

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact §§ 4.1-119 and 4.1-206 of the Code of Virginia, relating to alcoholic*
 3 *beverage control; operation of government stores.*

4 [S 1235]
 5 Approved

6 **Be it enacted by the General Assembly of Virginia:**

7 **1. That §§ 4.1-119 and 4.1-206 of the Code of Virginia are amended and reenacted as follows:**
 8 **§ 4.1-119. Operation of government stores.**

9 A. Subject to the requirements of §§ 4.1-121 and 4.1-122, the Board may establish, maintain and
 10 operate government stores for the sale of alcoholic beverages, other than beer and wine not produced by
 11 farm wineries, vermouth, mixers, and products used in connection with distilled spirits, including any
 12 garnish or garnishment applied to the rim of a glass of distilled spirits, as may be approved by the
 13 Board from time to time, in such counties, cities, and towns considered advisable by the Board. The
 14 Board may discontinue any such store.

15 B. With respect to the sale of wine produced by farm wineries, the Board may give preference to
 16 farm wineries that produce 2,500 cases or less of wine per year.

17 C. The Board shall fix the wholesale and retail prices at which the various classes, varieties and
 18 brands of alcoholic beverages and other Board-approved products that are sold in government stores.
 19 Differences in the cost of operating stores, and market competition and conditions may be reflected in
 20 the sale price of alcoholic beverages sold at government stores. The Board may sell alcoholic beverages
 21 to federal instrumentalities (i) authorized and operating under the laws of the United States and
 22 regulations of the United States Department of Defense and (ii) located within the boundaries of federal
 23 enclaves or reservations over which the United States has acquired jurisdiction, at prices which may be
 24 greater or less than the wholesale price charged other authorized purchasers.

25 D. Alcoholic beverages at government stores shall be sold by employees of the Board, who shall
 26 carry out the provisions of this title and Board regulations governing the operation of government stores
 27 and the sale of alcoholic beverages, except that the Board may appoint the holder of a distiller's license
 28 or its officers and employees as agents of the Board for the sale of spirits, manufactured by or for, or
 29 blended by such licensee on the licensed premises, at government stores established by the Board on the
 30 distiller's licensed premises, provided:

31 1. At least 51 percent of the agricultural products used by such licensee to manufacture the spirits are
 32 grown on the licensee's farm or land in Virginia leased by the licensee and no more than 25 percent of
 33 the agricultural products are grown or produced outside the Commonwealth. However, upon petition by
 34 the Department of Agriculture and Consumer Services, the Board may permit the use of a lesser
 35 percentage of products grown on the licensee's farm if unusually severe weather or disease conditions
 36 cause a significant reduction in the availability of agricultural products grown on the farm to
 37 manufacture the spirits during a given license year;

38 2. Such licensee is a duly organized nonprofit association holding title to real property, together with
 39 improvements thereon that are significant in American history, under a charter from the Commonwealth
 40 to preserve such property, and which association accepts no federal, state, or local funds;

41 3. Such licensee operates a museum whose licensed premises is located on the grounds of a local
 42 historic building or site;

43 4. Such licensee is an independently certified organic distillery, with such certification by a
 44 USDA-accredited certification agency; or

45 5. Such licensee is employing traditional distilling techniques, including the use of authentic copper
 46 pot stills to blend or produce spirits in any county with a population of less than 20,000.

47 Such agents shall sell the spirits in accordance with the provisions of this title, Board regulations,
 48 and the terms of the agency agreement between the Board and the licensed distiller.

49 For the purposes of this subsection, "blended" means the receipt by a licensed distiller of deliveries
 50 and shipments of alcoholic beverages, other than wine and beer, in accordance with subdivision 6
 51 § 4.1-201 to be (i) additionally aged by the receiving distillery in order to increase the quality and flavor
 52 of such alcoholic beverages and (ii) bottled by the receiving distillery.

53 E. No Class 1 neutral grain spirit or alcohol, as defined by federal regulations, that is without
 54 distinctive character, aroma, taste or color shall be sold in government stores at a proof greater than 101
 55 except upon permits issued by the Board for industrial, commercial, culinary, or medical use.

56 F. All alcoholic beverages sold in government stores, *except for tasting samples pursuant to*

57 subsection G sold in government stores established by the Board on a distiller's licensed premises, shall
58 be in closed containers, sealed and affixed with labels prescribed by the Board.

59 G. No alcoholic beverages shall be consumed in a government store by any person unless it is part
60 of an organized tasting event conducted by (i) an employee of a manufacturer of distilled spirits or farm
61 winery or (ii) an authorized representative of a manufacturer of distilled spirits or farm winery with a
62 permit issued by the Board pursuant to subdivision A 15 of § 4.1-212, and the samples of alcoholic
63 beverages provided to any consumer do not exceed the limits for spirits or wine set forth in subdivision
64 A 5 of § 4.1-201.1. No sample may be consumed by any individual to whom alcoholic beverages may
65 not lawfully be sold pursuant to § 4.1-304. The Board shall establish guidelines governing tasting events
66 conducted pursuant to this subsection.

67 H. With respect to purchases by licensees at government stores, the Board shall (i) accept in payment
68 for any purchase or series of purchases cash, electronic fund transfer, credit or debit card, or check
69 payable to the Board, in the exact amount of any such purchase or series of purchases and (ii) provide
70 notice to licensees on Board policies relating to the assignment of government stores from which
71 licensees may purchase products and any procedure for the licensee to elect to make purchases from an
72 alternative government store.

73 I. With respect to purchases by consumers at government stores, the Board shall accept cash in
74 payment for any purchase or series of purchases. The Board may adopt regulations which provide for
75 accepting a credit card or debit card as payment. Such regulations may provide for the collection, where
76 appropriate, of related fees, penalties and service charges for the use of a credit card or debit card by
77 any consumer.

78 § 4.1-206. Alcoholic beverage licenses.

79 The Board may grant the following licenses relating to alcoholic beverages generally:

80 1. Distillers' licenses, which shall authorize the licensee to manufacture alcoholic beverages other
81 than wine and beer, and to sell and deliver or ship the same, in accordance with Board regulations, in
82 closed containers, to the Board and to persons outside the Commonwealth for resale outside the
83 Commonwealth. *When the Board has established a government store on the distiller's licensed premises*
84 *pursuant to subsection D of § 4.1-119, such license shall also authorize the licensee to make a charge to*
85 *consumers to participate in an organized tasting event conducted in accordance with subsection G of*
86 *§ 4.1-119 and Board regulations.*

87 2. Fruit distillers' licenses, which shall authorize the licensee to manufacture any alcoholic beverages
88 made from fruit or fruit juices, and to sell and deliver or ship the same, in accordance with Board
89 regulations, in closed containers, to the Board and to persons outside the Commonwealth for resale
90 outside the Commonwealth.

91 3. Banquet facility licenses to volunteer fire departments and volunteer rescue squads, which shall
92 authorize the licensee to permit the consumption of lawfully acquired alcoholic beverages on the
93 premises of the licensee by any person, and bona fide members and guests thereof, otherwise eligible for
94 a banquet license. However, lawfully acquired alcoholic beverages shall not be purchased or sold by the
95 licensee or sold or charged for in any way by the person permitted to use the premises. Such premises
96 shall be a fire or rescue squad station or both, regularly occupied as such and recognized by the
97 governing body of the county, city or town in which it is located. Under conditions as specified by
98 Board regulation, such premises may be other than a fire or rescue squad station, provided such other
99 premises are occupied and under the control of the fire department or rescue squad while the privileges
100 of its license are being exercised.

101 4. Bed and breakfast licenses, which shall authorize the licensee to serve alcoholic beverages in
102 dining areas, private guest rooms and other designated areas to persons to whom overnight lodging is
103 being provided, with or without meals, for on-premises consumption only in such rooms and areas, and
104 without regard to the amount of gross receipts from the sale of food prepared and consumed on the
105 premises.

106 5. Tasting licenses, which shall authorize the licensee to sell or give samples of alcoholic beverages
107 of the type specified in the license in designated areas at events held by the licensee. A tasting license
108 shall be issued for the purpose of featuring and educating the consuming public about the alcoholic
109 beverages being tasted. A separate license shall be required for each day of each tasting event. No
110 tasting license shall be required for conduct authorized by § 4.1-201.1.

111 6. Museum licenses, which may be issued to nonprofit museums exempt from taxation under
112 § 501(c)(3) of the Internal Revenue Code, which shall authorize the licensee to (i) permit the
113 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide
114 member and guests thereof and (ii) serve alcoholic beverages on the premises of the licensee to any
115 bona fide member and guests thereof. However, alcoholic beverages shall not be sold or charged for in
116 any way by the licensee. The privileges of this license shall be limited to the premises of the museum,
117 regularly occupied and utilized as such.

118 7. Equine sporting event licenses, which may be issued to organizations holding equestrian, hunt and
119 steeplechase events, which shall authorize the licensee to permit the consumption of lawfully acquired
120 alcoholic beverages on the premises of the licensee by patrons thereof during such event. However,
121 alcoholic beverages shall not be sold or charged for in any way by the licensee. The privileges of this
122 license shall be (i) limited to the premises of the licensee, regularly occupied and utilized for equestrian,
123 hunt and steeplechase events and (ii) exercised on no more than four calendar days per year.

124 8. Day spa licenses, which shall authorize the licensee to (i) permit the consumption of lawfully
125 acquired wine or beer on the premises of the licensee by any bona fide customer of the day spa and (ii)
126 serve wine or beer on the premises of the licensee to any such bona fide customer; however, the
127 licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any
128 such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served
129 or consumed. The privileges of this license shall be limited to the premises of the day spa regularly
130 occupied and utilized as such.

131 9. Motor car sporting event facility licenses, which shall authorize the licensee to permit the
132 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by patrons thereof
133 during such events. However, alcoholic beverages shall not be sold or charged for in any way, directly
134 or indirectly, by the licensee. The privileges of this license shall be limited to those areas of the
135 licensee's premises designated by the Board that are regularly occupied and utilized for motor car
136 sporting events.

137 10. Meal-assembly kitchen license, which shall authorize the licensee to serve wine or beer on the
138 premises of the licensee to any such bona fide customer attending either a private gathering or a special
139 event; however, the licensee shall not give more than two five-ounce glasses of wine or two 12-ounce
140 glasses of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the
141 wine or beer served or consumed. The privileges of this license shall be limited to the premises of the
142 meal-assembly kitchen regularly occupied and utilized as such.

143 11. Canal boat operator license, which shall authorize the licensee to permit the consumption of
144 lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide customer
145 attending either a private gathering or a special event; however, the licensee shall not sell or otherwise
146 charge a fee to such customer for the alcoholic beverages so consumed. The privileges of this license
147 shall be limited to the premises of the licensee, including the canal, the canal boats while in operation,
148 and any pathways adjacent thereto. Upon authorization of the licensee, any person may keep and
149 consume his own lawfully acquired alcoholic beverages on the premises in all areas and locations
150 covered by the license.