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H.371

Introduced by Representatives Scheuermann of Stowe, Olsen of Londonderry,  
Ainsworth of Royalton, Baser of Bristol, Beck of St. Johnsbury,  
Brennan of Colchester, Brumsted of Shelburne, Burditt of West  
Rutland, Christie of Hartford, Condon of Colchester, Conquest  
of Newbury, Corcoran of Bennington, Cupoli of Rutland City,  
Greshin of Warren, Jickling of Brookfield, Juskiewicz of  
Cambridge, Keefe of Manchester, Kimbell of Woodstock,  
Marcotte of Coventry, Morris of Bennington, Nolan of  
Morristown, Noyes of Wolcott, Parent of St. Albans Town,  
Sibilia of Dover, Smith of Derby, Strong of Albany, Sullivan of  
Dorset, Trieber of Rockingham, Troiano of Stannard, Walz of  
Barre City, Willhoit of St. Johnsbury, Wright of Burlington, and  
Young of Glover

Referred to Committee on

Date:

Subject: Alcoholic beverages; licenses and permits

Statement of purpose of bill as introduced: This bill proposes to amend the  
laws relating to alcoholic beverages to:

- (1) permit a licensed manufacturer or rectifier to hold events at a  
designated fourth-class location;

- 1           (2) increase the amount of spirits or fortified wines in mixed drinks  
2 permitted to be served by a fourth-class licensee;
- 3           (3) permit art gallery, bookstore, public library, and museum permit  
4 holders to serve spirits and fortified wines;
- 5           (4) permit nonprofits to auction spirits and fortified wines;
- 6           (5) allow holders of a fourth-class license to sell beer and wine by the keg;
- 7           (6) permit employees of a licensed manufacturer or rectifier to serve  
8 beverages at a tasting held by a second-class licensee;
- 9           (7) permit a second-class licensee to discount malt beverages under certain  
10 conditions;
- 11           (8) increase the gross revenue thresholds for the tax rates on the sale of  
12 spirits and fortified wines; and
- 13           (9) permit a first-class licensee to temporarily discount malt and vinous  
14 beverages.

15           An act relating to alcoholic beverages

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

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

18           § 2. DEFINITIONS

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

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\* \* \*

(15) “Manufacturer’s or rectifier’s license”: a license granted by the Liquor Control Board that permits the holder to manufacture or rectify malt beverages, or vinous beverages and fortified wines, or spirits and fortified wines. Spirits and fortified wines may be manufactured or rectified by a license holder for export and sale to the Liquor Control Board, and malt beverages and vinous beverages may be manufactured or rectified by a license holder for export and sale to bottlers or wholesale dealers. This license permits a manufacturer of vinous beverages or fortified wines to receive from another manufacturer licensed in or outside this State bulk shipments of vinous beverages to rectify with the licensee’s own product, provided that the vinous beverages or fortified wines produced by a Vermont manufacturer may contain no more than 25 percent imported vinous beverage. The Liquor Control Board may grant to a licensed manufacturer or rectifier of spirits, fortified wines, vinous beverages, or malt beverages a first-class license or a first- and a third-class license permitting the licensee to sell alcoholic beverages to the public only at the manufacturer’s premises which for the purposes of a manufacturer of malt beverages, includes up to two licensed establishments that are located on the contiguous real estate of the holder of the manufacturer’s license, provided the manufacturer or rectifier owns or has direct control over those establishments. The Liquor Control Board may grant to a licensed

1 manufacturer or a rectifier of malt beverages a second-class license permitting  
2 the licensee to sell alcoholic beverages to the public anywhere on the  
3 manufacturer's or rectifier's premises. A licensed manufacturer or rectifier  
4 may serve, with or without charge, at an event held on the premises of the  
5 licensee, ~~or~~ at a location on the contiguous real estate of the licensee, or at one  
6 designated fourth-class license location, spirits, fortified wines, vinous  
7 beverages, and malt beverages, provided the licensee gives the Department  
8 written notice of the event, including details required by the Department, at  
9 least five days before the event. Any beverages not manufactured by the  
10 licensee and served at the event shall be purchased on invoice from a licensed  
11 manufacturer or wholesale dealer or the Liquor Control Board.

12 \* \* \*

13 (28) "Fourth-class license" or "farmers' market license": the license  
14 granted by the Liquor Control Board permitting a licensed manufacturer or  
15 rectifier to sell by the unopened container and distribute by the glass with or  
16 without charge, beverages manufactured by the licensee. No more than a  
17 combined total of ten fourth-class and farmers' market licenses may be granted  
18 to a licensed manufacturer or rectifier. At only one fourth-class license  
19 location, a licensed manufacturer or rectifier may sell by the unopened  
20 container and distribute by the glass, with or without charge, vinous beverages,  
21 malt beverages, fortified wines, or spirits produced by no more than five

1 additional manufacturers or rectifiers, provided these beverages are purchased  
2 on invoice from the manufacturer or rectifier. A manufacturer or rectifier may  
3 sell its product to no more than five additional manufacturers or rectifiers. A  
4 fourth-class licensee may distribute by the glass no more than two ounces of  
5 malt beverages or vinous beverages with a total of eight ounces to each retail  
6 customer and no more than one-quarter ounce of spirits or fortified wine with a  
7 total of one ounce to each retail customer for consumption on the  
8 manufacturer's premises or at a farmers' market. A fourth-class licensee may  
9 distribute, by the glass, up to four mixed drinks containing ~~a combined total of~~  
10 no more than one ounce of spirits or fortified wine to each retail customer for  
11 consumption ~~only on the manufacturer's~~ at one licensed premises designated  
12 by the fourth-class licensee. A farmers' market license is valid for all dates of  
13 operation for a specific farmers' market location.

14 \* \* \*

15 (32) "Art gallery or bookstore permit": a permit granted by the Liquor  
16 Control Board permitting an art gallery or bookstore to conduct an event at  
17 which malt ~~or beverages,~~ vinous beverages or both, spirits, or fortified wines  
18 are served by the glass to the public, provided that the event is approved by the  
19 local licensing authority. A permit holder may purchase malt ~~or beverages,~~  
20 vinous beverages, spirits, or fortified wines, or all four directly from a licensed  
21 retailer. A permit holder shall be subject to the provisions of this title and the

1 rules of the Board regarding the service of alcoholic beverages. A request for a  
2 permit shall be submitted to the Department in a form required by the  
3 Department at least five days prior to the event and shall be accompanied by  
4 the permit fee required by subdivision 231(a)(22) of this title. As used in this  
5 section, “art gallery” means a fixed establishment whose primary purpose is to  
6 exhibit or offer for sale works of art; and “bookstore” means a fixed  
7 establishment whose primary purpose is to offer books for sale.

8 \* \* \*

9 (39) “Public library or museum permit”: a permit granted by the Liquor  
10 Control Board permitting a public library or museum to serve malt beverages,  
11 ~~or~~ vinous beverages, ~~or both~~ spirits, or fortified wines, or all four by the glass  
12 to the public for a period of not more than six hours during an event held for a  
13 charitable or educational purpose, provided that the event is approved by the  
14 local licensing authority. A permit holder may purchase malt beverages ~~or~~,  
15 vinous beverages, spirits, or fortified wines directly from a licensed retailer. A  
16 permit holder shall be subject to the provisions of this title and the rules of the  
17 Board regarding the service of alcoholic beverages. A request for a permit  
18 shall be submitted to the Department in a form required by the Department at  
19 least five days prior to the event and shall be accompanied by the permit fee  
20 required by subdivision 231(a)(24) of this title. As used in this section, “public

1 library” has the same meaning as in 22 V.S.A. § 101 and “museum” has the  
2 same meaning as in 27 V.S.A. § 1151.

3 \* \* \*

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

5 § 4. NONPROFIT ORGANIZATIONS; WINE AND BEER AUCTIONS;  
6 FUNDRAISING

7 (a) A nonprofit organization qualified for tax exempt status pursuant to  
8 Section 501(c) of the Internal Revenue Code, as amended, in the discretion of  
9 the ~~commissioner~~ Commissioner, may auction vinous ~~or beverages~~, malt  
10 beverages, ~~or both~~ spirits, or fortified wines, or all four to the public without a  
11 license, provided that:

12 \* \* \*

13 (2) The ~~commissioner~~ Commissioner approves the organization’s  
14 nonprofit qualifications and the organization’s ~~right proposal~~ to auction vinous  
15 ~~or beverages~~, malt beverages, spirits, or fortified wines.

16 \* \* \*

17 (b) A person who donates vinous ~~or beverages~~, malt beverages, spirits, or  
18 fortified wines to a nonprofit organization for an auction under this section is  
19 not required to be licensed under this chapter.

20 \* \* \*

1 Sec. 3. 7 V.S.A. § 64 is amended to read:

2 § 64. SALE OF MALT BEVERAGES IN KEGS

3 (a) As used in this section, “keg” means a reusable container capable of  
4 holding at least five gallons of malt or three gallons of vinous beverage.

5 (b) A keg shall be sold by a ~~second-class~~ second- or fourth-class licensee  
6 only under the following conditions:

7 \* \* \*

8 Sec. 4. 7 V.S.A. § 67 is amended to read:

9 § 67. ALCOHOLIC BEVERAGE TASTINGS; PERMIT; PENALTIES

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

16 (1) A second-class licensee. The permit authorizes the employees of the  
17 permit holder or of a designated manufacturer or rectifier to dispense to retail  
18 customers of legal age on the licensee’s premises vinous or malt beverages by  
19 the glass not to exceed two ounces of each vinous or malt beverage with a total  
20 of eight ounces of vinous or malt beverages. Vinous or malt beverages for the  
21 tasting shall be from the inventory of the licensee or purchased from a



1 wholesale dealer. Pursuant to this permit, a second-class licensee may conduct  
2 no more than 48 tastings a year. In addition to the 48 tastings, a second-class  
3 licensee may conduct no more than five beverage tastings per week provided  
4 the tastings are conducted as part of an educational food preparation class or  
5 course conducted by the licensee on the licensee's premises and provided the  
6 licensee has acquired a permit for each tasting.

7 \* \* \*

8 Sec. 5. 7 V.S.A. § 222 is amended to read:

9 § 222. FIRST- AND SECOND-CLASS LICENSES; GRANTING OF; SALE  
10 TO MINORS; CONTRACTING FOR FOOD SERVICE

11 With the approval of the Liquor Control Board, the control commissioners  
12 may grant the following licenses to a retail dealer for the premises where the  
13 dealer carries on business:

14 \* \* \*

15 (8)(A) A holder of a second-class license shall not offer malt beverages  
16 for sale at a price below the wholesale price that the beverages were purchased  
17 at from wholesaler dealer or holder of a direct-to-retail shipping license.

18 (B) Notwithstanding the provisions of subdivision (A) of this  
19 subdivision (8), a holder of a second-class license may offer malt beverages for  
20 sale at a price below the wholesale price if all of the following apply:

1                   (i) at least six months has passed since the holder of a second-  
2                   class license purchased the malt beverage from a wholesale dealer or holder of  
3                   a retail shipping license;

4                   (ii) the reduced price of the malt beverage is not less than  
5                   50 percent of the wholesale price of the malt beverage; and

6                   (iii) the holder of the second-class license provides to the  
7                   Department written notification five business days prior to reducing the sale  
8                   price.

9                   (9) Each day, a first-class licensee may offer malt beverages or vinous  
10                  beverages, or both, at a temporarily reduced price for a period of not more than  
11                  two hours in duration. A licensee shall not offer any malt beverage or vinous  
12                  beverage for sale pursuant to this subsection at a price below the wholesale  
13                  purchase price for the beverage.

14                  Sec. 6. 7 V.S.A. § 422 is amended to read:

15                  § 422. TAX ON SPIRITS AND FORTIFIED WINES

16                  (a) A tax is assessed on the gross revenue from the sale of spirits and  
17                  fortified wines in the State of Vermont by the Liquor Control Board or the  
18                  retail sale of spirits and fortified wines in Vermont by a manufacturer or  
19                  rectifier of spirits or fortified wines, in accordance with the provisions of this  
20                  title. The tax shall be at the following rates based on the gross revenue of the  
21                  retail sales by the seller in the current year:

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(2) if the gross revenue of the seller is between \$500,000.00 and

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~~\$750,000.00~~ \$1,500,000.00, the rate of tax is \$25,000.00 plus 10 percent of the

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gross revenues over \$500,000.00;

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(3) if the gross revenue of the seller is ~~\$750,000.00~~ \$1,500,000.00 or

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more, the rate of tax is 25 percent.

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Sec. 7. EFFECTIVE DATE

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This act shall take effect on July 1, 2017.