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## SENATE BILL NO. 1034

Senate Amendments in [ ] — February 3, 2015

A *BILL to amend and reenact §§ 4.1-100 and 4.1-103 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 4.1-302.2, relating to alcoholic beverage control; powdered or crystalline alcohol; penalty.*

Patron Prior to Engrossment—Senator Puller

Referred to Committee on Rehabilitation and Social Services

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

**1. That §§ 4.1-100 and 4.1-103 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 4.1-302.2 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.

"Alcohol vaporizing device" means any device, machine, or process that mixes any alcoholic beverages with pure oxygen or other gas to produce a vaporized product for the purpose of consumption by inhalation.

"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, *powder or crystal*, 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.

"Arts venue" means a commercial or nonprofit establishment that is open to the public and in which works of art are sold or displayed.

"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.

"Canal boat operator" means any nonprofit organization that operates tourism-oriented canal boats for recreational purposes on waterways declared nonnavigable by the United States Congress pursuant to 33 U.S.C. § 59ii.

"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

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60 upon the premises to any person who is neither a member nor a bona fide guest of a member.

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

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

66 "Contract winemaking facility" means the premises of a licensed winery or farm winery that obtains  
67 grapes, fruits, and other agricultural products from a person holding a farm winery license and crushes,  
68 processes, ferments, bottles, or provides any combination of such services pursuant to an agreement with  
69 the farm winery licensee. For all purposes of this title, wine produced by a contract winemaking facility  
70 for a farm winery shall be considered to be wine owned and produced by the farm winery that supplied  
71 the grapes, fruits, or other agricultural products used in the production of the wine. The contract  
72 winemaking facility shall have no right to sell the wine so produced, unless the terms of payment have  
73 not been fulfilled in accordance with the contract. The contract winemaking facility may charge the farm  
74 winery for its services.

75 "Convenience grocery store" means an establishment which (i) has an enclosed room in a permanent  
76 structure where stock is displayed and offered for sale and (ii) maintains an inventory of edible items  
77 intended for human consumption consisting of a variety of such items of the types normally sold in  
78 grocery stores.

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

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

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

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

86 "Farm winery" means an establishment (i) located on a farm in the Commonwealth with a producing  
87 vineyard, orchard, or similar growing area and with facilities for fermenting and bottling wine on the  
88 premises where the owner or lessee manufactures wine that contains not more than 18 percent alcohol  
89 by volume or (ii) located in the Commonwealth with a producing vineyard, orchard, or similar growing  
90 area or agreements for purchasing grapes or other fruits from agricultural growers within the  
91 Commonwealth, and with facilities for fermenting and bottling wine on the premises where the owner or  
92 lessee manufactures wine that contains not more than 18 percent alcohol by volume. As used in this  
93 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of  
94 individuals for the purpose of manufacturing wine. In the event such cooperative is licensed as a farm  
95 winery, the term "farm" as used in this definition includes all of the land owned or leased by the  
96 individual members of the cooperative as long as such land is located in the Commonwealth.

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

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

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

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

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

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

118 "Internet wine retailer" means a person who owns or operates an establishment with adequate  
119 inventory, shelving, and storage facilities, where, in consideration of payment, internet or telephone  
120 orders are taken and shipped directly to consumers and which establishment is not a retail store open to  
121 the public.

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

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

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

"Liqueur" means any of a class of highly flavored alcoholic beverages that do not exceed an alcohol content of 25 percent by volume.

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

"Meal-assembly kitchen" means any commercial establishment that offers its customers, for off-premises consumption, ingredients for the preparation of meals and entrees in professional kitchen facilities located at the establishment.

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

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

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

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

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

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

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

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

"Resort complex" means a facility (i) with a hotel owning year-round sports and recreational facilities located contiguously on the same property or (ii) owned by a nonstock, nonprofit, taxable corporation with voluntary membership which, as its primary function, makes available golf, ski and other recreational facilities both to its members and the general public. The hotel or corporation shall have a minimum of 140 private guest rooms or dwelling units contained on not less than 50 acres. The Board may consider the purpose, characteristics, and operation of the applicant establishment in determining

whether it shall be considered as a resort complex. All other pertinent qualifications established by the Board for a hotel operation shall be observed by such licensee.

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

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

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

"Sangria" means a drink consisting of red or white wine mixed with some combination of sweeteners, fruit, fruit juice, soda, or soda water that may also be mixed with brandy, triple sec, or other similar spirits.

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

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

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

"Wine" means any alcoholic beverage obtained by the fermentation of the natural sugar content of fruits or other agricultural products containing (i) sugar, including honey and milk, either with or without additional sugar; (ii) one-half of one percent or more of alcohol by volume; and (iii) no product of distillation. The term includes any wine to which wine spirits have been added, as provided in the Internal Revenue Code, to make products commonly known as "fortified wine" which do not exceed an alcohol content of 21 percent by volume.

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

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

#### **§ 4.1-103. General powers of Board.**

The Board shall have the power to:

1. Buy, import and sell alcoholic beverages other than beer and wine not produced by farm wineries, and to have alcoholic beverages other than beer and wine not produced by farm wineries in its possession for sale;

2. Buy and sell any mixers;

3. Control the possession, sale, transportation and delivery of alcoholic beverages;

4. Determine, subject to § 4.1-121, the localities within which government stores shall be established or operated and the location of such stores;

5. Maintain warehouses for alcoholic beverages and control the storage and delivery of alcoholic beverages to and from such warehouses;

6. Lease, occupy and improve any land or building required for the purposes of this title;

7. Purchase or otherwise acquire title to any land or building required for the purposes of this title and sell and convey the same by proper deed, with the consent of the Governor;

8. Purchase, lease or acquire the use of, by any manner, any plant or equipment which may be considered necessary or useful in carrying into effect the purposes of this title, including rectifying, blending and processing plants. The Board may purchase, build, lease, and operate distilleries and manufacture alcoholic beverages;

9. Determine the nature, form and capacity of all containers used for holding alcoholic beverages to be kept or sold under this title, and prescribe the form and content of all labels and seals to be placed thereon; *however, no container sold in or shipped into the Commonwealth shall include powdered or crystalline alcohol;*

10. Appoint every agent and employee required for its operations; require any or all of them to give bonds payable to the Commonwealth in such penalty as shall be fixed by the Board; and engage the services of experts and professionals;

11. Hold and conduct hearings; issue subpoenas requiring the attendance of witnesses and the production of records, memoranda, papers and other documents before the Board or any agent of the Board; and administer oaths and take testimony thereunder. The Board may authorize any Board member or agent of the Board to hold and conduct hearings, issue subpoenas, administer oaths and take testimony thereunder, and make summary decisions, subject to final decision by the Board, on application of any party aggrieved;

12. Make a reasonable charge for preparing and furnishing statistical information and compilations to persons other than (i) officials, including court and police officials, of the Commonwealth and of its subdivisions if the information requested is for official use and (ii) persons who have a personal or legal interest in obtaining the information requested if such information is not to be used for commercial or trade purposes;

13. Promulgate regulations in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) and § 4.1-111 of this chapter;

14. Grant, suspend, and revoke licenses for the manufacture, bottling, distribution, importation, and sale of alcoholic beverages;

15. Assess and collect civil penalties and civil charges for violations of this title and Board regulations;

16. Maintain actions to enjoin common nuisances as defined in § 4.1-317;

17. Establish minimum food sale requirements for all retail licensees; and

18. Do all acts necessary or advisable to carry out the purposes of this title.

**§ 4.1-302.2. Sale, purchase, use of powdered or crystalline alcohol prohibited; penalty.**

*A. No person shall purchase [ or possess ] , offer for sale or use, sell, or use any powdered or crystalline alcohol product.*

*B. As used in this section, "powdered or crystalline alcohol" means a product that is manufactured into a powdered or crystalline form and that contains any amount of alcohol.*

*C. A violation of this section is a Class 1 misdemeanor.*