

1 H.278

2 Introduced by Representatives Stevens of Waterbury, Bohi of Hartford,
3 Howrigan of Fairfield, Kitzmiller of Montpelier, McCullough
4 of Williston, Munger of South Burlington, Savage of Swanton,
5 South of St. Johnsbury, Townsend of Randolph and Yantachka
6 of Charlotte

7 Referred to Committee on

8 Date:

9 Subject: Internal security and public safety; department of controlled
10 substances

11 Statement of purpose: This bill proposes to establish a department of
12 controlled substances to enforce the laws relating to alcohol, tobacco, and the
13 state lottery.

14 An act relating to establishing the department of controlled substances

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

16 Sec. 1. 20 V.S.A. chapter 205 is added to read:

17 CHAPTER 205. DEPARTMENT OF CONTROLLED SUBSTANCES

18 § 4701. CREATION OF DEPARTMENT

19 (a) The department of controlled substances is created to administer laws
20 relating to alcohol and tobacco in Title 7, and the state lottery in chapter 14 of

1 Title 31. The department shall be under the control and supervision of the
2 commissioner of controlled substances.

3 Sec. 2. 3 V.S.A. § 212 is amended to read:

4 § 212. DEPARTMENTS CREATED

5 The following administrative departments are hereby created, through the
6 instrumentality of which the governor, under the constitution, shall exercise
7 such functions as are by law assigned to each department respectively:

8 * * *

9 (14) ~~The department of liquor control~~

10 * * *

11 (22) The department of environmental conservation-

12 (23) The department of controlled substances

13 Sec. 3. 7 V.S.A. § 2 is amended to read:

14 § 2. DEFINITIONS

15 The following words as used in this title, unless a contrary meaning is
16 required by the context, shall have the following meaning:

17 * * *

18 (4) “Bottler’s license”: the license granted by the ~~liquor control board~~
19 department permitting a bottler to bottle for sale and to distribute and sell at
20 wholesale malt or vinous beverages.

21 * * *

1 (6) “Caterer’s permit”: a permit issued by the ~~liquor control board~~
2 department authorizing the holder of first and third class licenses for a cabaret,
3 restaurant or hotel premises to serve malt or vinous beverages or spirituous
4 liquors at a function located on premises other than those occupied by a first,
5 first and third, or second class licensee to sell alcoholic beverages.

6 (7) “Club”: an unincorporated association or a corporation authorized to
7 do business in this state, that has been in existence for at least two consecutive
8 years prior to the date of application for license under this title and owns, hires
9 or leases a building or space in a building that is suitable and adequate for the
10 reasonable and comfortable use and accommodation of its members and their
11 guests and contains suitable and adequate kitchen and dining room space and
12 equipment implements and facilities. A club may be used or leased by a
13 nonmember as a location for a social event as if it were any other licensed
14 commercial establishment. Such club shall file with the ~~liquor control board~~
15 department, before May 1 of each year, a list of the names and residences of its
16 members and a list of its officers. Its affairs and management shall be
17 conducted by a board of directors, executive committee or similar body chosen
18 by the members at its annual meeting, and no member or any officer, agent or
19 employee of the club shall be paid, or directly or indirectly receive, in the form
20 of salary or other compensation, any profits from the disposition or sale of
21 alcoholic liquors to the members of the club or its guests introduced by

1 members beyond the amount of such salary as may be fixed and voted at
2 annual meetings by the members or by its directors or other governing body,
3 and as reported by the club to the ~~liquor control board~~ department. An
4 auxiliary member of a club may invite one guest at any one time. An officer or
5 director of a club may perform the duties of a bartender without receiving any
6 payment for that service, provided the officer or director is in compliance with
7 the requirements of this title that relate to service of alcoholic beverages. A
8 bona fide unincorporated association or corporation whose officers and
9 members consist solely of veterans of the armed forces of the United States, or
10 a subordinate lodge or local chapter of any national fraternal order, and which
11 fulfills all requirements of this subdivision, except that it has not been in
12 existence for two years, shall come within the terms of this definition six
13 months after the completion of its organization. A club located on and
14 integrally associated with at least a regulation nine-hole golf course need only
15 be in existence for six months prior to the date of application for license under
16 this title.

17 * * *

18 (12) “~~Commissioner of liquor control~~”: the ~~executive officer of the~~
19 ~~liquor control board appointed under the provisions of this title~~ commissioner
20 of the department of controlled substances or designee.

1 (13) ~~“Liquor control board”: the board of control appointed under the~~
2 ~~provisions of this title.~~

3 (14) “Malt beverages”: all fermented beverages of any name or
4 description manufactured for sale from malt, wholly or in part, or from any
5 substitute therefor, known as beer, porter, ale, and stout, containing not less
6 than one percent nor more than 16 percent of alcohol by volume at 60 degrees
7 Fahrenheit. However, if such a beverage has an alcohol content of more than
8 six percent and has a terminal specific gravity of less than 1.009, it shall be
9 deemed to be a spirit and not a malt beverage. The holder of the certificate of
10 approval or the manufacturer shall certify to the ~~liquor control board~~
11 department the terminal specific gravity of the beverage when the alcohol
12 content is more than six percent.

13 (15) “Manufacturer’s or rectifier’s license”: a license granted by the
14 ~~liquor control board~~ department that permits the holder to manufacture or
15 rectify spirituous liquors for export and sale to the ~~liquor control board~~
16 department, or malt beverages and vinous beverages for export and sale to
17 bottlers or wholesale dealers. This license permits a manufacturer of vinous
18 beverages to receive from another manufacturer licensed in or outside this state
19 bulk shipments of vinous beverages to rectify with the licensee’s own product,
20 provided that the vinous beverages produced by a Vermont manufacturer may
21 contain no more than 25 percent imported vinous beverage. The ~~liquor control~~

1 ~~board~~ department may grant to a licensed manufacturer or rectifier a first class
2 restaurant or cabaret license or first and third class restaurant or cabaret license
3 permitting the licensee to sell alcoholic beverages to the public only at the
4 manufacturer's premises, which for the purposes of a manufacturer of malt
5 beverages, includes up to two licensed establishments that are located on the
6 contiguous real estate of the holder of the manufacturer's license, provided the
7 manufacturer owns or has direct control over those establishments. A
8 manufacturer of malt beverages who also holds a first class restaurant or
9 cabaret license may serve to a customer malt beverage by the glass, not to
10 exceed eight glasses at one time and not to exceed four ounces in each glass.
11 The ~~liquor control board~~ department may grant to a licensed manufacturer or a
12 rectifier of malt beverages a second class license permitting the licensee to sell
13 alcoholic beverages to the public anywhere on the manufacturer's or rectifier's
14 premises. A licensed manufacturer or rectifier of vinous beverages may serve,
15 with or without charge, at an event held on premises of the licensee or the
16 vineyard property, spirits and vinous and malt beverages, provided the licensee
17 gives the department written notice of the event, including details required by
18 the department, at least five days before the event. Any beverages not
19 manufactured by the licensee and served at the event shall be purchased on
20 invoice from a licensed manufacturer or wholesale dealer or ~~liquor control~~
21 ~~board~~ the department.

1 * * *

2 (17) "Restaurant": a space in a suitable building, approved by the ~~liquor~~
3 ~~control board~~ department, occupied, used, maintained, advertised, or held out
4 to the public to be a place where food is served at all times when open for
5 business and there are no sleeping accommodations. The space shall have
6 adequate and sanitary kitchen and dining room capacity and the number and
7 kinds of employees for preparing, cooking, and serving suitable food for guests
8 and patrons as required by the ~~liquor control board~~ department.

9 * * *

10 (22) "Third class license": a license granted by the ~~liquor control board~~
11 department permitting the licensee to sell spirituous liquors for consumption
12 only on the premises for which the license is granted.

13 (23) "Vinous beverages": all fermented beverages of any name or
14 description manufactured or obtained for sale from the natural sugar content of
15 fruits, or other agricultural product, containing sugar, the alcoholic content of
16 which is not less than one percent nor more than 16 percent by volume at 60
17 degrees Fahrenheit: except that all vermouths shall be purchased and retailed
18 by and through the ~~liquor control board~~ department as authorized in chapter 5
19 and chapter 7 of this title.

20 * * *

1 single permit. However, each attendance at a special event shall count toward
2 the manufacturer's or rectifier's 36 special-event-permit limitation.

3 (28) "Fourth class license" or "farmers' market license": the license
4 granted by the ~~liquor control board~~ department permitting a manufacturer or
5 rectifier of malt or vinous beverages or spirits to sell by the unopened container
6 and distribute, by the glass with or without charge, beverages manufactured by
7 the licensee. No more than a combined total of ten fourth class and farmers'
8 market licenses may be granted to a licensed manufacturer or rectifier. At only
9 one fourth class license location, a manufacturer or rectifier of vinous
10 beverages may sell by the unopened container and distribute by the glass, with
11 or without charge, vinous beverages produced by no more than three additional
12 manufacturers or rectifiers, provided these beverages are purchased on invoice
13 from the manufacturer or rectifier. A manufacturer or rectifier of vinous
14 beverages may sell its product to no more than three additional manufacturers
15 or rectifiers. A fourth class licensee may distribute by the glass no more than
16 two ounces of malt or vinous beverage with a total of eight ounces to each
17 retail customer and no more than one-quarter ounce of spirits with a total of
18 one ounce to each retail customer for consumption on the manufacturer's
19 premises or at a farmers' market. A farmers' market license is valid for all
20 dates of operation for a specific farmers' market location.

1 (29) “Festival permit”: a permit granted by the ~~liquor control board~~
2 department permitting a person to conduct an event at which malt or vinous
3 beverages, or both, are sold by the glass to the public, provided the event is
4 approved by the local licensing authority. A festival permit holder may
5 purchase invoiced volumes of malt or vinous beverages directly from a
6 manufacturer or bottler, provided the manufacturer or bottler either holds a
7 Federal Basic Permit or a Brewers Notice or evidence of licensure in a foreign
8 country, satisfactory to the ~~board~~ department, whichever applies. The invoiced
9 volumes of malt or vinous beverages may be transported to the site and sold by
10 the glass to the public by the permit holder or its employees and volunteers
11 only during the event. A festival permit holder shall be subject to the
12 provisions of this chapter, including section 240 of this title, and the rules of
13 the board regarding the sale of the alcoholic beverages and shall pay the tax on
14 the malt or vinous beverages as required by section 421 of this title. A person
15 shall not be granted a festival permit more than four times in one year, and
16 each permit shall be valid for no more than four consecutive days. A request
17 for a festival permit shall be submitted to the department in a form required by
18 the department at least 15 days prior to the festival and shall be accompanied
19 by a permit fee as required by subdivision 231(14) of this title to be paid to the
20 department.

21

* * *

1 (33) “Department” means the department of controlled substances.

2 Sec. 4. 7 V.S.A. § 61 is amended to read:

3 § 61. RESTRICTIONS; EXCEPTIONS

4 A person, partnership, association or corporation shall not furnish or sell, or
5 expose or keep with intent to sell, any malt or vinous beverage, or spirits, or
6 manufacture, sell, barter, transport, import, export, deliver, prescribe, furnish
7 or possess any alcohol, except as authorized by this title. However, this
8 chapter shall not apply to the furnishing of such beverages or spirits by a
9 person in his or her private dwelling, unless to an habitual drunkard, or unless
10 such dwelling becomes a place of public resort, nor to the sale of fermented
11 cider by the barrel or cask of not less than 32 liquid gallons capacity, provided
12 the same is delivered and removed from the vendor’s premises in such barrel
13 or cask at the time of such sale, nor to the use of sacramental wine, nor to the
14 furnishing, purchase, sale, barter, transportation, importation, exportation,
15 delivery, prescription, or possession of alcohol for manufacturing, mechanical,
16 medicinal, and scientific purposes, provided the same is
17 done under and in accordance with rules and regulations made and permits
18 issued by the ~~liquor control board~~ department as hereinafter provided.

1 Sec. 5. 7 V.S.A. § 62 is amended to read:

2 § 62. HOURS OF SALE

3 (a) Holders of first or first and third class licenses may sell malt and vinous
4 beverages or spirits between the hours of 8:00 a.m. and 2:00 a.m. the next
5 morning.

6 (b) Holders of second class licenses may sell malt and vinous beverages
7 between the hours of 6:00 a.m. and 12:00 a.m. the next morning.

8 (c) The ~~liquor control board~~ department may adopt rules controlling hours
9 of consumption and sale under this section and may extend the hours of sale by
10 holders of first or first and third class licenses on New Years Day.

11 Sec. 6. 7 V.S.A. § 63 is amended to read:

12 § 63. IMPORTATION OR TRANSPORTATION OF LIQUORS;

13 PROHIBITIONS; PERSONAL IMPORT LIMIT; PENALTY

14 (a) All spirituous liquors imported or transported into this state shall be
15 imported or transported by and through the ~~liquor control board~~ department.

16 A person importing or transporting or causing to be imported or transported
17 into this state any spirituous liquors shall be imprisoned not more than one
18 year or fined not more than \$1,000.00, or both. However, a person may import
19 or transport not more than eight quarts of spirituous liquors into this state in his
20 or her own private vehicle or in his or her actual possession at the time of
21 importation without permit.

1 (b) Except as provided in sections 66 and 68 of this title, all malt or vinous
2 beverages, or both, imported or transported into this state shall be imported or
3 transported by and through a wholesale dealer holding a wholesale dealer's
4 license issued by the ~~liquor control board~~ department. A person importing or
5 transporting or causing to be imported or transported into this state any malt or
6 vinous beverages, or both, shall be imprisoned not more than one year or fined
7 not more than \$1,000.00, or both. Provided, however, a person may import or
8 transport not more than six gallons of malt or vinous beverages, or both, into
9 this state in his or her own private vehicle or in his or her actual possession at
10 the time of importation without permit providing it is not for resale.

11 Sec. 7. 7 V.S.A. § 64 is amended to read:

12 § 64. SALE OF MALT BEVERAGES IN KEGS

13 (a) As used in this section, "keg" means a reusable container capable of
14 holding at least five gallons of malt beverage.

15 (b) A keg shall be sold by a second class licensee only under the following
16 conditions:

17 (1) The keg shall be tagged in a manner and with a label approved by
18 the ~~board~~ department. The label shall be supplied and securely affixed to the
19 keg by the wholesale dealer.

20 (2) A person shall exhibit proper proof of identification upon demand of
21 a licensee or an agent of a licensee. If the person fails to provide such proof of

1 identification, the licensee shall be entitled to refuse to sell the keg to the
2 person. As used in this subsection, "proper proof of identification" means a
3 photographic motor vehicle operator's license, a ~~liquor control~~
4 department-issued liquor photographic identification card, a valid passport, a
5 United States military identification card or a photographic nondriver motor
6 vehicle identification card obtained from the department of motor vehicles.

7 (3) The purchaser shall complete a form, provided by the ~~board~~
8 department, which includes at least the name, address and date of birth of the
9 purchaser as they appear on the purchaser's proper proof of identification and
10 the identification number of the keg. The form shall also include the
11 provisions of this section and the penalties for violation of these provisions.
12 The licensee shall retain the form for 90 days after return of the keg.

13 * * *

14 Sec. 8. 7 V.S.A. § 66 is amended to read:

15 § 66. VINOUS BEVERAGE SHIPPING LICENSE; IN STATE; OUT OF
16 STATE; PROHIBITIONS; PENALTIES

17 (a) A manufacturer or rectifier of vinous beverages licensed in Vermont
18 may be granted an in-state consumer shipping license by filing with the
19 department of ~~liquor control~~ an application in a form required by the
20 department accompanied by a copy of the applicant's current Vermont
21 manufacturer's license and the fee as required by subdivision 231(7)(A) of this

1 title. This consumer shipping license may be renewed annually by filing the
2 renewal fee as required by subdivision 231(7)(A) of this title accompanied by a
3 copy of the licensee's current Vermont manufacturer's license.

4 (b) A manufacturer or rectifier of vinous beverages licensed in another state
5 that operates a winery in the United States and holds valid state and federal
6 permits and licenses may be granted an out-of-state consumer shipping license
7 by filing with the department of ~~liquor control~~ an application in a form
8 required by the department accompanied by copies of the applicant's current
9 out-of-state manufacturer's license and the fee as required by subdivision
10 231(7)(B) of this title. This consumer shipping license may be renewed
11 annually by filing the renewal fee as required by subdivision 231(7)(B) of this
12 title accompanied by the licensee's current out-of-state manufacturer's license.

13 For the purposes of this subsection and subsection (c) of this section,
14 "out-of-state" means any state other than Vermont, any territory or possession
15 of the United States, and does not include a foreign country.

16 (c) A manufacturer or rectifier of vinous beverages that is licensed in-state
17 or out-of-state and holds valid state and federal permits and operates a winery
18 in the United States may apply for a retail shipping license by filing with the
19 department of ~~liquor control~~ an application in a form required by the
20 department accompanied by a copy of their in-state or ~~out-of-state~~ out-of-state
21 license and the fee as required by subdivision 231(7)(C) of this title. The retail

1 shipping license may be renewed annually by filing the renewal fee as required
2 by subdivision 231(7)(C) of this title accompanied by the licensee's current in-
3 state or out-of-state manufacturer's license. This license permits the holder,
4 which includes the holder's affiliates, franchises, and subsidiaries, to sell up to
5 2,000 gallons of vinous beverages a year directly to first or second class
6 licensees and deliver the beverages by common carrier or the manufacturer's
7 or rectifier's own vehicles, provided that the beverages are sold on invoice, and
8 no more than 40 gallons per month are sold to any single first or second class
9 licensee. The retail shipping license holder shall provide to the department
10 documentation of the annual and monthly number of gallons sold.

11 * * *

12 (e) A holder of any shipping license granted pursuant to this section shall:

13 * * *

14 (4) Report at least twice a year to the department of ~~liquor control~~ in a
15 manner and form required by the department all the following information:

16 (A) The total amount of vinous beverages shipped into or within the
17 state for the preceding six months.

18 (B) The names and addresses of the purchasers to whom the vinous
19 beverages were shipped.

1 holder of a license issued under this section or a vinous beverage storage
2 license issued under section 68 of this title.

3 (g) The department of ~~liquor control~~ and the department of taxes may adopt
4 rules and forms necessary to implement this section.

5 * * *

6 (j) For any violation of this section, the ~~liquor control board~~ department
7 may suspend or revoke a license issued under this section, among all other
8 remedies available ~~to the board~~.

9 Sec. 9. 7 V.S.A. § 67 is amended to read:

10 § 67. ALCOHOLIC BEVERAGE TASTINGS; PERMIT; PENALTIES

11 (a) Upon submission to the department of a written application in a form
12 required by the department accompanied by the permit fee as required by
13 subdivision 231(15) of this title at least five days prior to the date of the
14 alcoholic beverage tasting event, and the applicant is determined to be in good
15 standing, the department of ~~liquor control~~ may grant a permit to conduct a
16 beverage tasting event to:

17 * * *

18 (d) Promotional alcoholic beverage tasting:

19 (1) At the request of a holder of a first class or second class license, a
20 holder of a manufacturer's, rectifier's, or wholesale dealer's license may
21 distribute without charge to the first or second class licensee's management

1 and staff, provided they are of legal drinking age and are off duty for the rest of
2 the day, two ounces per person of vinous or malt beverages for the purpose of
3 promoting the beverage. At the request of a holder of a third class license, a
4 manufacturer or rectifier of spirits may distribute without charge to the third
5 class licensee's management and staff, provided they are of legal drinking age
6 and are off duty for the rest of the day, one-quarter ounce of each beverage and
7 no more than a total of one ounce to each individual for the purpose of
8 promoting the beverage. No permit is required under this subdivision, but
9 written notice of the event shall be provided to the department of liquor control
10 at least five days prior to the date of the tasting.

11 * * *

12 (3) At the request of a holder of a wholesale dealer's license, a first class
13 licensee may dispense malt or vinous beverages for promotional purposes
14 without charge to invited management and staff of first, second, or third class
15 licensees, provided they are of legal drinking age. The event shall be held on
16 the premises of the first class licensee. The first class licensee shall be
17 responsible for complying with all applicable laws under this title. No permit
18 is required under this subdivision, but the wholesale dealer shall provide
19 written notice of the event to the department of liquor control at least 10 days
20 prior to the date of the tasting.

21 * * *

1 Sec. 10. 7 V.S.A. § 68 is amended to read:

2 § 68. VINOUS BEVERAGE STORAGE AND SHIPPING LICENSE

3 The ~~liquor control board~~ department may grant to a person who operates a
4 climate-controlled storage facility in which vinous beverages owned by
5 another person are stored for a fee a license that allows the licensee to store
6 and transport vinous beverages on which all applicable taxes already have been
7 paid. A vinous beverage storage facility may also accept shipments from any
8 licensed in-state or out-of-state vinous manufacturer that has an in-state or
9 out-of-state consumer shipping license pursuant to section 66 of this title.

10 Vinous beverages stored may be transported only for shipment to the owner of
11 the beverages or to another licensed vinous beverage storage facility, and the
12 beverages shall be shipped only by common carrier in compliance with
13 subsection 66(f) of this title. The licensee shall pay a fee pursuant to
14 subdivision 231(a)(20) of this title. A license under this section shall be issued
15 pursuant to rules adopted by the ~~board~~ department. A person granted a license
16 pursuant to this section may not sell or resell any vinous beverages stored at
17 the storage facility.

1 Sec. 11. 7 V.S.A. § 101 is amended to read:

2 § 101. COMPOSITION OF DEPARTMENT; COMMISSIONER OF
3 LIQUOR CONTROL; LIQUOR CONTROL BOARD CONTROLLED
4 SUBSTANCES

5 (a) The department of ~~liquor control~~ controlled substances, created by
6 section 212 of Title 3, shall include the commissioner of ~~liquor control and the~~
7 ~~liquor control board~~ controlled substances.

8 (b) ~~The liquor control board shall consist of three persons, not more than~~
9 ~~two members of which shall belong to the same political party. Biennially,~~
10 ~~with the advice and consent of the senate, the governor shall appoint a person~~
11 ~~as a member of such board for the term of six years, whose term of office shall~~
12 ~~commence on February 1 of the year in which such appointment is made. The~~
13 ~~governor shall biennially designate a member of such board to be its chairman.~~

14 Sec. 12. 7 V.S.A. §§ 102 and 103 are amended to read:

15 ~~§ 102. REMOVAL~~

16 ~~After notice and hearing the governor may remove a member of the liquor~~
17 ~~control board for incompetency, failure to discharge his duties, malfeasance,~~
18 ~~immorality or other cause inimical to the general good of the state. In case of~~
19 ~~such removal, he shall appoint a person to fill the unexpired term.~~

1 ~~§ 103. MEETINGS~~

2 ~~The board shall hold such meetings as may be required for the performance~~
3 ~~of its duties. The times and places for such meetings shall be designated by the~~
4 ~~chairman of the board. Such chairman shall call a meeting upon the written~~
5 ~~request of any two members and upon the written request of the governor.~~

6 Sec. 13. 7 V.S.A. § 104 is amended to read:

7 § 104. DUTIES

8 The ~~board~~ department shall have supervision and management of the sale of
9 spirituous liquors within the state in accordance with the provisions of this
10 title, and through the commissioner ~~of liquor control shall~~:

11 (1) See that the laws relating to intoxicating liquor and to the
12 manufacture, sale, transportation, barter, furnishing, importation, exportation,
13 delivery, prescription and possession of malt and vinous beverages, spirituous
14 liquors and alcohol by licensees and others are enforced, using for that purpose
15 such of the moneys annually available to the ~~liquor control board~~ department
16 as may be necessary. However, the ~~liquor control board~~ department and its
17 agents and inspectors shall act in this respect in collaboration with sheriffs,
18 deputy sheriffs, constables, officers and members of village and city police
19 forces, control commissioners, the attorney general, state's attorneys, and town
20 and city grand jurors. When the ~~board~~ department acts to enforce any section
21 of this title or any administrative rule or regulation relating to sale to minors,

1 its investigation on the alleged violation shall be forwarded to the attorney
2 general or the appropriate state's attorney whether or not there is an
3 administrative finding of wrongdoing. Nothing in this section shall be deemed
4 to affect the responsibility or duties of such enforcement officers or agencies
5 with respect to the enforcement of such laws.

6 * * *

7 Sec. 14. 7 V.S.A. § 105 is amended to read:

8 § 105. DUTIES OF ATTORNEY GENERAL

9 The attorney general shall collaborate with the ~~liquor control board~~
10 department for the enforcement of the provisions of subdivision ~~(1) of section~~
11 ~~404~~ 104(1) of this title.

12 Sec. 15. 7 V.S.A. § 106 is amended to read:

13 ~~§ 106. COMMISSIONER OF LIQUOR CONTROL; REPORTS;~~
14 ~~RECOMMENDATIONS~~

15 ~~The board shall employ an executive officer, who shall be the secretary of~~
16 ~~the board and shall be called the commissioner of liquor control. The~~
17 ~~commissioner shall be appointed for an indefinite period and shall be subject to~~
18 ~~removal upon the majority vote of the entire board. At such times and in such~~
19 ~~detail as the board directs, the commissioner shall make reports to the board~~
20 ~~concerning the liquor distribution system of the state, together with such~~

1 ~~recommendations as he deems proper for the promotion of the general good of~~
2 ~~the state.~~

3 * * *

4 Sec. 16. 7 V.S.A. § 107 is amended to read:

5 § 107. DUTIES OF COMMISSIONER OF ~~LIQUOR CONTROL~~

6 The commissioner ~~of liquor control~~ shall:

7 (1) In towns which vote to permit the sale of spirituous liquors, establish
8 such number of local agencies therein as the ~~board~~ department shall determine,
9 enter into agreements for the rental of necessary and adequate quarters, and
10 employ suitable assistants for the operation thereof. However, it shall not be
11 obligatory upon the ~~liquor control board~~ department to establish an agency in
12 every town which votes to permit the sale of spirituous liquors.

13 (2) Make regulations ~~subject to the approval of the board~~ governing the
14 hours during which such agencies shall be open for the sale of spirituous
15 liquors, governing the qualifications and department of employees therein and
16 the salaries thereof.

17 (3) Make regulations ~~subject to the approval of the board~~ governing the
18 prices at which spirituous liquors shall be sold in such agencies, and the
19 method of delivery thereof, and the quantities of spirituous liquors to be sold to
20 any one person at any one time.

1 Sec. 18. 7 V.S.A. § 109 is amended to read:

2 § 109. AUDIT OF ACCOUNTS OF LIQUOR CONTROL BOARD

3 All accounts of the ~~liquor control board~~ department shall be audited
4 annually by the auditor of accounts and the annual report of such audit shall
5 accompany the annual reports of ~~such liquor control board~~ the department.

6 Sec. 19. 7 V.S.A. § 110 is amended to read:

7 § 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF
8 ~~LIQUOR CONTROL~~

9 If any person shall desire to purchase any class, variety, or brand of
10 spirituous liquor which any local agency does not have in stock, the
11 commissioner of ~~liquor control~~ shall order the same through the commissioner
12 of buildings and general services upon the payment of a reasonable deposit by
13 the purchaser in such proportion of the approximate cost of the order as shall
14 be prescribed by the regulations of the ~~liquor control board~~ department.

15 Sec. 20. 7 V.S.A. § 112 is amended to read:

16 § 112. LIQUOR CONTROL FUND

17 The liquor control fund is hereby established. It shall consist of all receipts
18 from the sale of spirits and other items by the department of ~~liquor control~~;
19 fees paid to the department of ~~liquor control~~ for the benefit of the department;
20 all other amounts received by the department of ~~liquor control~~ for its benefit;

1 and all amounts which are from time to time appropriated to the department of
2 ~~liquor control~~.

3 Sec. 21. 7 V.S.A. § 162 is amended to read:

4 § 162. REPORT

5 After any annual town meeting wherein the town votes on the questions set
6 forth in section 161 of this title, the clerk of the town shall report promptly the
7 results of the vote to the ~~liquor control board~~ department, upon forms furnished
8 by the ~~board~~ department.

9 Sec. 22. 7 V.S.A. § 167 is amended to read:

10 § 167. DUTIES OF LOCAL CONTROL COMMISSIONERS

11 (a) The local control commissioners shall administer such rules and
12 regulations, which shall be furnished them by the ~~liquor control board~~
13 department, as shall be necessary to carry out the purposes of this title. Except
14 as provided in subsection (b) of this section, all forms of licenses and permits
15 and applications therefor and all rules and regulations shall be prescribed by
16 the ~~liquor control board~~ department, which shall prepare and issue such forms,
17 rules and regulations.

18 * * *

1 Sec. 23. 7 V.S.A. § 221 is amended to read:

2 § 221. LICENSES CONTINGENT ON TOWN VOTE; RESTRICTIONS AS
3 TO DANCING PAVILIONS

4 Licenses of the first or second class shall not be granted by the control
5 commissioners or the ~~liquor control board~~ department to be exercised in any
6 city or town, the voters of which vote “No” to the question: “Shall license be
7 granted for the sale of malt and vinous beverages?” Licenses of the third class
8 shall not be granted by the ~~liquor control board~~ department to be exercised in
9 any city or town, the voters of which vote “No” to the question: “Shall
10 spirituous liquors be sold in this town?” Licenses of the third class shall not be
11 granted to any open air or wayside dancing pavilions.

12 Sec. 24. 7 V.S.A. § 222 is amended to read:

13 § 222. FIRST AND SECOND CLASS LICENSES, GRANTING OF; SALE
14 TO MINORS; CONTRACTING FOR FOOD SERVICE

15 With the approval of the ~~liquor control board~~ department, the control
16 commissioners may grant to a retail dealer for the premises where the dealer
17 carries on business the following:

18 (1) Upon making application and paying the license fee provided in
19 section 231 of this title, a first class license which authorizes the dealer to sell
20 malt and vinous beverages for consumption only on those premises, and upon
21 satisfying the ~~liquor control board~~ department that the premises are leased,

1 rented, or owned by the retail dealer and are devoted primarily to dispensing
2 meals to the public, except clubs and cabarets, and that the premises have
3 adequate and sanitary space and equipment for preparing and serving meals.
4 The term “public” includes patrons of hotels, boarding houses, restaurants,
5 dining cars, and similar places where meals are served. A retail dealer carrying
6 on business in more than one place shall acquire a first class license for each
7 place where the retail dealer sells malt and vinous beverages. No malt or
8 vinous beverages shall be sold by a first class licensee to a minor. Partially
9 consumed bottles of vinous beverages or specialty beers that were purchased
10 with a meal may be removed from first class licensed premises provided the
11 beverages are recapped or resealed.

12 (2) Upon making application and paying the license fee provided in
13 section 231 of this title, a second class license for the premises where such
14 dealer shall carry on the business which shall authorize such dealer to sell malt
15 and vinous beverages to the public from such premises for consumption off the
16 premises and upon satisfying the ~~liquor control board~~ department that such
17 premises are leased, rented or owned by such retail dealers and are safe,
18 sanitary and a proper place from which to sell malt and vinous beverages. A
19 retail dealer carrying on business in more than one place shall be required to
20 acquire a second class license for each place where he or she shall so sell malt

1 and vinous beverages. No malt or vinous beverages shall be sold by a second
2 class licensee to a minor.

3 * * *

4 (4) A holder of a first class license may contract with another person to
5 prepare and dispense food on the license holder's premises. The first class
6 license holder may have no more than 75 events each year under this
7 subdivision. At least five days prior to each event under this subdivision, the
8 first class license holder shall provide to the department of liquor control
9 written notification that includes the name and address of the license holder,
10 the date and time of the event and the name and address of the person who will
11 provide the food.

12 Sec. 25. 7 V.S.A. § 223 is amended to read:

13 § 223. LICENSES TO ENFORCEMENT OFFICER OR CONTROL BOARD
14 MEMBER; EXCEPTIONS

15 No license of any class shall be granted to any enforcement officer or to any
16 person acting in the officer's behalf. A member of a local control board to
17 whom or in behalf of whom a first or second class license was issued by that
18 board shall not participate in any control board action regarding any first or
19 second class license. If a majority of the members of a local control board is
20 unable to participate in a control board action regarding any first or second
21 class license, that action shall be referred to the ~~state liquor control board~~

1 department for investigation and action. An application for a first or second
2 class license by or in behalf of a member of the local control board or a
3 complaint or disciplinary action regarding a first or second class license issued
4 by a board on which any member is a licensee shall be referred to the ~~state~~
5 ~~liquor control board~~ department for investigation and action.

6 Sec. 26. 7 V.S.A. § 224 is amended to read:

7 § 224. THIRD CLASS LICENSES; OPEN CONTAINERS

8 (a) The ~~liquor control board~~ department may grant to a person who
9 operates a hotel, restaurant, cabaret, or club a license of the third class if the
10 person files an application accompanied by the license fee as provided in
11 section 231 of this title for the premises in which the business of the hotel,
12 restaurant, cabaret, or club is carried on. The holder of a third class license
13 may sell spirituous liquors for consumption only on the premises covered by
14 the license. The applicant for a third class license shall satisfy the ~~liquor~~
15 ~~control board~~ department that the applicant is the bona fide owner or lessee of
16 the premises and that the premises are operated for the purpose covered by the
17 license.

18 * * *

19 (c) A person who holds a third class license shall purchase from the ~~liquor~~
20 ~~control board~~ department all spirituous liquors dispensed in accordance with
21 the provisions of the third class license and this title.

1 Sec. 27. 7 V.S.A. § 225 is amended to read:

2 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

3 (a) The ~~liquor control board~~ department may grant an educational sampling
4 event permit to a person to conduct an event that is open to the public and at
5 which malt, vinous, or spirituous liquors or all three are served only for the
6 purposes of marketing and educational sampling, provided the event is also
7 approved by the local licensing authority. At least 15 days prior to the event,
8 an applicant shall submit an application to the department in a form required
9 by the department. The application shall include a list of the alcoholic
10 beverages to be acquired for sampling at the event, and the application shall be
11 accompanied by a fee in the amount required pursuant to section 231 of this
12 title. No more than four educational sampling event permits shall be issued
13 annually to the same person. An educational sampling event permit shall be
14 valid for no more than four consecutive days. The permit holder shall assure
15 all the following:

16 (1) Attendees at the educational sampling event shall be required to pay
17 an entry fee of no less than \$5.00.

18 (2) Beverages for sampling shall be offered in glasses that contain no
19 more than two ounces of beverage.

20 (3) The event shall be conducted in compliance with all the
21 requirements of this title.

1 (b) An educational sampling event permit holder:

2 (1) May receive shipments directly from a manufacturer, bottler,
3 certificate of approval holder, wholesale dealer, or importer licensed in
4 Vermont or that provides evidence of licensure in another state or foreign
5 country satisfactory to the ~~board~~ department.

6 * * *

7 Sec. 28. 7 V.S.A. § 226 is amended to read:

8 § 226. BOTTLERS' LICENSE

9 The ~~liquor control board~~ department may grant to a bottler a license to
10 bottle and sell malt and vinous beverages received by such bottler in bulk upon
11 application of such bottler and the payment of the license fee as provided in
12 section 231 of this title and upon satisfying the commissioner ~~of liquor control~~
13 as to the compliance with the rules and regulations of the ~~liquor control board~~
14 department relating to the cleanliness of the storage and bottling of the malt
15 and vinous beverages.

16 Sec. 29. 7 V.S.A. § 227 is amended to read:

17 § 227. WHOLESale DEALER'S LICENSE

18 The ~~liquor control board~~ department may grant to a wholesale dealer a
19 license to distribute or sell malt and vinous beverages upon application of such
20 wholesale dealer and the payment of the license fee as provided in section 231
21 of this title and upon satisfying the ~~liquor control board~~ department as to his or

1 her qualifications as a wholesale dealer. In no event shall a wholesale dealer's
2 license permit carrying on business allowed by a retail dealer's first class
3 license or second class license.

4 Sec. 30. 7 V.S.A. § 228 is amended to read:

5 § 228. DINING CARS AND BOATS; FIRST OR THIRD CLASS LICENSE;
6 PURCHASE OF LIQUORS OUTSIDE STATE; PROMOTIONAL
7 RAILROAD TASTING PERMIT

8 (a) The ~~liquor control board~~ department may grant to a person that operates
9 a boat or dining car engaged in interstate commerce a license of the first class
10 or third class upon the application and payment of the license fee as provided
11 in section 231 of this title. A person that operates a dining car or boat engaged
12 in interstate commerce may procure spirituous liquors outside the state of
13 Vermont.

14 (b) The ~~liquor control board~~ department may grant to a person that operates
15 a railroad a tasting permit that permits the holder to conduct tastings of
16 Vermont-produced alcoholic beverages in the dining car, provided the person
17 files with the department an application along with the permit fee required
18 pursuant to subdivision 231(a)(21) of this title.

1 Sec. 31. 7 V.S.A. § 229 is amended to read:

2 § 229. NUMBER OF LICENSES ALLOWED

3 Unless specially authorized by the ~~board~~ department, it shall be unlawful
4 for a person to hold more than one first class license or more than one second
5 class license at the same time or a first class license and a second class license,
6 or a second class license and a third class license at the same time, or a
7 bottler's license or wholesale dealer's license and a license of any other class at
8 the same time. However, nothing herein shall be construed to prevent a person
9 holding a bottler's license and a wholesale dealer's license at the same time
10 provided such person pays both the license fees as provided in section 231 of
11 this title.

12 Sec. 32. 7 V.S.A. § 230 is amended to read:

13 § 230. RESTRICTIONS; FINANCIAL INTERESTS; DISPLAY OF
14 LICENSE; EMPLOYEES

15 (a) Except as provided in subdivision 2(15) of this title a bottler,
16 manufacturer, or rectifier licensed in Vermont or in another state, a certificate
17 of approval holder, or wholesale dealer shall not have any financial interest in
18 the business of a first, second, or third class license, and a first, second, or third
19 class licensee may not have any financial interest in the business of a bottler,
20 manufacturer, or rectifier licensed in Vermont or in another state, a certificate
21 of approval holder, or wholesale dealer. However, a manufacturer of malt

1 beverages may have a financial interest in the business of a first or second
2 class license, and a first or second class licensee may have a financial interest
3 in the business of a manufacturer of malt beverages, provided a first or second
4 class licensee does not purchase, possess, or sell the malt beverages produced
5 by a manufacturer with which there is any financial interest. All licenses or
6 permits granted under this title shall be conspicuously displayed on the
7 premises for which the license or permit is granted. Any manufacturer of malt
8 beverages that has a financial interest in a first or second class licensee and any
9 first or second class licensee that has a financial interest in a manufacturer of
10 malt beverages, as permitted under this section, shall provide to the department
11 ~~of liquor control~~ and the applicable wholesale dealer written notification of that
12 financial interest and the licensees involved. A wholesale dealer shall not be in
13 violation of this section for delivering malt beverages to a first or second class
14 licensee that is prohibited from purchasing, possessing, or selling those malt
15 beverages under this section.

16 * * *

17 Sec. 33. 7 V.S.A. § 232 is amended to read:

18 § 232. TERMS OF PERMITS AND LICENSES

19 All permits and licenses shall expire at midnight, April 30, of each year and,
20 upon the payment of a new fee, may be renewed by the control commissioners

1 with the approval of the ~~liquor control board~~ department as provided in section
2 222 of this title, provided the licensee is entitled thereto.

3 Sec. 34. 7 V.S.A. § 233 is amended to read:

4 § 233. DISPOSAL OF FEES

5 The control commissioners shall collect all fees for retailers' licenses of the
6 first and second class and shall pay such fees to the city and town treasurers of
7 the respective cities and towns where such fees are collected to be used as such
8 cities and towns may direct, less a fee of \$5.00 to be retained by the city or
9 town clerk as a fee for issuing such license and recording the same. Fees for
10 all other licenses shall be paid to the ~~liquor control board~~ department.

11 Sec. 35. 7 V.S.A. § 234 is amended to read:

12 § 234. CHANGE OF LOCATION

13 In case any licensee desires to change the location of his or her business
14 before the expiration of his or her license, upon proper application, the ~~liquor~~
15 ~~control board~~ department may amend his or her license to cover the new
16 premises without the payment of any additional fee.

17 Sec. 36. 7 V.S.A. § 235 is amended to read:

18 § 235. BANKRUPTCY, DEATH AND REVOCATION

19 If a licensee becomes bankrupt or dies before the expiration of his or her
20 license or permit, his or her trustee, executor, or administrator may sell the
21 intoxicating liquors which came into his or her possession to a holder of a

1 license of the same class. If a license or permit is revoked under the provisions
2 of this title, after such revocation, the licensee may sell the intoxicating liquors
3 in his or her possession at the time of such revocation to a holder of a license
4 of the same class. All sales under this section shall be accompanied by
5 immediate and actual delivery and shall be made within 30 days after such
6 bankruptcy, death or revocation. However, upon application of the executor or
7 administrator of a deceased licensee, the ~~board~~ department may transfer the
8 license or permit of the decedent to such executor or administrator without
9 payment of any additional fee, and the executor or administrator may then
10 carry on the business of the decedent under the license or permit until the
11 expiration thereof. The holder of a manufacturer's or rectifier's license may
12 pledge or mortgage intoxicating liquor manufactured or rectified by such
13 licensee and such pledgee or mortgagee may retain possession of such liquor
14 and after condition broken, may sell and dispose to persons to whom the
15 licensee might lawfully sell such liquors, subject to the same restrictions and
16 regulations as such licensee, and to such further restriction and regulation as
17 may be prescribed by the ~~liquor control board~~ department with respect to
18 notice to it in advance of such sale and determination by it of the persons
19 entitled to buy and the manner of such sale. Any sale under such pledge or
20 mortgage shall not be at public auction as required with respect to like sales of
21 other property, but shall be upon not less than ten days' notice to the pledgor or

1 mortgage and for the highest amount which may be offered under the
2 regulations of ~~such liquor control board as aforesaid~~ the department.

3 Sec. 37. 7 V.S.A. § 236 is amended to read:

4 § 236. SUSPENSION OR REVOCATION OF LICENSE OR PERMIT;

5 ADMINISTRATIVE PENALTY

6 (a) The control commissioners or the ~~liquor control board~~ department shall
7 have power to suspend or revoke any permit or license granted pursuant to this
8 title in the event the person holding such permit or license shall at any time
9 during the term thereof so conduct his or her business as to be in violation of
10 this title, the conditions pursuant to which such permit or license was granted
11 or of any rule or regulation prescribed by the ~~liquor control board~~ department.

12 No revocation shall be made until the permittee or licensee shall be notified
13 and be given a hearing before the ~~liquor control board~~ department, unless such
14 permittee or licensee shall have been convicted by a court of competent
15 jurisdiction of violating the provisions of this title. In the case of a suspension,
16 the permittee or licensee shall be notified and given a hearing before the ~~liquor~~
17 ~~control board~~ department or the local governing body, whichever applies. A
18 tobacco license may not be suspended or revoked for a first-time violation.

19 Suspension or revocation of a tobacco license shall not affect any liquor
20 license held by the licensee.

1 (b) As an alternative to and in lieu of the authority to suspend or revoke
2 any permit or license, the ~~liquor control board~~ department shall also have the
3 power to impose an administrative penalty of up to \$2,500.00 per violation
4 against a holder of a wholesale dealer's license or a holder of a first, second or
5 third class license for a violation of the conditions under which the license was
6 issued or of this title or of any rule or regulation adopted by the ~~board~~
7 department. The administrative penalty may be imposed after a hearing before
8 the board or after the licensee has been convicted by a court of competent
9 jurisdiction of violating the provisions of this title. The ~~board~~ department may
10 also impose an administrative penalty under this subsection against a holder of
11 a tobacco license for up to \$100.00 for a first violation and up to \$1,000.00 for
12 subsequent violations. For the first violation during a tobacco or alcohol
13 compliance check during any three-year period, a licensee shall receive a
14 warning and be required to attend a department server training class.

15 (c) For suspension or revocation proceedings involving a tobacco license or
16 the imposition of an administrative penalty against a tobacco licensee under
17 this section, the commissioner, a ~~board member designated by the chair~~, or a
18 hearing officer designated by the ~~chair~~ commissioner pursuant to section 236a
19 of this title may conduct the hearing and render a decision.

20 (d) The ~~board~~ department shall subpoena any person in this state to appear
21 for a hearing or for a deposition in the same manner as prescribed for judicial

1 procedures. Sheriffs and witnesses shall receive the same fees for the service
2 of process and attendance before the board as are paid in superior court.

3 Sec. 38. 7 V.S.A. § 236a is amended to read:

4 § 236A. HEARING OFFICER

5 (a) The ~~chair of the board~~ commissioner may appoint a hearing officer to
6 conduct hearings pursuant to section 236 of this title. A hearing officer may be
7 a member of the ~~board~~ department appointed under section 236 of this title.

8 (b) The hearing officer may administer oaths in all cases, so far as the
9 exercise of that power is properly incidental to the performance of the hearing
10 officer's duty or that of the ~~board~~ department. A hearing officer may hold any
11 hearing in any matter within the jurisdiction of the ~~board~~ department.

12 (c) The hearing officer shall make findings of fact in writing to the ~~board~~
13 department in the form of a proposal for decision. A copy of the proposal for
14 decision shall be served upon the parties pursuant to 3 V.S.A. § 811. Judgment
15 on the hearing officer's proposal for decision shall be rendered by ~~a majority of~~
16 ~~the board~~ the commissioner.

17 (d) At least 10 days prior to a hearing ~~before the board~~, the hearing officer
18 shall give written notice of the time and place of the hearing to all parties in the
19 case and shall indicate the name and title of the person designated to conduct
20 the hearing.

1 (e) The ~~chair~~ commissioner may appoint a hearing officer to hear and
2 finally determine any complaint involving a tobacco license. In such a case the
3 hearing officer may impose administrative penalties as provided in section
4 236(b) of this title.

5 Sec. 39. 7 V.S.A. § 237 is amended to read:

6 § 237. COMPLAINTS AND PROSECUTIONS

7 The commissioner ~~of liquor control~~ or the control commissioners shall
8 make complaint to the state's attorney or town grand juror of any unlawful
9 furnishing, selling or keeping for sale of alcohol, spirituous liquor, or malt or
10 vinous beverages, and furnish the evidence thereof to such state's attorney or
11 town grand juror, who shall prosecute for such violation.

12 Sec. 40. 7 V.S.A. § 238 is amended to read:

13 § 238. CATERER'S PERMIT, GRANTING OF; SALE TO MINORS

14 (a) The ~~liquor control board~~ department may issue a caterer's permit only
15 to those persons who hold a current first and third class license for a restaurant
16 or hotel premises.

17 (b) The ~~liquor control board~~ department shall promulgate rules or
18 regulations as it deems necessary to effectuate the purposes of this section.

19 (c) No malt or vinous beverages or spirituous liquors shall be sold or
20 served to a minor by a holder of a caterer's permit.

1 (d) Notwithstanding the provisions of subsection (a) of this section, the
2 ~~liquor control board~~ department may issue a caterer's permit to a licensed
3 manufacturer or rectifier who holds a current first class license.

4 Sec. 41. 7 V.S.A. § 238a is amended to read:

5 § 238A. OUTSIDE CONSUMPTION PERMITS; GOLF COURSES;
6 WINERIES

7 Pursuant to regulations of the ~~liquor control board~~ department, an outside
8 consumption permit may be granted to the holder of a first or first and third
9 class license for all or part of the outside premises of a golf course or to the
10 holder of a fourth class license for all or part of the outside premises of a
11 winery for consumption of wine produced on the premises, provided that such
12 permit is first obtained from the local control commissioners and approved by
13 the ~~board~~ department.

14 Sec. 42. 7 V.S.A. § 239 is amended to read:

15 § 239. LICENSEE EDUCATION

16 * * *

17 (b) Every first and second class licensee and every holder of a
18 manufacturer's license shall complete the department ~~of liquor control~~ licensee
19 enforcement seminar at least once every three years. A corporation,
20 partnership, or association shall designate a director, partner, or manager who
21 shall comply with the terms of this subsection. No first or second class license

1 or manufacturer's license shall be renewed unless the records of the
2 department of ~~liquor control~~ show that the licensee has complied with the
3 terms of this subsection.

4 (c) Each licensee shall ensure that every employee who is involved in the
5 sale or serving of alcohol beverages completes a training program approved by
6 the department of ~~liquor control~~ before the employee begins serving or selling
7 alcoholic beverages and at least once every 24 months thereafter. Each
8 licensee shall maintain written documentation, signed by each employee
9 trained, of each training program conducted. A licensee may comply with this
10 requirement by conducting its own training program on its premises, using
11 information and materials furnished by the department of ~~liquor control~~. A
12 licensee who fails to comply with the requirements of this subsection shall be
13 subject to a suspension of no less than one day of the license issued under this
14 title.

15 Sec. 43. 7 V.S.A. § 240 is amended to read:

16 § 240. PROOF OF FINANCIAL RESPONSIBILITY

17 (a) Any first, second, or third class liquor licensee whose license is
18 suspended by the local control commissioners or suspended or revoked by the
19 ~~liquor control board~~ department for selling or furnishing intoxicating liquor to
20 a minor, to a person apparently under the influence of intoxicating liquor, to a
21 person after legal serving hours, or to a person whom it would be reasonable to

1 expect would be intoxicated as a result of the amount of liquor served to that
2 person, shall be required to furnish to the ~~liquor control~~ department a
3 certificate of financial responsibility within 60 days of the commencement of
4 the suspension or revocation or at the time of reinstatement of the license,
5 whichever is later. Financial responsibility may be established by any one or a
6 combination of the following: insurance, surety bond or letter of credit.
7 Coverage shall be maintained at not less than \$25,000.00 per occurrence and
8 \$50,000.00 aggregate per occurrence. Proof of financial responsibility shall be
9 required for license renewal for the three years following the suspension or
10 revocation.

11 * * *

12 Sec. 44. 7 V.S.A. § 301 is amended to read:

13 § 301. DISTRIBUTION OF MALT OR VINOUS BEVERAGES;

14 CERTIFICATE OF APPROVAL

15 The ~~liquor control board~~ department may grant to a manufacturer or
16 distributor of malt and vinous beverages, not licensed under the provisions of
17 this title, a certificate of approval which authorizes the manufacturer or
18 distributor to sell or export such beverages either to holders of bottlers' or
19 wholesale dealers' licenses issued by the ~~board~~ department under the
20 provisions of section 226 or 227 of this title.

1 Sec. 45. 7 V.S.A. § 302 is amended to read:

2 § 302. APPLICATION

3 Application for such certificate of approval shall be made upon a form
4 prescribed and furnished by the ~~liquor control board~~ department, containing
5 agreements to comply with the regulations of the ~~board~~ department and to file
6 with the commissioner of taxes, on or before the ~~twentieth~~ 20th day of each
7 month, a report under oath, on a form prescribed and furnished by the
8 commissioner of taxes, showing the quantity of malt or vinous beverages sold
9 or delivered by such manufacturer or distributor during the preceding calendar
10 month to each holder of such bottler's or wholesale dealer's license, and
11 containing such further information as the board may deem necessary.

12 Sec. 46. 7 V.S.A. § 303 is amended to read:

13 § 303. FEE

14 The fee for a certificate of approval for malt beverages or for vinous
15 beverages shall be as provided in section 231 of this title and shall be collected
16 by the department ~~of liquor control~~. Such certificate shall expire at midnight
17 April 30 of each year and shall be renewable on application ~~therefor~~ and
18 payment of the fee. A certified check payable to the state of Vermont shall
19 accompany the application, and shall be returned to the applicant in case the
20 ~~board~~ department fails to grant the certificate.

1 Sec. 47. 7 V.S.A. § 304 is amended to read:

2 § 304. SUSPENSION OR REVOCATION

3 The ~~liquor control board~~ department shall have power to suspend or revoke
4 any such certificate of approval in the event the holder thereof shall fail to
5 comply with any regulation of the ~~board~~ department or to submit reports to the
6 commissioner of taxes in accordance with the agreements contained in such
7 application for such certificate. No such certificate shall be revoked unless the
8 holder thereof shall have had an opportunity to be heard after reasonable
9 notice. Notice of any such revocation or suspension shall be sent to each
10 holder of a bottler's or wholesaler's license prior to the effective date thereof.

11 Sec. 48. 7 V.S.A. § 305 is amended to read:

12 § 305. PURCHASE OR IMPORTATION WITHOUT CERTIFICATE

13 PROHIBITED

14 A holder of a bottler's or a wholesale dealer's license issued under the
15 provisions of section 226 or 227 of this title shall not purchase within or
16 without the state, or import or cause to be imported into the state of Vermont,
17 any malt or vinous beverages unless the person, partnership, manufacturer,
18 association or corporation, or distributor from which such beverages are
19 obtained by him then holds a valid certificate of approval issued by the ~~liquor~~
20 ~~control board~~ department under the provisions of this title or a valid bottler's
21 license.

1 Sec. 49. 7 V.S.A. § 361 is amended to read:

2 § 361. GRANTING OF PERMIT; SOLICITATION OF ORDERS

3 The ~~liquor control board~~ department may grant to a natural person a
4 solicitor's permit, which shall authorize such person to solicit orders for and
5 promote the sale of malt or vinous beverages by canvassing or interviewing
6 holders of licenses issued under the provisions of this title.

7 Sec. 50. 7 V.S.A. § 362 is amended to read:

8 § 362. APPLICATION; UNDERTAKING; RECOMMENDATION

9 Application for such permit shall be made in writing, signed by the
10 applicant, to the ~~liquor control board~~ department on a form prescribed by the
11 ~~board~~ department, containing the name, residence and business address of the
12 applicant, the name and address of the vendor to be represented by the
13 applicant, and an undertaking by the applicant to comply with the regulations
14 of the ~~board~~ department. Such application shall have appended thereto a
15 recommendation of the applicant as being qualified to hold such permit, signed
16 by such vendor.

17 Sec. 51. 7 V.S.A. § 363 is amended to read:

18 § 363. FEE

19 The fee for a solicitor's permit shall be as provided in section 231 of this
20 title and shall be collected by the department ~~of liquor control~~. Such permit
21 shall expire at midnight April 30 of each year and shall be renewable on

1 application ~~therefor~~ and payment of the fee. A certified check payable to the
2 state of Vermont shall accompany the application and shall be returned to the
3 applicant in case the ~~board~~ department fails to grant the permit.

4 Sec. 52. 7 V.S.A. § 364 is amended to read:

5 § 364. SUSPENSION OR REVOCATION

6 The ~~liquor control board~~ department shall have power to suspend or revoke
7 any such solicitor's permit for failure to comply with any regulation of the
8 ~~board~~ department or for other cause. No such certificate shall be revoked
9 unless the holder thereof shall have had an opportunity to be heard after
10 reasonable notice.

11 Sec. 53. 7 V.S.A. § 421 is amended to read:

12 § 421. TAX ON MALT AND VINOUS BEVERAGES

13 (a) Every bottler and wholesaler shall pay to the commissioner of taxes the
14 sum of 26 and one-half cents per gallon for every gallon or its equivalent of
15 malt beverage containing not more than six percent of alcohol by volume at 60
16 degrees Fahrenheit sold by them to retailers in the state and the sum of 55 cents
17 per gallon for each gallon of malt beverage containing more than six percent of
18 alcohol by volume at 60 degrees Fahrenheit and each gallon of vinous
19 beverages sold by them to retailers in the state and shall also pay to the ~~liquor~~
20 ~~control board~~ department all fees for bottler's and wholesaler's licenses. A
21 manufacturer or rectifier of malt or vinous beverages shall pay the taxes

1 required by this subsection to the commissioner of taxes for all malt and vinous
2 beverages manufactured or rectified by them and sold at retail.

3 * * *

4 Sec. 54. 7 V.S.A. § 423 is amended to read:

5 § 423. REGULATIONS

6 The tax commissioner and the ~~liquor control board~~ department shall make
7 such rules and regulations as they deem necessary for the proper administration
8 and collection of the tax imposed under section 422 of this title.

9 Sec. 55. 7 V.S.A. § 424 is amended to read:

10 § 424. COLLECTION

11 The ~~liquor control board~~ department shall collect the tax imposed under
12 section 422 of this title from the purchaser thereof. The taxes so collected shall
13 be paid weekly to the state treasurer.

14 Sec. 56. 7 V.S.A. § 503 is amended to read:

15 § 503. SATISFACTION OF JUDGMENT; REVOCATION OF LICENSE

16 If a judgment recovered against a licensee under the provisions of section
17 501 of this title remains unsatisfied for thirty days after the entry thereof, the
18 board of control commissioners or the ~~liquor control board~~ department shall
19 revoke his or her license. A license shall not be granted to a person against
20 whom such judgment has been recovered, until the same is satisfied.

1 (b) The commissioner ~~of liquor control~~, the director of the enforcement
2 division of the department ~~of liquor control~~ or an investigator employed by the
3 ~~liquor control board~~ or by the department of liquor control and any other law
4 enforcement officer may arrest or take into custody pursuant to the Vermont
5 Rules of Criminal Procedure, a person whom he or she finds in the act of
6 manufacturing alcohol or possessing a still, or other apparatus for the
7 manufacture of alcohol, or unlawfully selling, bartering, possessing, furnishing
8 or transporting alcohol, or unlawfully selling, furnishing or transporting
9 spirituous liquor, or malt and vinous beverages, and shall seize the liquors,
10 alcohol, vessels and implements of sale and the stills or other apparatus for the
11 manufacture of alcohol in the possession of the person. He or she may also
12 seize and take into custody any property described in this section.

13 Sec. 59. 7 V.S.A. § 563 is amended to read:

14 § 563. SEARCH WARRANTS

15 If a state's attorney, the commissioner ~~of liquor control~~, or an inspector duly
16 acting for the ~~liquor control board~~ department, or a control commissioner or a
17 town grand juror or two reputable citizens of the county, make complaint under
18 oath or affirmation, before a judge of a criminal division of the superior court,
19 that he or she or they have reason to believe that malt or vinous beverages or
20 spirituous liquor or alcohol are kept or deposited for sale or distribution
21 contrary to law, or that alcohol is manufactured or possessed contrary to law,

1 in a dwelling house, store, shop, steamboat, or water craft of any kind, depot,
2 railway car, motor vehicle or land or air carriage of any kind, warehouse or
3 other building or place in the county, the judge shall issue a warrant to search
4 the premises described in the complaint. If the liquor is found therein under
5 circumstances warranting the belief that it is intended for sale or distribution
6 contrary to law, or if the alcohol is found therein under circumstances
7 warranting the belief that it is unlawfully manufactured or possessed, or if any
8 still, or any other apparatus for the manufacture of alcohol is found therein, the
9 officer shall seize and convey the same to some place of security, and keep it
10 until final action is had thereon.

11 Sec. 60. 7 V.S.A. § 568 is amended to read:

12 § 568. FORFEITURE OF SEIZED PROPERTY

13 If, upon hearing, it appears that such liquor or other property was intended
14 for sale, distribution, or use contrary to law it shall be adjudged forfeited and
15 condemned. When liquor or other property is adjudged forfeited and
16 condemned under this section, it shall be turned over to the commissioner of
17 ~~liquor control~~ for the benefit of the state.

18 Sec. 61. 7 V.S.A. § 571 is amended to read:

19 § 571. SEARCH OF VEHICLE OR CRAFT WITHOUT WARRANT

20 If a sheriff, deputy sheriff, constable, police officer, the commissioner of
21 ~~liquor control~~ or inspector duly acting for the ~~liquor control board~~ department,

1 or state police has reason to believe and does believe, that a person is engaged
2 in the act of smuggling, delivering or transporting, in violation of law, malt or
3 vinous beverages, spirituous liquors or alcohol in any wagon, buggy,
4 automobile, motor vehicle, air or water craft, or other vehicle, he or she shall
5 search for and seize without warrant, malt or vinous beverages, spirituous
6 liquors or alcohol found therein being smuggled, delivered, or transported
7 contrary to law. Whenever malt or vinous beverages or spirituous liquors or
8 alcohol, transported unlawfully or alcohol possessed illegally shall be seized
9 by such officer, he or she shall take possession of the vehicle, team,
10 automobile, boat, air or water craft, or other conveyance and shall arrest the
11 person in charge thereof.

12 Sec. 62. 7 V.S.A. § 603 is amended to read:

13 § 603. ~~LIQUOR CONTROL BOARD~~; RULES

14 The ~~liquor control board~~ department shall make rules and regulations
15 necessary to effectuate the purposes of section 602 of this title.

16 Sec. 63. 7 V.S.A. § 659 is amended to read:

17 § 659. REFUSAL OR NEGLECT OF OFFICERS TO PERFORM DUTIES

18 The sheriffs of the several counties and their deputies, constables, officers
19 or members of the village or city police, state police and inspectors of the
20 ~~liquor control board~~ department are hereby empowered, and it is hereby made
21 their duty to see that the provisions of this title and the rules and regulations

1 made as authorized by the ~~liquor control board~~ department herein provided for
2 are enforced within their respective jurisdictions. Any such officer who
3 wilfully refuses or neglects to perform the duties imposed upon him or her by
4 this section shall be fined not more than \$500.00 or imprisoned not more than
5 ~~ninety~~ 90 days, or both. A control commissioner, state's attorney or town
6 grand juror who wilfully refuses or neglects to investigate a complaint for a
7 violation of this chapter, when accompanied by evidence in support thereof,
8 shall be fined \$300.00.

9 Sec. 64. 7 V.S.A. § 667 is amended to read:

10 § 667. VIOLATIONS OF TITLE

11 * * *

12 (b) A person, partnership, association or corporation, who wilfully violates
13 a provision of this title for which no other penalty is prescribed or who wilfully
14 violates a provision of the regulations of ~~the liquor control board~~ department
15 shall be imprisoned not more than three months nor less than one month or
16 fined not more than \$200.00 nor less than \$50.00, or both.

17 * * *

18 Sec. 65. 7 V.S.A. § 701 is amended to read:

19 § 701. DEFINITIONS

20 As used in this chapter, and unless otherwise required by the context:

1 Sec. 67. 7 V.S.A. § 805 is amended to read:

2 § 805. AUDIT OF OPERATIONS

3 On or before February 28 of each year, each state college and university
4 licensed under this chapter shall submit a financial report on its operations
5 under this chapter to the ~~liquor control board~~ department.

6 Sec. 68. 7 V.S.A. § 807 is amended to read:

7 § 807. RULES AND REGULATIONS; PROMULGATION

8 The ~~liquor control board~~ department shall promulgate rules or regulations as
9 it deems necessary to effectuate the purposes of this chapter.

10 Sec. 69. 7 V.S.A. § 1001 is amended to read:

11 § 1001. DEFINITIONS

12 As used in this chapter:

13 (1) ~~“Board” means the liquor control board~~ “Department” means the
14 department of controlled substances.

15 (2) “Commissioner” means the commissioner of the department of
16 ~~liquor control~~ controlled substances.

17 * * *

18 (5) “Tobacco license” means a license issued by the department of
19 ~~liquor control~~ under this chapter permitting the licensee to engage in the retail
20 sale of tobacco products or locate a vending machine on the premises
21 identified in the license.

1 * * *

2 Sec. 70. 7 V.S.A. § 1002 is amended to read:

3 § 1002. LICENSE REQUIRED; APPLICATION; FEE; ISSUANCE

4 (a) No person shall engage in the retail sale of tobacco products or provide
5 a vending machine for their sale in his or her place of business without a
6 tobacco license obtained from the department of liquor control. Tobacco
7 licenses shall expire midnight, April 30, of each year.

8 (b) The ~~board~~ department shall prepare and issue tobacco license forms and
9 applications. These shall be incorporated into the liquor license forms and
10 applications prepared and issued under this title. The licenses issued under this
11 section shall be entitled "LIQUOR LICENSE," "LIQUOR-TOBACCO
12 LICENSE" or "TOBACCO LICENSE," as applicable. The ~~board~~ department
13 shall also provide simple instructions for licensees designed to assist them in
14 complying with the provisions of this chapter.

15 * * *

16 Sec. 71. 7 V.S.A. § 1002a is amended to read:

17 § 1002a. LICENSEE EDUCATION

18 * * *

19 (b) The holder of a tobacco license that does not also hold a liquor license
20 issued pursuant to this title for the same premises shall:

1 (1) Complete the department's enforcement seminar at least once every
2 three years. A corporation, partnership or association shall designate a
3 director, partner or manager to comply with this subdivision.

4 (2) Ensure that every employee involved in the sale of tobacco products
5 completes a training program approved by the department of ~~liquor control~~
6 before the employee begins selling or providing tobacco products, and at least
7 once every 24 months thereafter. A licensee may comply with this subdivision
8 by conducting its own training program on its premises using information and
9 materials furnished by the department of ~~liquor control~~. A licensee who fails
10 to comply with the requirements of this subsection shall be subject to
11 suspension of the tobacco license for no less than one day.

12 Sec. 72. 7 V.S.A. § 1008 is amended to read:

13 § 1008. RULEMAKING

14 The ~~board~~ department shall adopt rules for the administration and
15 enforcement of this chapter.

16 Sec. 73. 31 V.S.A. § 651 is amended to read:

17 § 651. STATE LOTTERY ~~COMMISSION~~

18 (a) ~~There is created a lottery commission which~~ The department of
19 controlled substances shall be responsible for the establishment and
20 management of a state lottery.

1 ~~(b) The commission shall consist of five members who shall be appointed~~
2 ~~by the governor, with the advice and consent of the senate. A member may be~~
3 ~~removed by the governor. A member appointed by the governor when the~~
4 ~~general assembly is not in session shall be subject to approval by the senate at~~
5 ~~its next regular, special or adjourned session. Members shall be appointed for~~
6 ~~three year terms. Any vacancy shall be filled by appointment for the unexpired~~
7 ~~term. The members shall serve until their successors are appointed and~~
8 ~~qualified. No member of the commission shall have any pecuniary interest in~~
9 ~~any licensee, licensed under the provisions of this chapter to conduct a lottery,~~
10 ~~nor shall any member of the commission have a pecuniary interest in any~~
11 ~~contract awarded pursuant to this subchapter. No more than three members of~~
12 ~~the commission may be members of the same political party. For purposes of~~
13 ~~this subchapter:~~

14 ~~(1) “Commissioner” means the commissioner of the department of~~
15 ~~controlled substances.~~

16 ~~(2) “Department” means the department of controlled substances.~~

17 Sec. 74. 31 V.S.A. §§ 652 and 653 are amended to read:

18 ~~§ 652. ORGANIZATION~~

19 ~~(a) The governor shall select one member of the commission to be~~
20 ~~chairman.~~

1 * * *

2 Sec. 76. 31 V.S.A. § 654a is amended to read:

3 § 654a. MULTIJURISDICTIONAL LOTTERY GAME

4 (a) In addition to the Tri-State Lotto Compact provided for in subchapter 2
5 of this chapter, and the other authority to operate lotteries contained in this
6 chapter, the ~~commission~~ department is authorized to negotiate and contract
7 with up to four multijurisdictional lotteries to offer and provide
8 multijurisdictional lottery games. The ~~commission~~ department may join any
9 multijurisdictional lottery that provides indemnification for its standing
10 committee members, officers, directors, employees, and agents. The
11 ~~commission~~ department shall adopt rules under chapter 25 of Title 3 to govern
12 the establishment and operation of any multijurisdictional lottery game
13 authorized by this section.

14 * * *

15 (c) The provisions of subdivisions 674L.1.1A through 674L.1.1I of this
16 title shall apply to the payment of prizes to a person other than a winner for
17 prizes awarded under any multijurisdictional lottery authorized by this section,
18 except that the ~~Vermont lottery commission~~ department shall be responsible
19 for implementing such provisions under this section, rather than the Tri-State
20 Lotto Commission.

1 Sec. 77. 31 V.S.A. § 655 is amended to read:

2 § 655. LICENSE FEES

3 A license fee shall be charged for each sales license granted to a person for
4 the purpose of selling lottery tickets. The fee shall be fixed by the ~~commission~~
5 department, but no license fee in excess of \$15.00 per year may be charged.

6 Sec. 78. 31 V.S.A. § 656 is amended to read:

7 § 656. INTERSTATE LOTTERY; CONSULTANT; MANAGEMENT

8 (a) The ~~commission~~ department may develop and operate a lottery or the
9 state may enter into a contractual agreement with another state or states to
10 provide for the operation of the lottery. Approval of the joint fiscal committee
11 and the governor shall be required for such contractual agreements with other
12 states.

13 (b) If no interstate contract is entered into, the ~~commission~~ department shall
14 obtain the service of an experienced lottery design and implementation
15 consultant. The fee for the consultant may be fixed or may be based upon a
16 percentage of gross receipts realized from the lottery.

17 (c) The ~~commission~~ department may enter into a facilities management
18 type of agreement for operation of the lottery by a third party.

1 Sec. 79. 31 V.S.A. § 657 is amended to read:

2 § 657. ~~DIRECTOR AND~~ DUTIES OF COMMISSIONER

3 (a) The state lottery shall be under the immediate supervision and direction
4 of a lottery director. ~~The director shall devote his entire time and attention to~~
5 ~~the duties of his office and shall not be engaged in any other profession or~~
6 ~~occupation. The office of director of the state lottery is an executive position~~
7 ~~and shall not be included in the plan of classification of state employees,~~
8 ~~notwithstanding subsection (a) of section 310 of Title 3~~ the commissioner.

9 (b) The ~~director~~ commissioner shall:

10 (1) Supervise and administer the operation of the lottery within the rules
11 adopted by the ~~commission~~ department;

12 (2) ~~Subject to the approval of the commission, enter~~ Enter into such
13 contracts as may be required for the proper creation, administration, operation,
14 modification and promotion of the lottery or any part thereof. These contracts
15 shall not be assignable;

16 (3) License sales agents and suspend or revoke any license in
17 accordance with the provisions of this chapter and the rules of the ~~commission~~;
18 department

19 (4) ~~Act as secretary to the commission, but as a nonvoting member of the~~
20 ~~commission~~;

1 Sec. 81. 31 V.S.A. § 659 is amended to read:

2 § 659. ~~REPORT OF THE COMMISSION~~

3 The ~~commission~~ department shall make an annual report to the governor
4 and to the general assembly on or before the 10th day of January in each year,
5 including therein an account of its actions, receipts derived under the
6 provisions of this chapter, the practical effects of the application thereof, and
7 any recommendation for legislation which the ~~commission~~ department deems
8 advisable.

9 Sec. 82. 31 V.S.A. § 660 is amended to read:

10 § 660. ~~POST AUDITS-POSTAUDITS~~

11 All lottery accounts and transactions of the ~~lottery commission~~ department's
12 lottery division shall be subject to annual ~~post-audits~~ postaudits conducted by
13 independent auditors retained by the ~~commission~~ department for this purpose,
14 with the approval of the auditor of accounts, as provided in ~~subdivision~~
15 32 V.S.A. § 163(9) of Title 32. The ~~commission~~ department may order such
16 other audits as it deems necessary and desirable.

17 Sec. 83. 31 V.S.A. § 661 is amended to read:

18 § 661. SALES AND PURCHASE OF LOTTERY TICKETS

19 The following acts relating to the purchase and sale of lottery tickets are
20 prohibited:

21 * * *

