

Sec. 14. 7 V.S.A. § 252 is amended to read:

§ 252. SPECIAL EVENT PERMITS

* * *

(b)(1) A special event permit holder may sell alcoholic beverages manufactured or rectified by the permit holder by the glass within the event boundaries or the unopened bottle.

1 glass to the public by the permit holder or its employees and volunteers only
2 during the event.

3 (f) A festival permit holder shall be subject to the provisions of this title,
4 including section 214 of this title, and the rules of the Board regarding the sale
5 of the alcoholic beverages and shall pay the tax on the malt ~~or~~ beverages,
6 vinous beverages, or ready-to-drink spirits beverages pursuant to section 421
7 of this title.

8 * * *

9 Sec. 16. 7 V.S.A. § 254 is amended to read:

10 § 254. SPECIAL VENUE SERVING PERMITS

11 * * *

12 (b) A permit holder may purchase malt ~~or~~ beverages, vinous beverages, or
13 ready-to-drink spirits beverages directly from a licensed retailer.

14 * * *

15 (d) A public library or museum may only be granted a permit pursuant to
16 this section for an event held for a charitable or educational purpose at which
17 malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits beverages
18 will be served for a period of not more than six hours.

19 Sec. 17. 7 V.S.A. § 255 is amended to read:

20 § 255. RETAIL ALCOHOLIC BEVERAGE TASTING PERMITS

21 * * *

1 (b) The Division may grant the following alcoholic beverage tasting
2 permits to the following types of licensees:

3 (1) A second-class licensee.

4 (A) The permit authorizes the employees of the second-class licensee
5 or of a designated manufacturer or rectifier to dispense to each customer of
6 legal age on the licensee’s premises malt ~~or~~ beverages, vinous beverages, or
7 ready-to-drink spirits beverages by the glass not to exceed two ounces of each
8 beverage with a total of eight ounces of malt ~~or~~ beverages, vinous beverages,
9 or ready-to-drink spirits beverages.

10 (B) Malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits
11 beverages dispensed at the tasting event shall be from the inventory of the
12 licensee or purchased from a wholesale dealer.

13 * * *

14 (2) A licensed manufacturer or rectifier of malt ~~or~~ beverages, vinous
15 beverages, or ready-to-drink spirits beverages.

16 (A) The permit authorizes the licensed manufacturer or rectifier to
17 dispense to each customer of legal age for consumption on the premises of a
18 second-class licensee beverages produced by the manufacturer or rectifier by
19 the glass not to exceed two ounces of each beverage with a total of eight
20 ounces of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits
21 beverages.

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(3) A licensed wholesale dealer. The permit authorizes a licensed wholesale dealer to dispense malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages for promotional purposes at the wholesale dealer’s premises without charge to invited employees of first-, second-, and third-class licensees, provided the invited employees are of legal age.

(c) A vinous beverage, ready-to-drink spirits beverage, or malt beverage tasting event held pursuant to subsection (b) of this section, not including an alcoholic beverage tasting conducted on the premises of the manufacturer or rectifier, shall comply with the following:

(1) continue for ~~no~~ not more than six hours, with ~~no~~ not more than six beverages to be offered at a single event, and ~~no~~ not more than two ounces of any single beverage and ~~no~~ not more than a total of eight ounces of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits beverages to be dispensed to a customer;

* * *

Sec. 18. 7 V.S.A. § 256 is amended to read:

§ 256. PROMOTIONAL TASTINGS FOR LICENSEES

(a)(1) At the request of a first- or second-class licensee, a holder of a manufacturer’s, rectifier’s, or wholesale dealer’s license may distribute without charge to the first- or second-class licensee’s management and staff, provided

1 they are of legal age, two ounces per person of vinous beverages, ready-to-
2 drink spirits beverages, or one ounce per person, for the purpose of promoting
3 the beverage.

4 * * *

5 (b)(1) At the request of a holder of a wholesale dealer’s license, a first-class
6 licensee may dispense malt ~~or~~ beverages, vinous beverages, or ready-to-drink
7 spirits beverages for promotional purposes without charge to invited
8 management and staff of first-, second-, or third-class licensees, provided they
9 are of legal age.

10 * * *

11 (c)(1) Upon receipt of a first- or second-class application by the Division, a
12 holder of a wholesale dealer’s license may dispense malt ~~or~~ beverages, vinous
13 beverages, or ready-to-drink spirits beverages for promotional purposes
14 without charge to invited management and staff of the business that has
15 applied for a first- or second-class license, provided they are of legal age.

16 * * *

17 (4) No malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits
18 beverages shall be left behind at the conclusion of the tasting.

19 * * *

20 Sec. 19. 7 V.S.A. § 257 is amended to read:

21 § 257. TASTINGS FOR PRODUCT QUALITY ASSURANCE

1 * * *

2 (b) Each sample of malt beverages ~~or~~, vinous beverages, or ready-to-drink
3 spirits beverages shall be ~~no~~ not larger than two ounces, and each sample of
4 spirits or fortified wines shall be ~~no~~ not larger than one-quarter ounce.

5 * * *

6 Sec. 20. 7 V.S.A. § 271 is amended to read:

7 § 271. MANUFACTURER’S OR RECTIFIER’S LICENSE

8 (a)(1) The Board of Liquor and Lottery may grant a manufacturer’s or
9 rectifier’s license upon application and payment of the fee provided in section
10 204 of this title that permits the license holder to operate a facility that
11 manufactures or rectifies:

12 (A) malt beverages;

13 (B) vinous beverages and fortified wines; or

14 (C) spirits, ready-to-drink spirits beverages, and fortified wines.

15 * * *

16 (b) Except as otherwise provided in section 224 of this title and subsections
17 (d)–(f) of this section:

18 * * *

19 (2) malt beverages ~~and~~, vinous beverages, and ready-to-drink spirits
20 beverages may be manufactured or rectified for sale to packagers or wholesale
21 dealers, or for export, or both.

1 (c) A licensed manufacturer of vinous beverages or fortified wines, or both,
2 may receive from another manufacturer licensed in or outside this State bulk
3 shipments of vinous beverages to rectify with the licensee’s own product,
4 provided that the vinous beverages or fortified wines produced by the licensed
5 manufacturer may contain ~~no~~ not more than 25 percent imported vinous
6 beverages.

7 * * *

8 Sec. 21. 7 V.S.A. § 273 is amended to read:

9 § 273. WHOLESALE DEALER’S LICENSE

10 * * *

11 (b) A wholesale dealer’s license holder may distribute or sell malt
12 beverages ~~or~~, vinous beverages, or ready-to-drink spirits beverages to first- and
13 second-class licensees and holders of educational sampling event permits.

14 * * *

15 Sec. 22. 7 V.S.A. § 274 is amended to read:

16 § 274. CERTIFICATE OF APPROVAL FOR DISTRIBUTION OF MALT

17 ~~OR BEVERAGES,~~ VINOUS BEVERAGES,

18 OR READY-TO DRINK SPIRITS BEVERAGES

19 (a) The Board of Liquor and Lottery may grant to a manufacturer or
20 distributor of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits

1 beverages that is not licensed under the provisions of this title a certificate of
2 approval if the manufacturer or distributor does all of the following:

3 * * *

4 (b) A certificate of approval shall permit the holder to export malt ~~or~~
5 beverages, vinous beverages, or ready-to-drink spirits beverages or sell malt ~~or~~
6 beverages, vinous beverages, or ready-to-drink spirits beverages to holders of
7 packagers' or wholesale dealers' licenses issued under section 272 or 273 of
8 this title, or both.

9 (c) A holder of a packager's or a wholesale dealer's license issued under
10 this title shall not purchase within or outside the State, or import or cause to be
11 imported into the State, any malt ~~or~~ beverages, vinous beverages, or ready-to-
12 drink spirits beverages unless the person, manufacturer, or distributor from
13 which the beverages are obtained holds a valid certificate of approval or
14 packager's license.

15 * * *

16 Sec. 23. 7 V.S.A. § 275 is amended to read:

17 § 275. SOLICITOR'S LICENSE

18 * * *

19 (b) A solicitor's license holder may, by canvassing or interviewing holders
20 of licenses issued under the provisions of this title:

1 of the applicant's current Vermont manufacturer's license and the fee provided
2 in section 204 of this title.

3 * * *

4 (b)(1) A manufacturer or rectifier of malt ~~or beverages,~~ vinous beverages,
5 or ready-to-drink spirits beverages licensed in another state that operates a
6 brewery ~~or,~~ winery, or distillery in the United States and holds valid state and
7 federal permits and licenses may be granted an out-of-state consumer shipping
8 license by filing with the Division of Liquor Control an application in a form
9 required by the Commissioner accompanied by copies of the applicant's
10 current out-of-state manufacturer's license and the fee provided in section 204
11 of this title.

12 * * *

13 (c)(1) A consumer shipping license granted pursuant to this section shall
14 permit the licensee to ship malt ~~or beverages,~~ vinous beverages, or ready-to-
15 drink spirits beverages produced by the licensee to private residents for
16 personal use and not for resale.

17 (2) A licensee shall not ship more than 12 cases of malt beverages
18 containing ~~no~~ not more than 36 gallons of malt beverages or ~~no~~ not more than
19 12 cases of vinous beverages or ready-to-drink spirits beverages containing ~~no~~
20 not more than 29 gallons of vinous beverages or ready-to-drink spirits
21 beverages to any one Vermont resident in any calendar year.

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Sec. 25. 7 V.S.A. § 279 is amended to read:

§ 279. CONSUMER AND RETAIL SHIPPING LICENSES; GENERAL
REQUIREMENTS

A holder of a shipping license granted pursuant to section 277 or 278 of this subchapter shall comply with all of the following:

* * *

(4) Report at least twice per year to the Division if a holder of a consumer shipping license and once per year if a holder of a retail shipping license in a manner and form required by the Commissioner all the following information:

(A) the total amount of malt ~~or beverages~~, vinous beverages, or ready-to-drink spirits beverages shipped into or within the State during the preceding six months if a holder of a consumer shipping license or during the preceding 12 months if a holder of a retail shipping license;

* * *

(5) Pay to the Commissioner of Taxes the tax required pursuant to section 421 of this title on the malt ~~or beverages~~, vinous beverages, or ready-to-drink spirits beverages shipped pursuant to this subchapter and comply with the provisions of 32 V.S.A. chapter 233, 24 V.S.A. § 138, and any other legally authorized local sales taxes. Delivery in this State shall be deemed to

1 constitute a sale in this State at the place of delivery and shall be subject to all
2 appropriate taxes levied by the State of Vermont.

3 * * *

4 Sec. 26. 7 V.S.A. § 280 is amended to read:

5 § 280. COMMON CARRIERS; REQUIREMENTS

6 (a) A common carrier shall not deliver malt ~~or~~ beverages, vinous
7 beverages, or ready-to-drink spirits beverages pursuant to this chapter until it
8 has complied with the training provisions in section 213 of this title and been
9 certified by the Division of Liquor Control.

10 (b) No employee of a certified common carrier may deliver malt ~~or~~
11 beverages, vinous beverages, or ready-to-drink spirits beverages until that
12 employee completes the training required pursuant to subsection 213(c) of this
13 title.

14 (c) A certified common carrier shall deliver only malt ~~or~~ beverages, vinous
15 beverages, or ready-to-drink spirits beverages that have been shipped by the
16 holder of a license issued under section 277 or 278 of this subchapter or vinous
17 beverages that have been shipped by the holder of a vinous beverage storage
18 license issued under section 283 of this subchapter.

1 Sec. 27. 7 V.S.A. § 281 is amended to read:

2 § 281. PROHIBITIONS

3 (a)(1) Except as otherwise provided in section 226 of this title, direct
4 shipments of malt ~~or~~ beverages, vinous beverages, or ready-to-drink spirits
5 beverages are prohibited if the shipment is not specifically authorized and in
6 compliance with sections 277–280 of this subchapter.

7 (2) Any person who knowingly makes, participates in, imports, or
8 receives a direct shipment of malt ~~or~~ beverages, vinous beverages, or ready-to-
9 drink spirits beverages from a person who does not hold a license, permit, or
10 certificate pursuant to sections 226 or 277–280 of this title may be fined not
11 more than \$2,500.00 or imprisoned not more than one year, or both.

12 (b) The holder of a license issued pursuant to section 277 or 278 of this title
13 or a common carrier that ships malt ~~or~~ beverages, vinous beverages, or ready-
14 to-drink spirits beverages to an individual under 21 years of age shall be fined
15 not less than \$1,000.00 or more than \$3,000.00 or imprisoned not more than
16 two years, or both.

17 * * *

18 Sec. 28. 7 V.S.A. § 421 is amended to read:

19 § 421. TAX ON MALT AND VINOUS BEVERAGES

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

1 (1) the sum of 26 and one-half cents per gallon for every gallon or its
2 equivalent of;

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

5 (B) ciders containing not more than seven percent of alcohol by
6 volume at 60 degrees Fahrenheit sold by them to retailers in the State;

7 (2) the sum of 55 cents per gallon for each gallon of;

8 (A) malt beverages containing more than six percent of alcohol by
9 volume at 60 degrees Fahrenheit;

10 (B) ciders containing more than seven percent of alcohol by volume
11 at 60 degrees Fahrenheit sold by them to retailers in the State; and each gallon
12 of

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

14 (3) the sum of \$1.10 per gallon of ready-to-drink spirits beverages sold
15 to them by retailers in the State.

16 (b) A manufacturer or rectifier of malt beverages, or vinous beverages, or
17 ready-to-drink spirits beverages shall pay the taxes required by this subsection
18 to the Commissioner of Taxes for all malt and vinous beverages manufactured
19 or rectified by them and sold at retail.

20 (b)(c) A packager or wholesale dealer may sell malt or beverages, vinous
21 beverages, or ready-to-drink spirits beverages to any duly authorized agency of

1 the U.S. Armed Forces on any U.S. Armed Forces' installation presently
2 existing in the State or ~~which~~ that may in the future be established as though to
3 a retail dealer but without the payment of the gallonage tax, subject to the
4 filing of the returns as provided in subsection (c) of this section.

5 ~~(e)(1)~~(d)(1) For the purpose of ascertaining the amount of tax, on the filing
6 dates set out in subdivision (2) of this subsection according to tax liability,
7 each packager, wholesale dealer, manufacturer, or rectifier shall transmit to the
8 Commissioner of Taxes, upon a form prepared and furnished by the
9 Commissioner, a statement or return under oath or affirmation showing the
10 quantity of malt ~~and~~ beverages, vinous beverages, and ready-to-drink spirits
11 beverages sold by the packager, wholesale dealer, manufacturer, or rectifier
12 during the preceding filing period, and report any other information requested
13 by the Commissioner accompanied by payment of the tax required by this
14 section. The amount of tax computed under subsection (a) of this section shall
15 be rounded to the nearest whole cent. At the same time this form is due, each
16 packager, wholesale dealer, manufacturer, or rectifier also shall transmit to the
17 Commissioner in electronic format a separate report showing the description,
18 quantity, and price of malt ~~and~~ beverages, vinous beverages, and ready-to-
19 drink spirits beverages sold by the packager, wholesale dealer, manufacturer,
20 or rectifier to each retail dealer as defined in section 2 of this title; provided,
21 however, for direct sales to retail dealers by manufacturers or rectifiers of

1 vinous beverages or ready-to-drink spirits beverages, the report required by
2 this subsection may be submitted in a nonelectronic format.

3 * * *

4 Sec. 29. 7 V.S.A. § 651 is amended to read:

5 § 651. SOLICITING ORDERS

6 A person who, for himself or herself or as agent, takes or solicits orders for
7 the sale of malt ~~or beverages~~, vinous beverages, or ready-to-drink spirits
8 beverages, except for licensees or from agencies of the U.S. Armed Forces as
9 specified in section 421 of this title, or of spirits or fortified wines shall be
10 imprisoned not more than six months or fined not more than \$500.00 nor less
11 than \$100.00, or both.

12 Sec. 30. 7 V.S.A. § 656 is amended to read:

13 § 656. PERSON 16 YEARS OF AGE OR OLDER AND UNDER 21 YEARS
14 OF AGE MISREPRESENTING AGE, PROCURING, POSSESSING,
15 OR CONSUMING ALCOHOLIC BEVERAGES; CIVIL
16 VIOLATION

17 (a) Prohibited conduct; offense.

18 (1) Prohibited conduct. A person 16 years of age or older and under 21
19 years of age shall not:

20 (A) Falsely represent ~~his or her~~ the person's age for the purpose of
21 procuring or attempting to procure malt or vinous beverages, ready-to-drink

1 spirits beverages, spirits, or fortified wines from any licensee, State liquor
2 agency, or other person or persons.

3 (B) Possess malt or vinous beverages, ready-to-drink spirits
4 beverages, spirits, or fortified wines for the purpose of consumption by ~~himself~~
5 ~~or herself~~ the person or other minors, except in the regular performance of
6 duties as an employee of a licensee licensed to sell alcoholic liquor.

7 (C) Consume malt or vinous beverages, ready-to-drink spirits
8 beverages, spirits, or fortified wines. A violation of this subdivision may be
9 prosecuted in a jurisdiction where the minor has consumed malt or vinous
10 beverages, ready-to-drink spirits beverages, spirits, or fortified wines or in a
11 jurisdiction where the indicators of consumption are observed.

12 * * *

13 Sec. 31. 7 V.S.A. § 701 is amended to read:

14 § 701. DEFINITIONS

15 Except as otherwise provided pursuant to section 752 of this chapter, as
16 used in this chapter:

17 (1) “Certificate of approval” means an authorization by the Board of
18 Liquor and Lottery pursuant to section 274 of this title to a manufacturer or
19 distributor of malt beverages ~~or~~, vinous beverages, or ~~both~~, ready-to-drink
20 spirits beverages not licensed under the provisions of this title, to sell those

1 beverages to holders of a packager’s or wholesale dealer’s license issued by
2 the Board pursuant to section 272 or 273 of this title.

3 (2) “Franchise” or “agreement” ~~shall mean~~ means one or more of the
4 following:

5 * * *

6 (B) a relationship that has been in existence for at least one year in
7 which the wholesale dealer is granted the right to offer and sell the brands of
8 malt beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages
9 offered by the certificate of approval holder or manufacturer;

10 * * *

11 (E) a relationship that has been in existence for at least one year in
12 which the wholesale dealer’s business is substantially reliant on the certificate
13 of approval holder or manufacturer for the continued supply of malt beverages
14 ~~or~~ vinous beverages, or ready-to-drink spirits beverages; or

15 * * *

16 (3) “Franchisee” means any malt beverages ~~or~~ vinous beverages, or
17 ready-to-drink spirits beverages wholesale dealer to whom a franchise or
18 agreement as defined in this section is granted or offered, or any malt
19 beverages ~~or~~ vinous beverages, or ready-to-drink spirits beverages certificate
20 of approval holder or manufacturer who is a party to a franchise or agreement
21 as defined in this section.

1 does not have a sufficient amount of a product available for immediate sale to
2 satisfy the demand of a wholesale dealer and its other customers, it shall
3 allocate the available product between the wholesale dealer and its other
4 customers in a fair and equitable manner.

5 * * *

6 Sec. 33. 7 V.S.A. § 705 is amended to read:

7 § 705. EXCLUSIVE TERRITORIES

8 No certificate of approval holder or manufacturer, who designates a sales
9 territory for which a wholesale dealer shall be primarily responsible or in
10 which a wholesale dealer is required to concentrate its efforts, shall enter into
11 any franchise or agreement with any other wholesale dealer for the purpose of
12 establishing an additional franchisee for its brand or brands of malt beverages
13 ~~or~~ vinous beverages, or ready-to-drink spirits beverages in the territory being
14 primarily served or concentrated upon by the first licensed wholesale dealer.

15 Sec. 34. 7 V.S.A. § 706 is amended to read:

16 § 706. SALE TO RETAILERS BY FRANCHISEES

17 No franchisee that is granted a sales territory for which the franchisee shall
18 be primarily responsible or in which the franchisee is required to concentrate
19 its efforts shall make any sale or delivery of malt beverages ~~or~~ vinous
20 beverages, or ready-to-drink spirits beverages to any retail licensee whose
21 place of business is not within the sales territory granted to the franchisee.

1 Sec. 35. 10 V.S.A. § 1521 is amended to read:

2 § 1521. DEFINITIONS

3 ~~For the purpose of~~ As used in this chapter:

4 (1) “Beverage” means beer or other malt beverages and mineral waters,
5 mixed wine drink, soda water and carbonated soft drinks in liquid form and
6 intended for human consumption. ~~As of January 1, 1990 “beverage” also shall~~
7 ~~mean~~ “Beverage” also means liquor and ready-to-drink spirits beverage.

8 * * *

9 Sec. 36. TRANSFER TO GENERAL FUND

10 (a) In fiscal year 2023, a minimum of \$20,400,000.00 shall be transferred
11 from the Liquor Control Enterprise Fund to the General Fund. The amount
12 transferred pursuant to this subsection shall include any amounts transferred
13 pursuant to the fiscal year 2023 annual budget bill.

14 (b) In fiscal year 2024, a minimum of \$21,200,000.00 shall be transferred
15 from the Liquor Control Enterprise Fund to the General Fund.

16 (c) It is the intent of the General Assembly that for each year after fiscal
17 year 2024 the amounts transferred from the Liquor Control Enterprise Fund to
18 the General Fund shall annually increase according to the growth rate of liquor
19 tax revenues in the most recent January Consensus Revenue Forecast.

1 Sec. 42. DEPARTMENT OF LIQUOR AND LOTTERY; STUDIES AND
2 REPORTS

3 (a) Ready-to-drink spirits beverage study.

4 (1) On or before January 15, 2024 the Department of Liquor and Lottery
5 shall submit a written report to the House Committees on Ways and Means and
6 on General, Housing, and Military Affairs and the Senate Committees on
7 Economic Development, Housing and General Affairs and on Finance
8 concerning the fiscal and economic impacts of privatizing the sale of ready-to-
9 drink spirits beverages. In particular, the report shall:

10 (A) analyze the taxes imposed on these beverages by other control
11 states that have privatized the sale of these beverages;

12 (B) provide a recommendation for whether the tax rate on ready-to-
13 drink spirits beverages should increased, decreased, or stay the same;

14 (C) analyze the Department’s annual sales report to determine retail
15 sales and growth by beverage category; and

16 (D) examine any available sales data reflecting the impact of retail
17 sale of ready-to-drink spirits beverages on the local craft beer industry in
18 Vermont.

19 (2) In the preparation of the report, the Department of Liquor and
20 Lottery shall solicit input from the Joint Fiscal Office, the Department of
21 Taxes, and other stakeholders.

1 (b) Fortified wines study. On or before January 15, 2024, the Department
2 of Liquor and Lottery shall submit a written report to the House Committees
3 on Ways and Means and on General, Housing, and Military Affairs and the
4 Senate Committees on Economic Development, Housing and General Affairs
5 and on Finance concerning:

6 (1) the impact on State revenue of privatizing the sale of fortified wines;

7 (2) an examination of control state models that permit private sale of
8 fortified wines up to 23 percent alcohol by volume; and

9 (3) the current and historical volume of fortified wine sales by retailers
10 that hold a fortified wines permit.

11 (c) Study on consumer shipping of spirits.

12 (1) On or before January 15, 2024, the Department of Liquor and
13 Lottery shall submit a written report to the House Committees on Ways and
14 Means and on General, Housing, and Military Affairs and the Senate
15 Committees on Economic Development, Housing and General Affairs and on
16 Finance concerning:

17 (A) an analysis of the revenue impacts to the State and 802 retailers if
18 direct to consumer shipping of spirits is authorized;

19 (B) an examination of the illegal direct to consumer shipping market
20 that exists in the State;

1 (C) an analysis of the volume of direct to consumer spirits sales in
2 the states with legal markets; and

3 (D) an analysis of the potential impact on Vermont distillers and 802
4 outlets of permitting out-of-state manufacturers to acquire direct-to-consumer
5 shipping licenses.

6 (2) On or before January 15, 2023, the Department of Liquor and
7 Lottery shall submit a written interim report concerning the study required by
8 subdivision (1) of this subsection.

9 (d) Privatization study. On or before January 15, 2024, the Joint Fiscal
10 Office, in conjunction with the Department of Liquor and Lottery, shall submit
11 a written report to the House Committees on Ways and Means and on General,
12 Housing, and Military Affairs and the Senate Committees on Economic
13 Development, Housing and General Affairs and on Finance concerning the
14 potential privatization of Vermont’s alcoholic beverage market. The study and
15 report shall examine the impact on State revenue, the taxation and enforcement
16 models that could be used in a private market, and recommendations for
17 whether the State should amend regulatory structures to implement a privatized
18 alcoholic beverage market. The Joint Fiscal Office may contract with an
19 independent third-party consultant to conduct the study required by this
20 subsection.

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* * * Effective Dates * * *

Sec. 43. EFFECTIVE DATES

(a) This section and Sec. 41 (transitional provision; staggered license renewal) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2022.

(Committee vote: _____)

Senator _____

FOR THE COMMITTEE