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SENATE BILL NO. 1304

Offered January 16, 2013

A BILL to amend and reenact §§ 4.1-210, 4.1-231, and 4.1-233 of the Code of Virginia, relating to alcoholic beverage control; annual mixed beverage performing arts facility license.

Patron—Watkins

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-210, 4.1-231, and 4.1-233 of the Code of Virginia are amended and reenacted as follows:

§ 4.1-210. Mixed beverages licenses.

A. Subject to the provisions of § 4.1-124, the Board may grant the following licenses relating to mixed beverages:

1. Mixed beverage restaurant licenses, which shall authorize the licensee to sell and serve mixed beverages for consumption in dining areas and other designated areas of such restaurant. Such license may be granted only to persons (i) who operate a restaurant and (ii) whose gross receipts from the sale of food cooked or prepared, and consumed on the premises and nonalcoholic beverages served on the premises, after issuance of such license, amount to at least 45 percent of the gross receipts from the sale of mixed beverages and food. For the purposes of this paragraph, other designated areas shall include outdoor dining areas, whether or not contiguous to the licensed premises, which outdoor dining areas may have more than one means of ingress and egress to an adjacent public thoroughfare, provided such areas are under the control of the licensee and approved by the Board.

If the restaurant is located on the premises of a hotel or motel with not less than four permanent bedrooms where food and beverage service is customarily provided by the restaurant in designated areas, bedrooms and other private rooms of such hotel or motel, such licensee may (i) sell and serve mixed beverages for consumption in such designated areas, bedrooms and other private rooms and (ii) sell spirits packaged in original closed containers purchased from the Board for on-premises consumption to registered guests and at scheduled functions of such hotel or motel only in such bedrooms or private rooms. However, with regard to a hotel classified as a resort complex, the Board may authorize the sale and on-premises consumption of alcoholic beverages in all areas within the resort complex deemed appropriate by the Board. Nothing herein shall prohibit any person from keeping and consuming his own lawfully acquired spirits in bedrooms or private rooms.

If the restaurant is located on the premises of and operated by a private, nonprofit or profit club exclusively for its members and their guests, or members of another private, nonprofit or profit club in another city with which it has an agreement for reciprocal dining privileges, such license shall also authorize the licensees to sell and serve mixed beverages for on-premises consumption. Where such club prepares no food in its restaurant but purchases its food requirements from a restaurant licensed by the Board and located on another portion of the premises of the same hotel or motel building, this fact shall not prohibit the granting of a license by the Board to such club qualifying in all other respects. The club's gross receipts from the sale of nonalcoholic beverages consumed on the premises and food resold to its members and guests and consumed on the premises shall amount to at least 45 percent of its gross receipts from the sale of mixed beverages and food. The food sales made by a restaurant to such a club shall be excluded in any consideration of the qualifications of such restaurant for a license from the Board.

2. Mixed beverage caterer's licenses, which may be granted only to a person regularly engaged in the business of providing food and beverages to others for service at private gatherings or at special events, which shall authorize the licensee to sell and serve alcoholic beverages for on-premises consumption. The annual gross receipts from the sale of food cooked and prepared for service and nonalcoholic beverages served at gatherings and events referred to in this subdivision shall amount to at least 45 percent of the gross receipts from the sale of mixed beverages and food.

3. Mixed beverage limited caterer's licenses, which may be granted only to a person regularly engaged in the business of providing food and beverages to others for service at private gatherings or at special events, not to exceed 12 gatherings or events per year, which shall authorize the licensee to sell and serve alcoholic beverages for on-premises consumption. The annual gross receipts from the sale of food cooked and prepared for service and nonalcoholic beverages served at gatherings and events referred to in this subdivision shall amount to at least 45 percent of the gross receipts from the sale of mixed beverages and food.

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4. Mixed beverage special events licenses, to a duly organized nonprofit corporation or association in charge of a special event, which shall authorize the licensee to sell and serve mixed beverages for on-premises consumption in areas approved by the Board on the premises of the place designated in the license. A separate license shall be required for each day of each special event.

5. Annual mixed beverage special events licenses to (i) a duly organized nonprofit corporation or association operating a performing arts facility, (ii) a nonprofit corporation or association chartered by Congress for the preservation of sites, buildings and objects significant in American history and culture, or (iii) a duly organized nonprofit corporation that has been granted an exemption from federal taxation under § 501(c)(3) of the U.S. Internal Revenue Code of 1986 that owns any rural event and entertainment park or similar facility that has a minimum of 60,000 square feet of indoor exhibit space and equine and other livestock show areas. The operation in all cases shall be upon premises owned by such licensee or occupied under a bona fide lease the original term of which was for more than one year's duration. Such license shall authorize the sale, on the dates of performances or events in furtherance of the purposes of the nonprofit corporation or association, of alcoholic beverages, for on-premises consumption in areas upon the licensed premises approved by the Board.

6. Mixed beverage carrier licenses to persons operating a common carrier of passengers by train, boat or airplane, which shall authorize the licensee to sell and serve mixed beverages anywhere in the Commonwealth to passengers while in transit aboard any such common carrier, and in designated rooms of establishments of air carriers at airports in the Commonwealth.

7. Mixed beverage club events licenses, which shall authorize a club holding a beer or wine and beer club license to sell and serve mixed beverages for on-premises consumption by club members and their guests in areas approved by the Board on the club premises. A separate license shall be required for each day of each club event. No more than 12 such licenses shall be granted to a club in any calendar year.

8. Annual mixed beverage amphitheater licenses to persons operating food concessions at any outdoor performing arts amphitheater, arena or similar facility that has seating for more than 20,000 persons and is located in Prince William County or the City of Virginia Beach. Such license shall authorize the licensee to sell alcoholic beverages during the performance of any event, in paper, plastic or similar disposable containers to patrons within all seating areas, concourses, walkways, concession areas, or similar facilities, for on-premises consumption.

9. Annual mixed beverage amphitheater licenses to persons operating food concessions at any outdoor performing arts amphitheater, arena or similar facility that has seating for more than 5,000 persons and is located in the City of Alexandria or the City of Portsmouth. Such license shall authorize the licensee to sell alcoholic beverages during the performance of any event, in paper, plastic or similar disposable containers to patrons within all seating areas, concourses, walkways, concession areas, or similar facilities, for on-premises consumption.

10. Annual mixed beverage motor sports facility license to persons operating food concessions at any outdoor motor sports road racing club facility, of which the track surface is 3.27 miles in length, on 1,200 acres of rural property bordering the Dan River, which shall authorize the licensee to sell mixed beverages, in paper, plastic, or similar disposable containers during scheduled events, as well as events or performances immediately subsequent thereto, to patrons in all dining facilities, seating areas, viewing areas, walkways, concession areas or similar facilities, for on-premises consumption. Upon authorization of the licensee, any person may keep and consume his own lawfully acquired alcoholic beverages on the premises in all areas and locations covered by the license.

11. Annual mixed beverage banquet licenses to duly organized private nonprofit fraternal, patriotic or charitable membership organizations that are exempt from state and federal taxation and in charge of banquets conducted exclusively for its members and their guests, which shall authorize the licensee to serve mixed beverages for on-premises consumption in areas approved by the Board on the premises of the place designated in the license. Such license shall authorize the licensee to conduct no more than 12 banquets per calendar year.

12. Limited mixed beverage restaurant licenses, which shall authorize the licensee to sell and serve dessert wines as defined by Board regulation and no more than six varieties of liqueurs, which liqueurs shall be combined with coffee or other nonalcoholic beverages, for consumption in dining areas of the restaurant. Such license may be granted only to persons who operate a restaurant and in no event shall the sale of such wine or liqueur-based drinks exceed 10 percent of the total annual gross sales.

13. Annual mixed beverage motor sports facility licenses to persons operating concessions at an outdoor motor sports facility that hosts a NASCAR national touring race, which shall authorize the licensee to sell mixed beverages, in paper, plastic, or similar disposable containers during scheduled events, as well as events or performances immediately subsequent thereto, to patrons in all dining facilities, seating areas, viewing areas, walkways, concession areas or similar facilities, for on-premises consumption.

14. Annual mixed beverage performing arts facility license to corporations or associations operating

a performing arts facility, provided the performing arts facility (i) is owned by a governmental entity; (ii) is occupied by a for-profit entity under a bona fide lease, the original term of which was for more than one year's duration; and (iii) has been rehabilitated in accordance with historic preservation standards. Such license shall authorize the sale, on the dates of performances or events, of alcoholic beverages for on-premises consumption in areas upon the licensed premises approved by the Board.

B. The granting of any license under subdivision 1, 6, 7, 8, 9, 10, 11, ~~or~~ 13, or 14 shall automatically include a license to sell and serve wine and beer for on-premises consumption. The licensee shall pay the state and local taxes required by §§ 4.1-231 and 4.1-233.

§ 4.1-231. Taxes on state licenses.

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

1. Alcoholic beverage licenses. For each:

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

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

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

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

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

f. Equine sporting event license, \$130;

g. Motor car sporting event facility license, \$130;

h. Day spa license, \$100;

i. Delivery permit, \$120 if the permittee holds no other license under this title;

j. Meal-assembly kitchen license, \$100; and

k. Canal boat operator license, \$100.

2. Wine licenses. For each:

a. Winery license, if not more than 5,000 gallons of wine manufactured during the year in which the license is granted, \$189, and if more than 5,000 gallons manufactured during such year, \$3,725;

b. (1) Wholesale wine license, \$185 for any wholesaler who sells 30,000 gallons of wine or less per year, \$930 for any wholesaler who sells more than 30,000 gallons per year but not more than 150,000 gallons of wine per year, \$1,430 for any wholesaler who sells more than 150,000 but not more than 300,000 gallons of wine per year, and, \$1,860 for any wholesaler who sells more than 300,000 gallons of wine per year;

(2) Wholesale wine license, including that granted pursuant to § 4.1-207.1, applicable to two or more premises, the annual state license tax shall be the amount set forth in subdivision b (1), multiplied by the number of separate locations covered by the license;

c. Wine importer's license, \$370;

d. Retail off-premises winery license, \$145, which shall include a delivery permit;

e. Farm winery license, \$190 for any Class A license and \$3,725 for any Class B license, each of which shall include a delivery permit;

f. Wine shipper's license, \$95; and

g. Internet wine retailer license, \$150.

3. Beer licenses. For each:

a. Brewery license, if not more than 10,000 barrels of beer manufactured during the year in which the license is granted, \$2,150, and if more than 10,000 barrels manufactured during such year, \$4,300;

b. Bottler's license, \$1,430;

c. (1) Wholesale beer license, \$930 for any wholesaler who sells 300,000 cases of beer a year or less, and \$1,430 for any wholesaler who sells more than 300,000 but not more than 600,000 cases of beer a year, and \$1,860 for any wholesaler who sells more than 600,000 cases of beer a year;

(2) Wholesale beer license applicable to two or more premises, the annual state license tax shall be the amount set forth in subdivision c (1), multiplied by the number of separate locations covered by the license;

d. Beer importer's license, \$370;

e. Retail on-premises beer license to a hotel, restaurant, club or other person, except a common carrier of passengers by train or boat, \$145; for each such license to a common carrier of passengers by train or boat, \$145 per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in the Commonwealth;

f. Retail off-premises beer license, \$120, which shall include a delivery permit;

g. Retail on-and-off premises beer license to a hotel, restaurant, club or grocery store located in a town or in a rural area outside the corporate limits of any city or town, \$300, which shall include a delivery permit;

h. Beer shipper's license, \$95; and

182 i. Retail off-premises brewery license, \$120, which shall include a delivery permit.
183 4. Wine and beer licenses. For each:
184 a. Retail on-premises wine and beer license to a hotel, restaurant, club or other person, except a
185 common carrier of passengers by train, boat or airplane, \$300; for each such license to a common
186 carrier of passengers by train or boat, \$300 per annum for each of the average number of boats, dining
187 cars, buffet cars or club cars operated daily in the Commonwealth, and for each such license granted to
188 a common carrier of passengers by airplane, \$750;
189 b. Retail on-premises wine and beer license to a hospital, \$145;
190 c. Retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience
191 grocery store license, \$230, which shall include a delivery permit;
192 d. Retail on-and-off premises wine and beer license to a hotel, restaurant or club, \$600, which shall
193 include a delivery permit;
194 e. Banquet license, \$40 per license granted by the Board, except for banquet licenses granted by the
195 Board pursuant to subsection A of § 4.1-215 for events occurring on more than one day, which shall be
196 \$100 per license;
197 f. Gourmet brewing shop license, \$230;
198 g. Wine and beer shipper's license, \$95;
199 h. Annual banquet license, \$150;
200 i. Fulfillment warehouse license, \$120;
201 j. Marketing portal license, \$150; and
202 k. Gourmet oyster house license, \$230.
203 5. Mixed beverage licenses. For each:
204 a. Mixed beverage restaurant license granted to persons operating restaurants, including restaurants
205 located on premises of and operated by hotels or motels, or other persons:
206 (i) With a seating capacity at tables for up to 100 persons, \$560;
207 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$975; and
208 (iii) With a seating capacity at tables for more than 150 persons, \$1,430.
209 b. Mixed beverage restaurant license for restaurants located on the premises of and operated by
210 private, nonprofit clubs:
211 (i) With an average yearly membership of not more than 200 resident members, \$750;
212 (ii) With an average yearly membership of more than 200 but not more than 500 resident members,
213 \$1,860; and
214 (iii) With an average yearly membership of more than 500 resident members, \$2,765.
215 c. Mixed beverage caterer's license, \$1,860;
216 d. Mixed beverage limited caterer's license, \$500;
217 e. Mixed beverage special events license, \$45 for each day of each event;
218 f. Mixed beverage club events licenses, \$35 for each day of each event;
219 g. Annual mixed beverage special events license, \$560;
220 h. Mixed beverage carrier license:
221 (i) \$190 for each of the average number of dining cars, buffet cars or club cars operated daily in the
222 Commonwealth by a common carrier of passengers by train;
223 (ii) \$560 for each common carrier of passengers by boat;
224 (iii) \$1,475 for each license granted to a common carrier of passengers by airplane.
225 i. Annual mixed beverage amphitheater license, \$560;
226 j. Annual mixed beverage motor sports race track license, \$560;
227 k. Annual mixed beverage banquet license, \$500;
228 l. Limited mixed beverage restaurant license:
229 (i) With a seating capacity at tables for up to 100 persons, \$460;
230 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$875;
231 (iii) With a seating capacity at tables for more than 150 persons, \$1,330; and
232 m. Annual mixed beverage motor sports facility license, \$560; and
233 n. Annual mixed beverage performing arts facility license, \$560.
234 6. Temporary licenses. For each temporary license authorized by § 4.1-211, one-half of the tax
235 imposed by this section on the license for which the applicant applied.
236 B. The tax on each such license, except banquet and mixed beverage special events licenses, shall be
237 subject to proration to the following extent: If the license is granted in the second quarter of any year,
238 the tax shall be decreased by one-fourth; if granted in the third quarter of any year, the tax shall be
239 decreased by one-half; and if granted in the fourth quarter of any year, the tax shall be decreased by
240 three-fourths.
241 If the license on which the tax is prorated is a distiller's license to manufacture not more than 5,000
242 gallons of alcohol or spirits, or both, during the year in which the license is granted, or a winery license
243 to manufacture not more than 5,000 gallons of wine during the year in which the license is granted, the

number of gallons permitted to be manufactured shall be prorated in the same manner.

Should the holder of a distiller's license or a winery license to manufacture not more than 5,000 gallons of alcohol or spirits, or both, or wine, apply during the license year for an unlimited distiller's or winery license, such person shall pay for such unlimited license a license tax equal to the amount that would have been charged had such license been applied for at the time that the license to manufacture less than 5,000 gallons of alcohol or spirits or wine, as the case may be, was granted, and such person shall be entitled to a refund of the amount of license tax previously paid on the limited license.

Notwithstanding the foregoing, the tax on each license granted or reissued for a period of less than 12 months shall be equal to one-twelfth of the taxes required by subsection A computed to the nearest cent, multiplied by the number of months in the license period.

C. Nothing in this chapter shall exempt any licensee from any state merchants' license or state restaurant license or any other state tax. Every licensee, in addition to the taxes imposed by this chapter, shall be liable to state merchants' license taxation and state restaurant license taxation and other state taxation the same as if the alcoholic beverages were nonalcoholic. In ascertaining the liability of a beer wholesaler to merchants' license taxation, however, and in computing the wholesale merchants' license tax on a beer wholesaler, the first \$163,800 of beer purchases shall be disregarded; and in ascertaining the liability of a wholesale wine distributor to merchants' license taxation, and in computing the wholesale merchants' license tax on a wholesale wine distributor, the first \$163,800 of wine purchases shall be disregarded.

§ 4.1-233. Taxes on local licenses.

A. In addition to the state license taxes, the annual local license taxes which may be collected shall not exceed the following sums:

1. Alcoholic beverages. - For each:
 - a. Distiller's license, \$1,000; no local license shall be required for any person who manufactures not more than 5,000 gallons of alcohol or spirits, or both, during such license year;
 - b. Fruit distiller's license, \$1,500;
 - c. Bed and breakfast establishment license, \$40;
 - d. Museum license, \$10;
 - e. Tasting license, \$5 per license granted;
 - f. Equine sporting event license, \$10;
 - g. Day spa license, \$20;
 - h. Motor car sporting event facility license, \$10;
 - i. Meal-assembly kitchen license, \$20; and
 - j. Canal boat operator license, \$20.
2. Beer. - For each:
 - a. Brewery license, \$1,000;
 - b. Bottler's license, \$500;
 - c. Wholesale beer license, in a city, \$250, and in a county or town, \$75;
 - d. Retail on-premises beer license for a hotel, restaurant or club and for each retail off-premises beer license in a city, \$100, and in a county or town, \$25; and
 - e. Beer shipper's license, \$10.
3. Wine. - For each:
 - a. Winery license, \$50;
 - b. Wholesale wine license, \$50;
 - c. Farm winery license, \$50; and
 - d. Wine shipper's license, \$10.
4. Wine and beer. - For each:
 - a. Retail on-premises wine and beer license for a hotel, restaurant or club; and for each retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience grocery store license, in a city, \$150, and in a county or town, \$37.50;
 - b. Hospital license, \$10;
 - c. Banquet license, \$5 for each license granted, except for banquet licenses granted by the Board pursuant to subsection A of § 4.1-215 for events occurring on more than one day, which shall be \$20 per license;
 - d. Gourmet brewing shop license, \$150;
 - e. Wine and beer shipper's license, \$10;
 - f. Annual banquet license, \$15; and
 - g. Gourmet oyster house license, in a city, \$150, and in a county or town, \$37.50.
5. Mixed beverages. - For each:
 - a. Mixed beverage restaurant license, including restaurants located on the premises of and operated by hotels or motels, or other persons:

- 305 (i) With a seating capacity at tables for up to 100 persons, \$200;
306 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$350; and
307 (iii) With a seating capacity at tables for more than 150 persons, \$500.
308 b. Private, nonprofit club operating a restaurant located on the premises of such club, \$350;
309 c. Mixed beverage caterer's license, \$500;
310 d. Mixed beverage limited caterer's license; \$100;
311 e. Mixed beverage special events licenses, \$10 for each day of each event;
312 f. Mixed beverage club events licenses, \$10 for each day of each event;
313 g. Annual mixed beverage amphitheater license, \$300;
314 h. Annual mixed beverage motor sports race track license, \$300;
315 i. Annual mixed beverage banquet license, \$75;
316 j. Limited mixed beverage restaurant license:
317 (i) With a seating capacity at tables for up to 100 persons, \$100;
318 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$250;
319 (iii) With a seating capacity at tables for more than 150 persons, \$400; ~~and~~
320 k. Annual mixed beverage motor sports facility license, \$300; *and*
321 l. *Annual mixed beverage performing arts facility license; \$300.*

322 B. Common carriers. - No local license tax shall be either charged or collected for the privilege of
323 selling alcoholic beverages in (i) passenger trains, boats or airplanes and (ii) rooms designated by the
324 Board of establishments of air carriers of passengers at airports in the Commonwealth for on-premises
325 consumption only.

326 C. Merchants' and restaurants' license taxes. - The governing body of each county, city or town in
327 the Commonwealth, in imposing local wholesale merchants' license taxes measured by purchases, local
328 retail merchants' license taxes measured by sales, and local restaurant license taxes measured by sales,
329 may include alcoholic beverages in the base for measuring such local license taxes the same as if the
330 alcoholic beverages were nonalcoholic. No local alcoholic beverage license authorized by this chapter
331 shall exempt any licensee from any local merchants' or local restaurant license tax, but such local
332 merchants' and local restaurant license taxes may be in addition to the local alcoholic beverage license
333 taxes authorized by this chapter.

334 The governing body of any county, city or town, in adopting an ordinance under this section, shall
335 provide that in ascertaining the liability of (i) a beer wholesaler to local merchants' license taxation
336 under the ordinance, and in computing the local wholesale merchants' license tax on such beer
337 wholesaler, purchases of beer up to a stated amount shall be disregarded, which stated amount shall be
338 the amount of beer purchases which would be necessary to produce a local wholesale merchants' license
339 tax equal to the local wholesale beer license tax paid by such wholesaler and (ii) a wholesale wine
340 licensee to local merchants' license taxation under the ordinance, and in computing the local wholesale
341 merchants' license tax on such wholesale wine licensee, purchases of wine up to a stated amount shall
342 be disregarded, which stated amount shall be the amount of wine purchases which would be necessary
343 to produce a local wholesale merchants' license tax equal to the local wholesale wine licensee license tax
344 paid by such wholesale wine licensee.

345 D. Delivery. - No county, city or town shall impose any local alcoholic beverages license tax on any
346 wholesaler for the privilege of delivering alcoholic beverages in the county, city or town when such
347 wholesaler maintains no place of business in such county, city or town.

348 E. Application of county tax within town. - Any county license tax imposed under this section shall
349 not apply within the limits of any town located in such county, where such town now, or hereafter,
350 imposes a town license tax on the same privilege.