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SENATE BILL NO. 1578

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Local Government
on February 2, 2017)

(Patrons Prior to Substitute—Senators Norment and Stanley [SB 1579])

A BILL to amend and reenact §§ 4.1-100, as it is currently effective and as it shall become effective, and 4.1-200 of the Code of Virginia and to amend the Code of Virginia by adding in Article 5 of Chapter 9 of Title 15.2 a section numbered 15.2-983, relating to the short-term rental of property.

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-100, as it is currently effective and as it shall become effective, and 4.1-200 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 5 of Chapter 9 of Title 15.2 a section numbered 15.2-983 as follows:

§ 4.1-100. (Effective until July 1, 2018) 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.

"Art instruction studio" means any commercial establishment that provides to its customers all required supplies and step-by-step instruction in creating a painting or other work of art during a studio instructional session.

"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. *For purposes of the licensing requirements of this title, "bed and breakfast establishment" includes any property offered to the public for short-term rental, as that term is defined in § 15.2-983, other than a hotel as defined in this section, regardless of whether a meal is offered 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

60 means the establishment so operated. A corporation or association shall not lose its status as a club
61 because of the conduct of charitable gaming conducted pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.)
62 of Chapter 8 of Title 18.2 in which nonmembers participate frequently or in large numbers, provided
63 that no alcoholic beverages are served or consumed in the room where such charitable gaming is being
64 conducted while such gaming is being conducted and that no alcoholic beverages are made available
65 upon the premises to any person who is neither a member nor a bona fide guest of a member.

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

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

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

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

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

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

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

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

91 "Farm winery" means (i) an establishment (a) located on a farm in the Commonwealth on land zoned
92 agricultural with a producing vineyard, orchard, or similar growing area and with facilities for
93 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
94 not more than 21 percent alcohol by volume or (b) located in the Commonwealth on land zoned
95 agricultural with a producing vineyard, orchard, or similar growing area or agreements for purchasing
96 grapes or other fruits from agricultural growers within the Commonwealth and with facilities for
97 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
98 not more than 21 percent alcohol by volume or (ii) an accredited public or private institution of higher
99 education, provided that (a) no wine manufactured by the institution shall be sold, (b) the wine
100 manufactured by the institution shall be used solely for research and educational purposes, (c) the wine
101 manufactured by the institution shall be stored on the premises of such farm winery that shall be
102 separate and apart from all other facilities of the institution, and (d) such farm winery is operated in
103 strict conformance with the requirements of this clause (ii) and Board regulations. As used in this
104 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of
105 individuals for the purpose of manufacturing wine. In the event that such cooperative is licensed as a
106 farm winery, the term "farm" as used in this definition includes all of the land owned or leased by the
107 individual members of the cooperative as long as such land is located in the Commonwealth. For
108 purposes of this definition, "land zoned agricultural" means (1) land zoned as an agricultural district or
109 classification or (2) land otherwise permitted by a locality for farm winery use. For purposes of this
110 definition, "land zoned agricultural" does not include land zoned "residential conservation." Except for
111 the limitation on land zoned "residential conservation," nothing in the definition of "land zoned
112 agricultural" shall otherwise limit or affect local zoning authority.

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

121 "Gourmet brewing shop" means an establishment which sells to persons to whom wine or beer may

lawfully be sold, ingredients for making wine or brewing beer, including packaging, and rents to such persons facilities for manufacturing, fermenting and bottling such wine or beer.

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

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

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

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

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

183 association or organization; (ii) restaurants licensed by the Board in office buildings or industrial or
184 similar facilities while such restaurant is closed to the public and in use for private meetings or parties
185 limited in attendance to employees and nonpaying guests of the owner or a lessee of all or part of such
186 building or facility; (iii) offices, office buildings or industrial facilities while closed to the public and in
187 use for private meetings or parties limited in attendance to employees and nonpaying guests of the
188 owner or a lessee of all or part of such building or facility; or (iv) private recreational or chartered boats
189 which are not licensed by the Board and on which alcoholic beverages are not sold.

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

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

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

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

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

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

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

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

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

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

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

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

239 **§ 4.1-100. (Effective July 1, 2018) Definitions.**

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

241 "Alcohol" means the product known as ethyl or grain alcohol obtained by distillation of any
242 fermented liquor, rectified either once or more often, whatever the origin, and shall include synthetic
243 ethyl alcohol, but shall not include methyl alcohol and alcohol completely denatured in accordance with
244 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.

"Art instruction studio" means any commercial establishment that provides to its customers all required supplies and step-by-step instruction in creating a painting or other work of art during a studio instructional session.

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

"Authority" means the Virginia Alcoholic Beverage Control Authority created pursuant to this title.

"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. *For purposes of the licensing requirements of this title, "bed and breakfast establishment" includes any property offered to the public for short-term rental, as that term is defined in § 15.2-983, other than a hotel as defined in this section, regardless of whether a meal is offered 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 Board of Directors of the Virginia Alcoholic Beverage Control Authority.

"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 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.

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

306 winery for its services.

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

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

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

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

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

318 "Farm winery" means (i) an establishment (a) located on a farm in the Commonwealth on land zoned
319 agricultural with a producing vineyard, orchard, or similar growing area and with facilities for
320 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
321 not more than 21 percent alcohol by volume or (b) located in the Commonwealth on land zoned
322 agricultural with a producing vineyard, orchard, or similar growing area or agreements for purchasing
323 grapes or other fruits from agricultural growers within the Commonwealth and with facilities for
324 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
325 not more than 21 percent alcohol by volume or (ii) an accredited public or private institution of higher
326 education, provided that (a) no wine manufactured by the institution shall be sold, (b) the wine
327 manufactured by the institution shall be used solely for research and educational purposes, (c) the wine
328 manufactured by the institution shall be stored on the premises of such farm winery that shall be
329 separate and apart from all other facilities of the institution, and (d) such farm winery is operated in
330 strict conformance with the requirements of this clause (ii) and Board regulations. As used in this
331 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of
332 individuals for the purpose of manufacturing wine. In the event that such cooperative is licensed as a
333 farm winery, the term "farm" as used in this definition includes all of the land owned or leased by the
334 individual members of the cooperative as long as such land is located in the Commonwealth. For
335 purposes of this definition, "land zoned agricultural" means (1) land zoned as an agricultural district or
336 classification or (2) land otherwise permitted by a locality for farm winery use. For purposes of this
337 definition, "land zoned agricultural" does not include land zoned "residential conservation." Except for
338 the limitation on land zoned "residential conservation," nothing in the definition of "land zoned
339 agricultural" shall otherwise limit or affect local zoning authority.

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

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

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

355 "Government store" means a store established by the Authority for the sale of alcoholic beverages.

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

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

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

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

367 "Licensed" means the holding of a valid license granted by the Authority.

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

"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.

"Principal stockholder" means any person who individually or in concert with his spouse and immediate family members beneficially owns or controls, directly or indirectly, five percent or more of the equity ownership of any person that is a licensee of the Authority, or who in concert with his spouse and immediate family members has the power to vote or cause the vote of five percent or more of any such equity ownership. "Principal stockholder" does not include a broker-dealer registered under the Securities Exchange Act of 1934, as amended, that holds in inventory shares for sale on the financial markets for a publicly traded corporation holding, directly or indirectly, a license from the Authority.

"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 Authority 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

429 with voluntary membership which, as its primary function, makes available golf, ski and other
430 recreational facilities both to its members and the general public. The hotel or corporation shall have a
431 minimum of 140 private guest rooms or dwelling units contained on not less than 50 acres. The
432 Authority may consider the purpose, characteristics, and operation of the applicant establishment in
433 determining whether it shall be considered as a resort complex. All other pertinent qualifications
434 established by the Board for a hotel operation shall be observed by such licensee.

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

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

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

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

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

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

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

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

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

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

473 **§ 4.1-200. Exemptions from licensure.**

474 The licensure requirements of this chapter shall not apply to:

475 1. A person in charge of an institution regularly conducted as a hospital or sanatorium for the care of
476 persons in ill health, or as a home devoted exclusively to the care of aged people, who administers or
477 causes to be administered alcoholic beverages to any bona fide patient or inmate of the institution who
478 is in need of the same, either by way of external application or otherwise for emergency medicinal
479 purposes. Such person may charge for the alcoholic beverages so administered, and carry such stock as
480 may be necessary for this purpose. No charge shall be made of any patient for the alcoholic beverages
481 so administered to him where the same have been supplied to the institution by the Board free of
482 charge.

483 2. The manufacture, sale and delivery or shipment by persons authorized under existing laws to
484 engage in such business of any medicine containing sufficient medication to prevent it from being used
485 as a beverage.

486 3. The manufacture, sale and delivery or shipment by persons authorized under existing laws to
487 engage in such business of any medicinal preparations manufactured in accordance with formulas
488 prescribed by the United States pharmacopoeia; national formulary, patent and proprietary preparations;
489 and other bona fide medicinal and technical preparations; which contain no more alcohol than is
490 necessary to extract the medicinal properties of the drugs contained in such preparations, and no more

alcohol than is necessary to hold the medicinal agents in solution and to preserve the same, and which are manufactured and sold to be used exclusively as medicine and not as beverages.

4. The manufacture, sale and delivery or shipment of toilet, medicinal and antiseptic preparations and solutions not intended for internal human use nor to be sold as beverages.

5. The manufacture and sale of food products known as flavoring extracts which are manufactured and sold for cooking and culinary purposes only and not sold as beverages.

6. Any person who manufactures at his residence or at a gourmet brewing shop for domestic consumption at his residence, but not to be sold, dispensed or given away, except as hereinafter provided, wine or beer or both, in an amount not to exceed the limits permitted by federal law.

Any person who manufactures wine or beer in accordance with this subdivision may remove from his residence an amount not to exceed fifty liters of such wine or fifteen gallons of such beer on any one occasion for (i) personal or family use, provided such use does not violate the provisions of this title or Board regulations; (ii) giving to any person to whom wine or beer may be lawfully sold an amount not to exceed (a) one liter of wine per person per year or (b) seventy-two ounces of beer per person per year, provided such gift is for noncommercial purposes; or (iii) giving to any person to whom beer may lawfully be sold a sample of such wine or beer, not to exceed (a) one ounce of wine by volume or (b) two ounces of beer by volume for on-premises consumption at events organized for judging or exhibiting such wine or beer, including events held on the premises of a retail licensee. Nothing in this paragraph shall be construed to authorize the sale of such wine or beer.

The provision of this subdivision shall not apply to any person who resides on property on which a winery, farm winery, or brewery is located.

7. Any person who keeps and possesses lawfully acquired alcoholic beverages in his residence for his personal use or that of his family. However, such alcoholic beverages may be served or given to guests in such residence by such person, his family or servants when (i) such guests are 21 years of age or older or are accompanied by a parent, guardian, or spouse who is 21 years of age or older, (ii) the consumption or possession of such alcoholic beverages by family members or such guests occurs only in such residence where the alcoholic beverages are allowed to be served or given pursuant to this subdivision, and (iii) such service or gift is in no way a shift or device to evade the provisions of this title. *The provisions of this subdivision shall not apply when a person serves or provides alcoholic beverages to a guest occupying the residence as the lessee of a short-term rental, as that term is defined in § 15.2-983, regardless of whether the person who permanently resides in the residence is present during the short-term rental.*

8. Any person who manufactures and sells cider to distillery licensees, or any person who manufactures wine from grapes grown by such person and sells it to winery licensees.

9. The sale of wine and beer in or through canteens or post exchanges on United States reservations when permitted by the proper authority of the United States.

10. The keeping and consumption of any lawfully acquired alcoholic beverages at a private meeting or private party limited in attendance to members and guests of a particular group, association or organization at a banquet or similar affair, or at a special event, if a banquet license has been granted. However, no banquet license shall be required for private meetings or private parties limited in attendance to the members of a common interest community as defined in § 54.1-2345 and their guests, provided (i) the alcoholic beverages shall not be sold or charged for in any way, (ii) the premises where the alcoholic beverages are consumed is limited to the common area regularly occupied and utilized for such private meetings or private parties, and (iii) such meetings or parties are not open to the public.

§ 15.2-983. Creation of registry for short-term rental of property.

A. As used in this section:

"Operator" means the proprietor of any dwelling, lodging, or sleeping accommodations offered as a short-term rental, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, or any other possessory capacity.

"Short-term rental" means the provision of a room or space that is suitable or intended for occupancy for dwelling, sleeping, or lodging purposes, for a period of fewer than 30 consecutive days, in exchange for a charge for the occupancy.

B. 1. Notwithstanding any other provision of law, general or special, any locality may, by ordinance, establish a short-term rental registry and require operators within the locality to register annually. The registration shall be ministerial in nature and shall require the operator to provide the complete name of the operator and the address of each property in the locality offered for short-term rental by the operator. A locality may charge a reasonable fee for such registration related to the actual costs of establishing and maintaining the registry.

2. No ordinance shall require a person to register pursuant to this section if such person is (i) licensed by the Real Estate Board or is a property owner who is represented by a real estate licensee; (ii) registered pursuant to the Virginia Real Estate Time-Share Act (§ 55-360 et seq.); (iii) licensed or

552 registered with the Department of Health, related to the provision of room or space for lodging; or (iv)
553 licensed or registered with the locality, related to the rental or management of real property, including
554 licensed real estate professionals, hotels, motels, campgrounds, and bed and breakfast establishments.

555 C. 1. If a locality adopts a registry ordinance pursuant to this section, such ordinance may include a
556 penalty not to exceed \$500 per violation for an operator required to register who offers for short-term
557 rental a property that is not registered with the locality. Such ordinance may provide that unless and
558 until an operator pays the penalty and registers such property, the operator may not continue to offer
559 such property for short-term rental. Upon repeated violations of a registry ordinance as it relates to a
560 specific property, an operator may be prohibited from registering and offering that property for
561 short-term rental.

562 2. Such ordinance may further provide that an operator required to register may be prohibited from
563 offering a specific property for short-term rental in the locality upon multiple violations on more than
564 three occasions of applicable state and local laws, ordinances, and regulations, as they relate to the
565 short-term rental.

566 D. Except as provided in this section, nothing herein shall be construed to prohibit, limit, or
567 otherwise supersede existing local authority to regulate the short-term rental of property through
568 general land use and zoning authority. Nothing in this section shall be construed to supersede or limit
569 contracts or agreements between or among individuals or private entities related to the use of real
570 property, including recorded declarations and covenants, the provisions of condominium instruments of
571 a condominium created pursuant to the Condominium Act (§ 55-79.39 et seq.), the declaration of a
572 common interest community as defined in § 55-528, the cooperative instruments of a cooperative created
573 pursuant to the Virginia Real Estate Cooperative Act (§ 55-424 et seq.), or any declaration of a
574 property owners' association created pursuant to the Property Owners' Association Act (§ 55-508 et
575 seq.).