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HOUSE BILL NO. 1288

Offered January 11, 2006

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A BILL to amend and reenact §§ 4.1-100, 4.1-111, 4.1-204, 4.1-207, 4.1-231, and 4.1-310 of the Code of Virginia, relating to alcoholic beverage control; small wine producer distribution license.

Patrons—Saxman and Landes

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-100, 4.1-111, 4.1-204, 4.1-207, 4.1-231, and 4.1-310 of the Code of Virginia are amended and reenacted as follows:

§ 4.1-100. Definitions.

As used in this title unless the context requires a different meaning:

"Alcohol" means the product known as ethyl or grain alcohol obtained by distillation of any fermented liquor, rectified either once or more often, whatever the origin, and shall include synthetic ethyl alcohol, but shall not include methyl alcohol and alcohol completely denatured in accordance with formulas approved by the government of the United States.

"Alcoholic beverages" includes alcohol, spirits, wine, and beer, and any one or more of such varieties containing one-half of one percent or more of alcohol by volume, including mixed alcoholic beverages, and every liquid or solid, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than one of the four varieties shall be considered as belonging to that variety which has the higher percentage of alcohol, however obtained, according to the order in which they are set forth in this definition; except that beer may be manufactured to include flavoring materials and other nonbeverage ingredients containing alcohol, as long as no more than 49 percent of the overall alcohol content of the finished product is derived from the addition of flavors and other nonbeverage ingredients containing alcohol for products with an alcohol content of no more than six percent by volume; or, in the case of products with an alcohol content of more than six percent by volume, as long as no more than one and one-half percent of the volume of the finished product consists of alcohol derived from added flavors and other nonbeverage ingredients containing alcohol.

"Barrel" means any container or vessel having a capacity of more than 43 ounces.

"Bed and breakfast establishment" means any establishment (i) having no more than 15 bedrooms; (ii) offering to the public, for compensation, transitory lodging or sleeping accommodations; and (iii) offering at least one meal per day, which may but need not be breakfast, to each person to whom overnight lodging is provided.

"Beer" means any alcoholic beverage obtained by the fermentation of an infusion or decoction of barley, malt, and hops or of any similar products in drinkable water and containing one-half of one percent or more of alcohol by volume.

"Board" means the Virginia Alcoholic Beverage Control Board.

"Bottle" means any vessel intended to contain liquids and having a capacity of not more than 43 ounces.

"Club" means any private nonprofit corporation or association which is the owner, lessee, or occupant of an establishment operated solely for a national, social, patriotic, political, athletic, or other like purpose, but not for pecuniary gain, the advantages of which belong to all of the members. It also means the establishment so operated. A corporation or association shall not lose its status as a club because of the conduct of charitable gaming conducted pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.) of Chapter 8 of Title 18.2 in which nonmembers participate frequently or in large numbers, provided that no alcoholic beverages are served or consumed in the room where such charitable gaming is being conducted while such gaming is being conducted and that no alcoholic beverages are made available upon the premises to any person who is neither a member nor a bona fide guest of a member.

Any such corporation or association which has been declared exempt from federal and state income taxes as one which is not organized and operated for pecuniary gain or profit shall be deemed a nonprofit corporation or association.

"Container" means any barrel, bottle, carton, keg, vessel or other receptacle used for holding alcoholic beverages.

"Convenience grocery store" means an establishment which (i) has an enclosed room in a permanent structure where stock is displayed and offered for sale and (ii) maintains an inventory of edible items

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59 intended for human consumption consisting of a variety of such items of the types normally sold in
60 grocery stores.

61 "Day spa" means any commercial establishment that offers to the public both massage therapy,
62 performed by persons certified in accordance with § 54.1-3029, and barbering or cosmetology services
63 performed by persons licensed in accordance with Chapter 7 (§ 54.1-700 et seq.) of Title 54.1.

64 "Designated area" means a room or area approved by the Board for on-premises licensees.

65 "Dining area" means a public room or area in which meals are regularly served.

66 "Establishment" means any place where alcoholic beverages of one or more varieties are lawfully
67 manufactured, sold, or used.

68 "Farm winery" means an establishment (i) located on a farm in the Commonwealth with a producing
69 vineyard, orchard, or similar growing area and with facilities for fermenting and bottling wine on the
70 premises where the owner or lessee manufactures wine that contains not more than 18 percent alcohol
71 by volume or (ii) located in the Commonwealth with a producing vineyard, orchard, or similar growing
72 area or agreements for purchasing grapes or other fruits from agricultural growers within the
73 Commonwealth, and with facilities for fermenting and bottling wine on the premises where the owner or
74 lessee manufactures wine that contains not more than 18 percent alcohol by volume. As used in this
75 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of
76 individuals for the purpose of manufacturing wine. In the event such cooperative is licensed as a farm
77 winery, the term "farm" as used in this definition includes all of the land owned or leased by the
78 individual members of the cooperative as long as such land is located in the Commonwealth.

79 "Gift shop" means any bona fide retail store selling, predominantly, gifts, books, souvenirs, specialty
80 items relating to history, original and handmade arts and products, collectibles, crafts, and floral
81 arrangements, which is open to the public on a regular basis. Such shop shall be a permanent structure
82 where stock is displayed and offered for sale and which has facilities to properly secure any stock of
83 wine or beer. Such shop may be located (i) on the premises or grounds of a government registered
84 national, state or local historic building or site or (ii) within the premises of a museum. The Board shall
85 consider the purpose, characteristics, nature, and operation of the shop in determining whether it shall be
86 considered a gift shop.

87 "Gourmet brewing shop" means an establishment which sells to persons to whom wine or beer may
88 lawfully be sold, ingredients for making wine or brewing beer, including packaging, and rents to such
89 persons facilities for manufacturing, fermenting and bottling such wine or beer.

90 "Gourmet shop" means an establishment provided with adequate inventory, shelving, and storage
91 facilities, where, in consideration of payment, substantial amounts of domestic and imported wines and
92 beers of various types and sizes and related products such as cheeses and gourmet foods are habitually
93 furnished to persons.

94 "Government store" means a store established by the Board for the sale of alcoholic beverages.

95 "Hotel" means any duly licensed establishment, provided with special space and accommodation,
96 where, in consideration of payment, food and lodging are habitually furnished to persons, and which has
97 four or more bedrooms. It shall also mean the person who operates such hotel.

98 "Interdicted person" means a person to whom the sale of alcoholic beverages is prohibited by order
99 pursuant to this title.

100 "Intoxicated" means a condition in which a person has drunk enough alcoholic beverages to
101 observably affect his manner, disposition, speech, muscular movement, general appearance or behavior.

102 "Licensed" means the holding of a valid license issued by the Board.

103 "Licensee" means any person to whom a license has been granted by the Board.

104 "Low alcohol beverage cooler" means a drink containing one-half of one percent or more of alcohol
105 by volume, but not more than seven and one-half percent alcohol by volume, and consisting of spirits
106 mixed with nonalcoholic beverages or flavoring or coloring materials; it may also contain water, fruit
107 juices, fruit adjuncts, sugar, carbon dioxide, preservatives or other similar products manufactured by
108 fermenting fruit or fruit juices. Low alcohol beverage coolers shall be treated as wine for all purposes of
109 this title; except that low alcohol beverage coolers shall not be sold in localities that have not approved
110 the sale of mixed beverages pursuant to § 4.1-124. In addition, low alcohol beverage coolers shall not be
111 sold for on-premises consumption other than by mixed beverage licensees.

112 "Meals" means, for a mixed beverage license, an assortment of foods commonly ordered in bona
113 fide, full-service restaurants as principal meals of the day. Such restaurants shall include establishments
114 specializing in full course meals with a single substantial entree.

115 "Member of a club" means (i) a person who maintains his membership in the club by the payment of
116 monthly, quarterly, or annual dues in the manner established by the rules and regulations thereof or (ii)
117 a person who is a member of a bona fide auxiliary, local chapter, or squadron composed of direct lineal
118 descendants of a bona fide member, whether alive or deceased, of a national or international
119 organization to which an individual lodge holding a club license is an authorized member in the same
120 locality. It shall also mean a lifetime member whose financial contribution is not less than 10 times the

121 annual dues of resident members of the club, the full amount of such contribution being paid in advance
122 in a lump sum.

123 "Mixed beverage" or "mixed alcoholic beverage" means a drink composed in whole or in part of
124 spirits.

125 "Mixer" means any prepackaged ingredients containing beverages or flavoring or coloring materials,
126 and which may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives
127 which are not commonly consumed unless combined with alcoholic beverages, whether or not such
128 ingredients contain alcohol. Such specialty beverage product shall be manufactured or distributed by a
129 Virginia corporation.

130 "Place or premises" means the real estate, together with any buildings or other improvements thereon,
131 designated in the application for a license as the place at which the manufacture, bottling, distribution,
132 use or sale of alcoholic beverages shall be performed, except that portion of any such building or other
133 improvement actually and exclusively used as a private residence.

134 "Public place" means any place, building, or conveyance to which the public has, or is permitted to
135 have, access, including restaurants, soda fountains, hotel dining areas, lobbies, and corridors of hotels,
136 and any highway, street, lane, park, or place of public resort or amusement.

137 The term shall not include (i) hotel or restaurant dining areas or ballrooms while in use for private
138 meetings or private parties limited in attendance to members and guests of a particular group,
139 association or organization; (ii) restaurants licensed by the Board in office buildings or industrial or
140 similar facilities while such restaurant is closed to the public and in use for private meetings or parties
141 limited in attendance to employees and nonpaying guests of the owner or a lessee of all or part of such
142 building or facility; (iii) offices, office buildings or industrial facilities while closed to the public and in
143 use for private meetings or parties limited in attendance to employees and nonpaying guests of the
144 owner or a lessee of all or part of such building or facility; or (iv) private recreational or chartered boats
145 which are not licensed by the Board and on which alcoholic beverages are not sold.

146 "Residence" means any building or part of a building or structure where a person resides, but does
147 not include any part of a building which is not actually and exclusively used as a private residence, nor
148 any part of a hotel or club other than a private guest room thereof.

149 "Resort complex" means a facility (i) with a hotel owning year-round sports and recreational facilities
150 located contiguously on the same property or (ii) owned by a nonstock, nonprofit, taxable corporation
151 with voluntary membership which, as its primary function, makes available golf, ski and other
152 recreational facilities both to its members and the general public. The hotel or corporation shall have a
153 minimum of 140 private guest rooms or dwelling units contained on not less than 50 acres. The Board
154 may consider the purpose, characteristics, and operation of the applicant establishment in determining
155 whether it shall be considered as a resort complex. All other pertinent qualifications established by the
156 Board for a hotel operation shall be observed by such licensee.

157 "Restaurant" means, for a beer, or wine and beer license, any establishment provided with special
158 space and accommodation, where, in consideration of payment, meals or other foods prepared on the
159 premises are regularly sold.

160 "Restaurant" means, for a mixed beverage license, an established place of business (i) where meals
161 with substantial entrees are regularly sold and (ii) which has adequate facilities and sufficient employees
162 for cooking, preparing, and serving such meals for consumption at tables in dining areas on the
163 premises, and includes establishments specializing in full course meals with a single substantial entree.

164 "Sale" and "sell" includes soliciting or receiving an order for; keeping, offering or exposing for sale;
165 peddling, exchanging or bartering; or delivering otherwise than gratuitously, by any means, alcoholic
166 beverages.

167 "*Small wine producer*" means any winery located outside the Commonwealth and licensed as such in
168 the state where the winery is located and that is eligible for the federal tax credit pursuant to 27 CFR
169 24.278.

170 "Special agent" means an employee of the Department of Alcoholic Beverage Control whom the
171 Board has designated as a law-enforcement officer pursuant to § 4.1-105.

172 "Special event" means an event sponsored by a duly organized nonprofit corporation or association
173 and conducted for an athletic, charitable, civic, educational, political, or religious purpose.

174 "Spirits" means any beverage which contains alcohol obtained by distillation mixed with drinkable
175 water and other substances, in solution, and includes, among other things, brandy, rum, whiskey, and
176 gin, or any one or more of the last four named ingredients; but shall not include any such liquors
177 completely denatured in accordance with formulas approved by the United States government.

178 "Wine" means any alcoholic beverage obtained by the fermentation of the natural sugar content of
179 fruits or other agricultural products containing (i) sugar, including honey and milk, either with or
180 without additional sugar; (ii) one-half of one percent or more of alcohol by volume; and (iii) no product
181 of distillation. The term includes any wine to which wine spirits have been added, as provided in the

182 Internal Revenue Code, to make products commonly known as "fortified wine" which do not exceed an
183 alcohol content of 21 percent by volume.

184 "Wine cooler" means a drink containing one-half of one percent or more of alcohol by volume, and
185 not more than three and two-tenths percent of alcohol by weight or four percent by volume consisting of
186 wine mixed with nonalcoholic beverages or flavoring or coloring materials, and which may also contain
187 water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives and shall include other similar
188 products manufactured by fermenting fruit or fruit juices. Wine coolers and similar fermented fruit juice
189 beverages shall be treated as wine for all purposes except for taxation under § 4.1-236.

190 "With or without meals" means the selling and serving of alcoholic beverages by retail licensees for
191 on-premises consumption whether or not accompanied by food so long as the total food-beverage ratio
192 required by § 4.1-210, or the monthly food sale requirement established by Board regulation, is met by
193 such retail licensee.

194 § 4.1-111. Regulations of Board.

195 A. The Board may promulgate reasonable regulations, not inconsistent with this title or the general
196 laws of the Commonwealth, which it deems necessary to carry out the provisions of this title and to
197 prevent the illegal manufacture, bottling, sale, distribution and transportation of alcoholic beverages. The
198 Board may amend or repeal such regulations. Such regulations shall be promulgated, amended or
199 repealed in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) and shall have the effect
200 of law.

201 B. The Board shall promulgate regulations that:

202 1. Prescribe what hours and on what days alcoholic beverages shall not be sold by licensees or
203 consumed on any licensed premises, including a provision that mixed beverages may be sold only at
204 such times as wine and beer may be sold.

205 2. Require mixed beverage caterer licensees to notify the Board in advance of any event to be served
206 by such licensee.

207 3. Maintain the reasonable separation of retailer interests from those of the manufacturers, bottlers,
208 brokers, importers and wholesalers in accordance with § 4.1-216 and in consideration of the established
209 trade customs, quantity and value of the articles or services involved; prevent undue competitive
210 domination of any person by any other person engaged in the manufacture, distribution and sale at retail
211 or wholesale of alcoholic beverages in the Commonwealth; and promote reasonable accommodation of
212 arm's length business transactions.

213 4. Establish requirements for the form, content, and retention of all records and accounts, including
214 the (i) reporting and collection of taxes required by § 4.1-236 and (ii) the sale of alcoholic beverages in
215 kegs, by all licensees.

216 5. Require retail licensees to file an appeal from any hearing decision rendered by a hearing officer
217 within 30 days of the date the notice of the decision is sent. The notice shall be sent to the licensee at
218 the address on record with the Board by certified mail, return receipt requested, and by regular mail.

219 6. Prescribe the terms and conditions under which persons who collect or trade designer or vintage
220 spirit bottles may sell such bottles at auction, provided that (i) the auction is conducted in accordance
221 with the provisions of Chapter 6 (§ 54.1-600 et seq.) of Title 54.1 and (ii) the bottles are unopened and
222 the manufacturers' seals, marks, or stamps affixed to the bottles are intact.

223 7. Prescribe the terms and conditions under which credit or debit cards may be accepted from
224 licensees for purchases at government stores, including provision for the collection, where appropriate,
225 of related fees, penalties, and service charges.

226 8. Require that banquet licensees in charge of public events as defined by Board regulations report to
227 the Board the income and expenses associated with the public event on a form prescribed by the Board
228 when the banquet licensee engages another person to organize, conduct or operate the event on behalf of
229 the banquet licensee. Such regulations shall be applicable only to public events where alcoholic
230 beverages are being sold.

231 9. *Require out-of-state small wine producer distribution licensees to provide evidence of their*
232 *continuing eligibility for the federal tax credit for small wine producers under 27 CFR 24.278.*

233 C. The Board may promulgate regulations that:

234 1. Provide for the waiver of the license tax for an applicant for a banquet license, such waiver to be
235 based on (i) the amount of alcoholic beverages to be provided by the applicant, (ii) the not-for-profit
236 status of the applicant, and (iii) the condition that no profits are to be generated from the event. For the
237 purposes of clause (ii), the applicant shall submit with the application, an affidavit certifying its
238 not-for-profit status. The granting of such waiver shall be limited to two events per year for each
239 applicant.

240 2. Establish limitations on the quantity and value of any gifts of alcoholic beverages made in the
241 course of any business entertainment pursuant to subdivision A 22 of § 4.1-325 or subsection C of
242 § 4.1-325.2.

243 D. Board regulations shall be uniform in their application, except those relating to hours of sale for

244 licensees.

245 E. Courts shall take judicial notice of Board regulations.

246 F. The Board's power to regulate shall be broadly construed.

247 § 4.1-204. Records of licensees; inspection of records and places of business.

248 A. Manufacturers, bottlers or wholesalers. - Every licensed manufacturer, bottler or wholesaler,
249 *including holders of out-of-state small wine producer distribution licenses*, shall keep complete, accurate
250 and separate records in accordance with Board regulations of all alcoholic beverages purchased,
251 manufactured, bottled, sold or shipped by him, and the applicable tax required by § 4.1-234 or
252 § 4.1-236, if any.

253 B. Retailers. - Every retail licensee shall keep complete, accurate and separate records, in accordance
254 with Board regulations, of all purchases of alcoholic beverages, the prices charged such licensee
255 therefor, and the names and addresses of the persons from whom purchased. Every retail licensee shall
256 also preserve all invoices showing his purchases for a period as specified by Board regulations. He shall
257 also keep an accurate account of daily sales, showing quantities of alcoholic beverages sold and the total
258 price charged by him therefor. Except as otherwise provided in subsection D, such account need not
259 give the names or addresses of the purchasers thereof, except as may be required by Board regulation
260 for the sale of alcoholic beverages in kegs. In the case of persons holding retail licenses which require
261 sales of food to determine their qualifications for such licenses, the records shall also include purchases
262 and sales of food and nonalcoholic beverages.

263 C. Common carriers. - Common carriers of passengers by train, boat, or airplane shall keep records
264 of purchases and sales of alcoholic beverages and food as required by Board regulation.

265 D. Wine shippers and beer shippers. - Every wine shipper licensee and every beer shipper licensee
266 shall keep complete, accurate, and separate records in accordance with Board regulations of all
267 shipments of wine or beer to persons in the Commonwealth. Such licensees shall also remit on a
268 monthly basis an accurate account stating whether any wine, farm wine, or beer products were sold and
269 shipped and, if so, stating the total quantities of wine and beer sold and the total price charged for such
270 wine and beer. Such records shall include the names and addresses of the purchasers to whom the wine
271 and beer is shipped.

272 E. Inspection. - The Board and its special agents shall be allowed free access during reasonable hours
273 to every place in the Commonwealth and to the premises of every wine shipper licensee and beer
274 shipper licensee wherever located where alcoholic beverages are manufactured, bottled, stored, offered
275 for sale or sold, for the purpose of examining and inspecting such place and all records, invoices and
276 accounts therein. The Board may engage the services of alcoholic beverage control authorities in any
277 state to assist with the inspection of the premises of a wine shipper licensee or a beer shipper licensee
278 or any applicant for such license.

279 § 4.1-207. Wine licenses.

280 The Board may grant the following licenses relating to wine:

281 1. Winery licenses, which shall authorize the licensee to manufacture wine and to sell and deliver or
282 ship the wine, in accordance with Board regulations, in closed containers, to persons licensed to sell the
283 wine so manufactured at wholesale for the purpose of resale, and to persons outside the Commonwealth
284 for resale outside the Commonwealth. In addition, such license shall authorize the licensee to (i) operate
285 distilling equipment on the premises of the licensee in the manufacture of spirits from fruit or fruit
286 juices only, which shall be used only for the fortification of wine produced by the licensee, and (ii)
287 store wine in bonded warehouses on or off the licensed premises upon permit issued by the Board.

288 *Such licenses shall also authorize the licensee to sell and deliver or ship by common carrier the*
289 *wine produced by the licensee, in accordance with Board regulations, in closed containers, to (i)*
290 *persons licensed to sell the wine at retail for the purpose of resale, § 4.1-326 notwithstanding, and (ii)*
291 *the Board, provided the winery licensee is eligible for the federal tax credit pursuant to 27 CFR 24.278.*
292 *Shipments of such wine by common carrier to a retail licensee shall be (a) made in containers marked*
293 *"Contains Alcohol," (b) paid by the retail licensee in advance of the shipment, and (c) accompanied by*
294 *an invoice in a form prescribed by the Board and that is available for examination by the common*
295 *carrier. All deliveries of such wine by the licensee to persons in Virginia to whom alcoholic beverages*
296 *may be lawfully sold shall be performed by the owner, or any agent, director, shareholder, or employee*
297 *of the licensee.*

298 2. Wholesale wine licenses, which shall authorize the licensee to acquire and receive deliveries and
299 shipments of wine and to sell and deliver or ship the wine, in accordance with Board regulations, in
300 closed containers, to (i) persons licensed to sell such wine in the Commonwealth, (ii) persons outside
301 the Commonwealth for resale outside the Commonwealth, (iii) religious congregations for use only for
302 sacramental purposes, and (iv) owners of boats registered under the laws of the United States sailing for
303 ports of call of a foreign country or another state.

304 No wholesale wine licensee shall purchase wine for resale from a person outside the Commonwealth

305 who does not hold a wine importer's license unless such wholesale wine licensee holds a wine importer's
 306 license and purchases wine for resale pursuant to the privileges of such wine importer's license.

307 3. Wine importers' licenses, which shall authorize persons located within or outside the
 308 Commonwealth to sell and deliver or ship wine, in accordance with Board regulations, in closed
 309 containers, to persons in the Commonwealth licensed to sell wine at wholesale for the purpose of resale,
 310 and to persons outside the Commonwealth for resale outside the Commonwealth.

311 4. Retail off-premises winery licenses to persons holding winery licenses, which shall authorize the
 312 licensee to sell wine at the place of business designated in the winery license, in closed containers, for
 313 off-premises consumption and to deliver the wine to the purchasers in accordance with Board
 314 regulations. All such deliveries of wine shall be performed by the owner or any agent, officer, director,
 315 shareholder or employee of the licensee.

316 5. Farm winery licenses, which shall authorize the licensee to manufacture wine containing 18
 317 percent or less of alcohol by volume and to sell, deliver or ship the wine, in accordance with Board
 318 regulations, in closed containers, to (i) the Board, (ii) persons licensed to sell the wine so manufactured
 319 at wholesale ~~or retail~~ for the purpose of resale, § 4.1-326 notwithstanding, or (iii) persons outside the
 320 Commonwealth. In addition, the licensee may (a) acquire and receive deliveries and shipments of wine
 321 manufactured by the licensee and to sell and deliver or ship this wine, in accordance with Board
 322 regulations, to persons licensed to sell wine in the Commonwealth, § 4.1-326 notwithstanding and (b)
 323 store wine in bonded warehouses located on or off the licensed premises upon permits issued by the
 324 Board. For the purposes of this title, a farm winery license shall be designated either as a Class A or
 325 Class B farm winery license in accordance with the limitations set forth in § 4.1-219.

326 Such licenses shall also authorize the licensee to sell:

327 *a. Sell wine at retail at the places of business designated in the licenses, which may include no more*
 328 *than five additional retail establishments of the licensee. Wine may be sold at these business places for*
 329 *on-premises consumption and in closed containers for off-premises consumption, including delivery of*
 330 *such wine to purchasers in accordance with Board regulations. All such deliveries of wine shall be*
 331 *performed by the owner or any agent, officer, director, shareholder or employee of the licensee; and*

332 *b. Sell and deliver or ship by common carrier the wine produced by the licensee, in accordance with*
 333 *Board regulations, in closed containers, to persons licensed to sell the wine at retail for the purpose of*
 334 *resale, § 4.1-326 notwithstanding, provided the farm winery licensee produces no more than 250,000*
 335 *gallons of wine during any calendar year and is eligible for the federal tax credit pursuant to 27 CFR*
 336 *24.278. Shipments of such wine by common carrier to a retail licensee shall be (i) made in containers*
 337 *marked "Contains Alcohol," (ii) paid by the retail licensee in advance of the shipment, and (iii)*
 338 *accompanied by an invoice in a form prescribed by the Board and that is available for examination by*
 339 *the common carrier. All deliveries of such wine by the licensee to persons in Virginia to whom alcoholic*
 340 *beverages may be lawfully sold shall be performed by the owner, or any agent, director, shareholder, or*
 341 *employee of the licensee.*

342 6. *Out-of-state small wine producer distribution licenses, which shall authorize the licensee to sell*
 343 *and deliver or ship by common carrier the wine produced by the licensee, in accordance with Board*
 344 *regulations, in closed containers, to (i) persons licensed to sell the wine at retail for the purpose of*
 345 *resale, § 4.1-326 notwithstanding, (ii) the Board, and (iii) persons in Virginia to whom alcoholic*
 346 *beverages may be lawfully sold.*

347 *Shipments of such wine by common carrier to a retail licensee shall be (a) made in containers*
 348 *marked "Contains Alcohol," (b) paid by the retail licensee in advance of the shipment, and (c)*
 349 *accompanied by an invoice in a form prescribed by the Board and that is available for examination by*
 350 *the common carrier. All deliveries of such wine by the licensee to persons in Virginia to whom alcoholic*
 351 *beverages may be lawfully sold shall be performed by the owner, or any agent, director, shareholder, or*
 352 *employee of the licensee.*

353 *For purposes of § 4.1-234 and Chapter 6 (§ 58.1-600 et seq.) of Title 58.1, each delivery or*
 354 *shipment of wine by such licensee to a consumer or a retail licensee shall constitute a sale in Virginia.*
 355 *Licensees under this section shall collect the taxes due to the Commonwealth and remit any excise taxes*
 356 *monthly to the Board and any sales tax to the Department of Taxation.*

357 § 4.1-231. Taxes on state licenses.

358 A. The annual fees on state licenses shall be as follows:

359 1. Alcoholic beverage licenses. For each:

360 a. Distiller's license, if not more than 5,000 gallons of alcohol or spirits, or both, manufactured
 361 during the year in which the license is granted, \$450; and if more than 5,000 gallons manufactured
 362 during such year, \$3,725;

363 b. Fruit distiller's license, \$3,725;

364 c. Banquet facility license or museum license, \$190;

365 d. Bed and breakfast establishment license, \$35;

366 e. Tasting license, \$40 per license granted; and

- 367 f. Equine sporting event license, \$130.
- 368 2. Wine licenses. For each:
- 369 a. Winery license, if not more than 5,000 gallons of wine manufactured during the year in which the
- 370 license is granted, \$189, and if more than 5,000 gallons manufactured during such year, \$3,725;
- 371 b. Wholesale wine license, \$930 for any wholesaler who sells 150,000 gallons of wine or less per
- 372 year, \$1,430 for any wholesaler who sells more than 150,000 but not more than 300,000 gallons of wine
- 373 per year, and, \$1,860 for any wholesaler who sells more than 300,000 gallons of wine per year;
- 374 c. Wine importer's license, \$370;
- 375 d. Retail off-premises winery license, \$145;
- 376 e. Farm winery license, \$190 for any Class A license and \$3,725 for any Class B license;
- 377 f. Wine shipper's license, \$65; ~~and~~
- 378 g. Day spa license, \$100; *and*
- 379 h. *Out-of-state small wine producer distribution license, \$2,000.*
- 380 3. Beer licenses. For each:
- 381 a. Brewery license, if not more than 10,000 barrels of beer manufactured during the year in which
- 382 the license is granted, \$2,150, and if more than 10,000 barrels manufactured during such year, \$4,300;
- 383 b. Bottler's license, \$1,430;
- 384 c. Wholesale beer license, \$930 for any wholesaler who sells 300,000 cases of beer a year or less,
- 385 and \$1,430 for any wholesaler who sells more than 300,000 but not more than 600,000 cases of beer a
- 386 year, and \$1,860 for any wholesaler who sells more than 600,000 cases of beer a year;
- 387 d. Beer importer's license, \$370;
- 388 e. Retail on-premises beer license to a hotel, restaurant, club or other person, except a common
- 389 carrier of passengers by train or boat, \$145; for each such license to a common carrier of passengers by
- 390 train or boat, \$145 per annum for each of the average number of boats, dining cars, buffet cars or club
- 391 cars operated daily in the Commonwealth;
- 392 f. Retail off-premises beer license, \$120;
- 393 g. Retail on-and-off premises beer license to a hotel, restaurant, club or grocery store located in a
- 394 town or in a rural area outside the corporate limits of any city or town, \$300; and
- 395 h. Beer shipper's license, \$65.
- 396 4. Wine and beer licenses. For each:
- 397 a. Retail on-premises wine and beer license to a hotel, restaurant, club or other person, except a
- 398 common carrier of passengers by train, boat or airplane, \$300; for each such license to a common
- 399 carrier of passengers by train or boat, \$300 per annum for each of the average number of boats, dining
- 400 cars, buffet cars or club cars operated daily in the Commonwealth, and for each such license granted to
- 401 a common carrier of passengers by airplane, \$750;
- 402 b. Retail on-premises wine and beer license to a hospital, \$145;
- 403 c. Retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience
- 404 grocery store license, \$230;
- 405 d. Retail on-and-off premises wine and beer license to a hotel, restaurant or club, \$600;
- 406 e. Banquet license, \$40 per license granted by the Board, except for banquet licenses granted by the
- 407 Board pursuant to subsection A of § 4.1-215 for events occurring on more than one day, which shall be
- 408 \$100 per license;
- 409 f. Gourmet brewing shop license, \$230;
- 410 g. Wine and beer shipper's license, \$65; and
- 411 h. Annual banquet license, \$150.
- 412 5. Mixed beverage licenses. For each:
- 413 a. Mixed beverage restaurant license granted to persons operating restaurants, including restaurants
- 414 located on premises of and operated by hotels or motels, or other persons:
- 415 (i) With a seating capacity at tables for up to 100 persons, \$560;
- 416 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$975; and
- 417 (iii) With a seating capacity at tables for more than 150 persons, \$1,430.
- 418 b. Mixed beverage restaurant license for restaurants located on the premises of and operated by
- 419 private, nonprofit clubs:
- 420 (i) With an average yearly membership of not more than 200 resident members, \$750;
- 421 (ii) With an average yearly membership of more than 200 but not more than 500 resident members,
- 422 \$1,860; and
- 423 (iii) With an average yearly membership of more than 500 resident members, \$2,765.
- 424 c. Mixed beverage caterer's license, \$1,860;
- 425 d. Mixed beverage special events license, \$45 for each day of each event;
- 426 e. Mixed beverage club events licenses, \$35 for each day of each event;
- 427 f. Annual mixed beverage special events license, \$560;

428 g. Mixed beverage carrier license:
429 (i) \$190 for each of the average number of dining cars, buffet cars or club cars operated daily in the
430 Commonwealth by a common carrier of passengers by train;
431 (ii) \$560 for each common carrier of passengers by boat;
432 (iii) \$1,475 for each license granted to a common carrier of passengers by airplane.
433 h. Annual mixed beverage amphitheater license, \$560;
434 i. Annual mixed beverage motor sports race track license, \$560; and
435 j. Annual mixed beverage banquet license, \$500.
436 6. Temporary licenses. For each temporary license authorized by § 4.1-211, one-half of the tax
437 imposed by this section on the license for which the applicant applied.
438 B. The tax on each such license, except banquet and mixed beverage special events licenses, shall be
439 subject to proration to the following extent: If the license is granted in the second quarter of any year,
440 the tax shall be decreased by one-fourth; if granted in the third quarter of any year, the tax shall be
441 decreased by one-half; and if granted in the fourth quarter of any year, the tax shall be decreased by
442 three-fourths.
443 If the license on which the tax is prorated is a distiller's license to manufacture not more than 5,000
444 gallons of alcohol or spirits, or both, during the year in which the license is granted, or a winery license
445 to manufacture not more than 5,000 gallons of wine during the year in which the license is granted, the
446 number of gallons permitted to be manufactured shall be prorated in the same manner.
447 Should the holder of a distiller's license or a winery license to manufacture not more than 5,000
448 gallons of alcohol or spirits, or both, or wine, apply during the license year for an unlimited distiller's or
449 winery license, such person shall pay for such unlimited license a license tax equal to the amount that
450 would have been charged had such license been applied for at the time that the license to manufacture
451 less than 5,000 gallons of alcohol or spirits or wine, as the case may be, was granted, and such person
452 shall be entitled to a refund of the amount of license tax previously paid on the limited license.
453 Notwithstanding the foregoing, the tax on each license granted or reissued for a period of less than
454 12 months shall be equal to one-twelfth of the taxes required by subsection A computed to the nearest
455 cent, multiplied by the number of months in the license period.
456 C. Nothing in this chapter shall exempt any licensee from any state merchants' license or state
457 restaurant license or any other state tax. Every licensee, in addition to the taxes imposed by this chapter,
458 shall be liable to state merchants' license taxation and state restaurant license taxation and other state
459 taxation the same as if the alcoholic beverages were nonalcoholic. In ascertaining the liability of a beer
460 wholesaler to merchants' license taxation, however, and in computing the wholesale merchants' license
461 tax on a beer wholesaler, the first \$163,800 of beer purchases shall be disregarded; and in ascertaining
462 the liability of a wholesale wine distributor to merchants' license taxation, and in computing the
463 wholesale merchants' license tax on a wholesale wine distributor, the first \$163,800 of wine purchases
464 shall be disregarded.
465 § 4.1-310. Illegal importation, shipment and transportation of alcoholic beverages; penalty; exception.
466 A. No alcoholic beverages, other than wine or beer, shall be imported, shipped, transported or
467 brought into the Commonwealth, other than to distillery licensees or winery licensees, unless consigned
468 to the Board. However, the Board may permit such alcoholic beverages ordered by it from outside the
469 Commonwealth for (i) persons, for industrial purposes, (ii) the manufacture of articles allowed to be
470 manufactured under § 4.1-200, or (iii) hospitals, to be shipped or transported directly to such persons.
471 On such orders or shipments of alcohol, the Board shall charge only a reasonable permit fee.
472 B. Except as otherwise provided in § 4.1-112.1 *or subdivision 6 of § 4.1-207*, no wine shall be
473 imported, shipped, transported or brought into the Commonwealth unless it is consigned to a wholesale
474 wine licensee.
475 C. Except as otherwise provided in § 4.1-112.1, no beer shall be imported, shipped, transported or
476 brought into the Commonwealth except to persons licensed to sell it.
477 D. Any person convicted of a violation of this section shall be guilty of a Class 1 misdemeanor.
478 E. The provisions of this chapter shall not prohibit (i) any person from bringing, in his personal
479 possession, or through United States Customs in his accompanying baggage, into the Commonwealth not
480 for resale, alcoholic beverages in an amount not to exceed one gallon or four liters if any part of the
481 alcoholic beverages being transported is held in metric-sized containers, (ii) the shipment or
482 transportation into the Commonwealth of a reasonable quantity of alcoholic beverages not for resale in
483 the personal or household effects of a person relocating his place of residence to the Commonwealth, or
484 (iii) the possession or storage of alcoholic beverages on passenger boats, dining cars, buffet cars and
485 club cars, licensed under this title, or common carriers engaged in interstate or foreign commerce.
486 **2. That the Alcoholic Beverage Control Board shall promulgate regulations to implement the**
487 **provisions of this act to be effective within 280 days of its enactment.**