

VBA 2024 Legislative Report Week 8

MALT BEVERAGE TAX INCREASE DISCUSSIONS

Under current law malt beverages with an ABV of 6% or under are taxed at a rate of \$.265/gallon. Malt beverages above ABV of 6% and below 16% are taxed at a rate of \$.55/gallon. RTDs (aka “canned cocktails”) with an ABV of 12% or less are taxed at \$1.10/gallon. Last week, Rep. Birong announced a proposed amendment to the Miscellaneous Alcohol Bill (discussed below) that would bring all of these beverages to the same tax of \$.55/gallon. In other words, his proposal would **more than double** the tax on beer with an ABV of 6% or less, and reduce by half, the taxes on RTDs.

Why, you ask? Good question. Rep. Birong said that, in the wake of the 2022 battle over moving spirits beverages/RTDs from control of the state to the private sector and, subsequently, the battle over their tax rate, now is time to reexamine alcohol taxes. Regardless of the merit of that argument, the proposal on the table goes further than “reexamining alcohol taxes.” Rep. Birong announced his proposal prior to any examination of the revenue implications or the economic implications of such a major tax change.

The committee is scheduled to revisit, and possibly vote on the Miscellaneous Alcohol Bill on Wednesday morning. The committee will also receive a fiscal note on Rep. Birong’s proposal. If this proposed tax increase receives support from the House Government Operations Committee, it will then require approval from the House Ways and Means Committee.

The VBA GAC has issued an Action Alert urging all VBA members to contact the Speaker of the House and members on both the House Government Operations and the House and Means Committees expressing concern and opposition to the tax increase proposal. Many of those communications have already gone out. It is critical that lawmakers hear from Vermont’s craft beer leaders about the impact of this proposal.

MISCELLANEOUS ALCOHOL BILL

Last week, the House Government Operations and Military Affairs Committee reviewed [Draft 2.1](#) of the Miscellaneous Alcohol Bill. After hearing testimony on the dangers of outlet density, the committee removed the provision that was in previous drafts that would have allowed licensees that hold 1st (and/or 3rd) and 2nd class licenses to operate in a contiguous space within an establishment.

The remaining sections of the bill are:

Sections 1 & 2 relating to expanding access to special venue serving permits. Under current law, a special venue serving permit may be granted to an art gallery, bookstore, public library or museum after receiving approval from the local control commission and paying a fee. A special venue serving permit authorizes the holder to serve beer, wine or RTDs, purchased directly from a retailer. This proposal would replace the word “bookstore” with

“retail establishment” thereby expanding the types of retailers that can access this type of permit. **Changes in this draft include:**

- Limits this permit to 12 permits per year;
- Clarifies that these establishments can serve but not sell alcohol;
- A firearms dealer may not hold one of these permits.

Committee decided to add language in the next draft that limits a special venue permit to 6 hours.

Section 3 relating to allowing a sampling event permit holder to purchase invoiced volumes of alcoholic beverages from wholesale dealers. Under current law, a sampling event permit holder (formerly known as a Festival Permit) is allowed to purchase invoiced volumes of malt beverages directly from a manufacturer or packager. This change would allow a permit holder, like the VBA, to purchase beer directly from a wholesale dealer, in addition to a manufacturer or a packager. **No changes to this section.**

Section 4 relating to increasing the limit on special event permits that may be acquired by an individual licensee from 10 to 20. Under current law, a manufacturer is allowed to be issued up to 10 special event permits for the same physical location in a year. Each permit is good for the duration of the event or up to 4 days. A special event permit is a permit granted to a licensed manufacturer or rectifier and allows them to sell alcoholic beverages manufactured by the permit holder by the glass or unopened bottle within the confines of the special event. A special event permit also allows the manufacturer to serve or sell glasses of beverages in quantities of not more than two ounces per product and eight ounces total of malt beverages, vinous beverages, or ready-to-drink spirits beverages and not more than one ounce in total of spirits or fortified wines to each individual. This proposal would increase the number of special event permits a manufacturer is allowed to obtain in a year at a specific location from 10 to 20. **No changes to this section.**

Section 5 Regarding the DLL Annual Report. **No changes to this section.**

Section 6 Regarding liquor liability insurance mandate effective date. **No changes to this section.**

New Section: Section 7 & 8 Regarding a Retail Master License – This section would allow DLC to grant a “retail master license” to a person that acts as the parent corporation for licensed retail dealers or manufacturers that have merged. The holder of a retail master license could provide unified payroll and administrative services for the licensed retail dealers or manufacturers.

HEADLINES OF NOTE

[Capitol Recap: Vermont lawmakers' new Flood Safety Act wants to bolster rivers, wetlands as natural mitigation](#)

[Thorny Questions Emerge About the Future of Education in Vermont](#)

[Vermont Communities Tackle Budgets, Bridges and Bonds on Town Meeting Day](#)

[As recreational cannabis market flourishes, lawmakers ponder the future of medical-use dispensaries](#)

[Final Reading: Two Vermont eye-care professions are at odds](#)

VBA 2023/2024 BILL REPORT			
Bill	Sponsors	Description	Status
H 601	Rep. Lawrence Satcowitz	<p>An Act Relating To Prohibiting The Presence Of Toxic Chemicals In Plastic Packaging</p> <p>This bill proposes to prohibit the presence of certain high priority materials and high priority chemicals in packaging or packaging components sold or distributed in the State.</p>	<p>Committees: House Environment and Energy</p> <p>Status: Read First Time and referred to the Committee on Environment and Energy (01/03/24)</p>
H 643	Rep. Lucy Boyden	<p>An Act Relating To The Sale Of Closed Containers Of Alcoholic Beverages Within A First- Or Third-class License Serving Area</p> <p>This bill proposes to allow the holder of any combination of first-, second-, and third-class licenses to sell closed containers of alcoholic beverages, for off-premises consumption, anywhere in first- or third-class licensed premises.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)</p> <p>Included in the Miscellaneous Alcohol Bill Draft 2.1</p>
H 662	Rep. Michael Marcotte; Rep. Woodman Page	<p>An Act Relating To The Merger Of Entities That Hold Separate Alcoholic Beverage Licenses</p> <p>This bill proposes to allow two or more licensed entities that have merged and formed a parent corporation to continue to hold separate alcoholic beverage licenses while operating under a unified payroll and administrative system.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)</p>

H 680	Rep. Katherine "Kari" Dolan; Rep. Matthew Birong; Rep. Stephanie Jerome	<p>An Act Relating To Expanding Access To Special Venue Serving Permits</p> <p>This bill proposes to allow any retail establishment to acquire a special venue serving permit from the Division of Liquor Control.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/04/24)</p> <p>Included in the Miscellaneous Alcohol Bill Draft 2.1– limited to 12 annually.</p>
H 726	Rep. Kate Nugent	<p>An Act Relating To Compliance Checks By The Division Of Liquor Control</p> <p>This bill proposes to require the Division of Liquor Control to perform regular compliance checks of alcoholic beverage licensees.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/10/24)</p>
BILLS INTRODUCED IN 2023 THAT ARE STILL “ALIVE”			
H 7	Rep. Anne Donahue	<p>An Act Relating To Replacing The Term "cider" With "hard Cider" Within Title 7</p> <p>This bill proposes to replace the term "cider" with "hard cider" within Title 7 of the Vermont Statutes Annotated.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/05/23)</p>
H 78	Rep. Matthew Birong	<p>An Act Relating To Repealing The Sunset Of 7 V.S.A. § 230</p> <p>This bill proposes to repeal the sunset of 7 V.S.A. § 230 (sale of alcoholic beverages for off-premises consumption) to allow licensees to sell alcoholic beverages for pick up or delivery beyond July 1, 2023.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (01/20/23)</p>
H 225	Rep. Joseph "Chip" Troiano; Rep. Avram Patt;	An Act Relating To Eliminating The Tipped Minimum Wage	Committees: House General and Housing

	Rep. Brian Cina; Rep. Dennis LaBounty; Rep. Emma Mulvaney-Stanak; Rep. James Carroll; Rep. James Masland; Rep. John Arrison; Rep. Josie Leavitt; Rep. Kate Logan; Rep. Kate McCann; Rep. Kristi Morris; Rep. Leslie Goldman; Rep. Michael Mrowicki; Rep. R. Scott Campbell; Rep. Robert "Bobby" Farlice-Rubio; Rep. Troy Headrick	This bill proposes to require that tipped employees are paid the standard minimum wage by 2024.	Status: Read First Time and referred to the Committee on General and Housing (02/10/23) VBA OPPOSES THIS BILL
H 261	Rep. Logan Nicoll	An Act Relating To Retail Delivery Of Alcoholic Beverages By Third-party Contractors This bill proposes to allow the holder of a second-class license and retail delivery permit to deliver certain alcoholic beverages to individuals 21 years of age or older through an approved third-party contractor and amend the provisions related to the permitted hours of sale.	Committees: House Government Operations and Military Affairs Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (02/15/23)
H 272	Rep. Matthew Birong	An Act Relating To A Reciprocity Requirement For Out-of-state Consumer Shipping Licenses This bill proposes to limit the issuance of out-of-state malt beverage consumer shipping licenses to breweries that are located in states that allow Vermont brewers to acquire consumer shipping licenses.	Committees: House Government Operations and Military Affairs Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (02/16/23)
H 273	Rep. Matthew Birong	An Act Relating To Direct-to-consumer Shipping Of Spirits And Fortified Wines This bill proposes to authorize a manufacturer of spirits or fortified wines to acquire a consumer shipping license and ship the manufacturer's products directly to consumers in Vermont.	Committees: House Government Operations and Military Affairs Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (02/16/23)

H 417	Rep. Kelly Pajala; Rep. Logan Nicoll	<p>An Act Relating To Drink Specials</p> <p>This bill proposes to permit a first- class licensee to sell malt and vinous beverages at a reduced price during a period of not more than two hours each day. It also proposes to permit a third- class licensee to sell spirits and fortified wines at a reduced price during a period of not more than two hours each day.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (02/28/23)</p> <p>VBA SUPPORTS THIS BILL</p>
S 60	Sen. Kesha Ram Hinsdale; Sen. Thomas Chittenden	<p>An Act Relating To Local Option Taxes</p> <p>This bill proposes to authorize: (1) any Vermont municipality to adopt a one percent local option tax on sales, meals and alcoholic beverages, and rooms; and (2) the Commissioner of Taxes to disclose a municipality's local option tax data to the town manager or legislative body of that municipality, provided that the disclosure subjects the recipient to the penalties for unauthorized disclosure of confidential tax data.</p>	<p>Committees: Senate Finance; House Government Operations and Military Affairs; Senate Finance?</p> <p>Status: Read First Time and referred to the Committee on Government Operations and Military Affairs (04/11/23)</p>
S 86	Sen. Richard Westman	<p>An Act Relating To Replacing The Term "cider" With "hard Cider" Within Title 7</p> <p>This bill proposes to replace the term "cider" with "hard cider" within Title 7 of the Vermont Statutes Annotated.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time & referred to Committee on Economic Development, Housing and General Affairs (02/16/23)</p>
S 107	Sen. Richard Westman	<p>An Act Relating To Authorizing Off-site Tasting Rooms For Alcoholic Beverage Manufacturers</p> <p>This bill proposes to allow holders of a manufacturer's or rectifier's license to acquire a first-class license to sell their products at a tasting room that is not located on property contiguous with the manufacturing location.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: This bill was considered by the committee last year and essentially put on hold because of tied house concerns.</p>
S 110	Sen. Richard Westman; Sen. Kesha Ram Hinsdale	<p>An Act Relating To Direct-to-consumer Shipping Of Spirits And Fortified Wines</p> <p>This bill proposes to authorize a manufacturer of spirits or fortified wines to acquire a consumer shipping license and ship the manufacturer's products directly to consumers in Vermont.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time & referred to Committee on Economic</p>

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