

20106086D

## SENATE BILL NO. 498

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Rehabilitation and Social Services  
on January 24, 2020)

(Patron Prior to Substitute—Senator Edwards)

*A BILL to amend and reenact § 4.1-100 of the Code of Virginia, relating to alcoholic beverage control; definition of resort complex.*

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

**1. That § 4.1-100 of the Code of Virginia is amended and reenacted as follows:**

**§ 4.1-100. Definitions.**

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

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

"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.

"Bespoke clothier establishment" means a permanent retail establishment that offers, by appointment only, custom made apparel and that offers a membership program to customers. Such establishment shall be a permanent structure where measurements and fittings are performed on-site but apparel is produced offsite and delivered directly to the customer. Such establishment shall have facilities to properly secure any stock of alcoholic beverages.

"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.

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

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

72 "Commercial lifestyle center" means a mixed-use commercial development covering a minimum of  
73 25 acres of land and having at least 100,000 square feet of retail space featuring national specialty chain  
74 stores and a combination of dining, entertainment, office, residential, or hotel establishments located in a  
75 physically integrated outdoor setting that is pedestrian friendly and that is governed by a commercial  
76 owners' association that is responsible for the management, maintenance, and operation of the common  
77 areas thereof.

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

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

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

93 "Coworking establishment" means a facility that has at least 100 members, a majority of whom are  
94 21 years of age or older, to whom it offers shared office space and related amenities, including desks,  
95 conference rooms, Internet access, printers, copiers, telephones, and fax machines.

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

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

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

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

103 "Farm winery" means (i) an establishment (a) located on a farm in the Commonwealth on land zoned  
104 agricultural with a producing vineyard, orchard, or similar growing area and with facilities for  
105 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains  
106 not more than 21 percent alcohol by volume or (b) located in the Commonwealth on land zoned  
107 agricultural with a producing vineyard, orchard, or similar growing area or agreements for purchasing  
108 grapes or other fruits from agricultural growers within the Commonwealth, and with facilities for  
109 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains  
110 not more than 21 percent alcohol by volume or (ii) an accredited public or private institution of higher  
111 education, provided that (a) no wine manufactured by the institution shall be sold, (b) the wine  
112 manufactured by the institution shall be used solely for research and educational purposes, (c) the wine  
113 manufactured by the institution shall be stored on the premises of such farm winery that shall be  
114 separate and apart from all other facilities of the institution, and (d) such farm winery is operated in  
115 strict conformance with the requirements of this clause (ii) and Board regulations. As used in this  
116 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of  
117 individuals for the purpose of manufacturing wine. In the event that such cooperative is licensed as a  
118 farm winery, the term "farm" as used in this definition includes all of the land owned or leased by the  
119 individual members of the cooperative as long as such land is located in the Commonwealth. For  
120 purposes of this definition, "land zoned agricultural" means (1) land zoned as an agricultural district or  
121 classification or (2) land otherwise permitted by a locality for farm winery use. For purposes of this

definition, "land zoned agricultural" does not include land zoned "residential conservation." Except for the limitation on land zoned "residential conservation," nothing in the definition of "land zoned agricultural" shall otherwise limit or affect local zoning authority.

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

"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 Authority for the sale of alcoholic beverages.

"Historic cinema house" means a nonprofit establishment exempt from taxation under § 501(c)(3) of the Internal Revenue Code that was built prior to 1970 and that exists for the primary purpose of showing motion pictures to the public.

"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 beer 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.

"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 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.

(Effective until July 1, 2020) "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 (i) may be manufactured by a licensed distiller or a distiller located outside the Commonwealth and (ii) 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.

(Effective July 1, 2020) "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 (i) may be manufactured by a licensed distiller or a distiller located outside the Commonwealth and (ii) shall not be sold in localities that prohibit 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

183 off-premises consumption, ingredients for the preparation of meals and entrees in professional kitchen  
184 facilities located at the establishment.

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

188 "Member of a bespoke clothier establishment" means a person who maintains a membership in the  
189 bespoke clothier establishment for a period of not less than one month by the payment of monthly,  
190 quarterly, or annual dues in the manner established by the rules of the bespoke clothier establishment.  
191 The minimum membership fee shall be not less than \$25 for any term of membership.

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

200 "Member of a coworking establishment" means a person who maintains a membership in the  
201 coworking establishment for a period of not less than one month by the payment of monthly, quarterly,  
202 or annual dues in the manner established by the rules of the coworking establishment. "Member of a  
203 coworking establishment" does not include an employee or any person with an ownership interest in the  
204 coworking establishment.

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

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

212 "Municipal golf course" means any golf course that is owned by any town incorporated in 1849 and  
213 which is the county seat of Smyth County.

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

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

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

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

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

241 "Resort complex" means a facility (i) with a hotel owning year-round sports and recreational facilities  
242 located contiguously on the same property or; (ii) owned by a nonstock, nonprofit, taxable corporation  
243 with voluntary membership which, as its primary function, makes available golf, ski, and other  
244 recreational facilities both to its members and the general public; or (iii) operated by a corporation that

operates as a management company which, as its primary function, makes available (a) vacation accommodations, guest rooms, or dwelling units and (b) golf, ski, and other recreational facilities to members of the managed entities and the general public. The hotel or corporation shall have or manage a minimum of 140 private guest rooms or dwelling units contained on not less than 50 acres, whether or not contiguous to the licensed premises. The Authority 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 Virginia Alcoholic Beverage Control Authority 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 that 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, including cider, 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. "Wine" 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.