

23106020D

HOUSE BILL NO. 1730

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on February 2, 2023)

(Patron Prior to Substitute—Delegate Bennett-Parker)

*A BILL to amend and reenact §§ 4.1-225, 4.1-325, 4.1-325.2, and 4.1-509.1 of the Code of Virginia, relating to alcoholic beverage control; grounds for suspension or revocation of license; exception.***Be it enacted by the General Assembly of Virginia:****1. That §§ 4.1-225, 4.1-325, 4.1-325.2, and 4.1-509.1 of the Code of Virginia are amended and reenacted as follows:****§ 4.1-225. Grounds for which Board may suspend or revoke licenses; exception.**

A. The Board may suspend or revoke any license other than a brewery license, in which case the Board may impose penalties as provided in § 4.1-227, if it has reasonable cause to believe that:

1. The licensee, or if the licensee is a partnership, any general partner thereof, or if the licensee is an association, any member thereof, or a limited partner of 10 percent or more with voting rights, or if the licensee is a corporation, any officer, director, or shareholder owning 10 percent or more of its capital stock, or if the licensee is a limited liability company, any member-manager or any member owning 10 percent or more of the membership interest of the limited liability company:

a. Has misrepresented a material fact in applying to the Board for such license;

b. Within the five years immediately preceding the date of the hearing held in accordance with § 4.1-227, has (i) been convicted of a violation of any law, ordinance, or regulation of the Commonwealth, of any county, city, or town in the Commonwealth, of any state, or of the United States, applicable to the manufacture, transportation, possession, use, or sale of alcoholic beverages; (ii) violated any provision of Chapter 3 (§ 4.1-300 et seq.); (iii) committed a violation of the Wine Franchise Act (§ 4.1-400 et seq.) or the Beer Franchise Act (§ 4.1-500 et seq.) in bad faith; (iv) violated or failed or refused to comply with any regulation, rule, or order of the Board; or (v) failed or refused to comply with any of the conditions or restrictions of the license granted by the Board;

c. Has been convicted in any court of a felony or of any crime or offense involving moral turpitude under the laws of any state, or of the United States;

d. Is not the legitimate owner of the business conducted under the license granted by the Board, or other persons have ownership interests in the business which have not been disclosed;

e. Cannot demonstrate financial responsibility sufficient to meet the requirements of the business conducted under the license granted by the Board;

f. Has been intoxicated or under the influence of some self-administered drug while upon the licensed premises;

g. Has maintained the licensed premises in an unsanitary condition, or allowed such premises to become a meeting place or rendezvous for members of a criminal street gang as defined in § 18.2-46.1 or persons of ill repute, or has allowed any form of illegal gambling to take place upon such premises;

h. Knowingly employs in the business conducted under such license, as agent, servant, or employee, other than a busboy, cook, or other kitchen help, any person who has been convicted in any court of a felony or of any crime or offense involving moral turpitude, or who has violated the laws of the Commonwealth, of any other state, or of the United States, applicable to the manufacture, transportation, possession, use, or sale of alcoholic beverages;

i. Subsequent to the granting of his original license, has demonstrated by his police record a lack of respect for law and order;

j. Has allowed the consumption of alcoholic beverages upon the licensed premises by any person whom he knew or had reason to believe was (i) less than 21 years of age, (ii) interdicted, or (iii) intoxicated, or has allowed any person whom he knew or had reason to believe was intoxicated to loiter upon such licensed premises;

k. Has allowed any person to consume upon the licensed premises any alcoholic beverages except as provided under this subtitle;

l. Is physically unable to carry on the business conducted under such license or has been adjudicated incapacitated;

m. Has allowed any obscene literature, pictures, or materials upon the licensed premises;

n. Has possessed any illegal gambling apparatus, machine, or device upon the licensed premises;

o. Has upon the licensed premises (i) illegally possessed, distributed, sold, or used, or has knowingly allowed any employee or agent, or any other person, to illegally possess, distribute, sell, or use marijuana, controlled substances, imitation controlled substances, drug paraphernalia, or controlled paraphernalia as those terms are defined in Articles 1 (§ 18.2-247 et seq.) and 1.1 (§ 18.2-265.1 et seq.)

60 of Chapter 7 of Title 18.2 and the Drug Control Act (§ 54.1-3400 et seq.); (ii) laundered money in
61 violation of § 18.2-246.3; or (iii) conspired to commit any drug-related offense in violation of Article 1
62 or 1.1 of Chapter 7 of Title 18.2 or the Drug Control Act. The provisions of this subdivision shall also
63 apply to any conduct related to the operation of the licensed business that facilitates the commission of
64 any of the offenses set forth herein;

65 p. Has failed to take reasonable measures to prevent (i) the licensed premises, (ii) any premises
66 immediately adjacent to the licensed premises that are owned or leased by the licensee, or (iii) any
67 portion of public property immediately adjacent to the licensed premises from becoming a place where
68 patrons of the establishment commit criminal violations of Article 1 (§ 18.2-30 et seq.), 2 (§ 18.2-38 et
69 seq.), 2.1 (§ 18.2-46.1 et seq.), 2.2 (§ 18.2-46.4 et seq.), 3 (§ 18.2-47 et seq.), 4 (§ 18.2-51 et seq.), 5
70 (§ 18.2-58 et seq.), 6 (§ 18.2-59 et seq.), or 7 (§ 18.2-61 et seq.) of Chapter 4 of Title 18.2; Article 2
71 (§ 18.2-266 et seq.) of Chapter 7 of Title 18.2; Article 3 (§ 18.2-346 et seq.) or 5 (§ 18.2-372 et seq.) of
72 Chapter 8 of Title 18.2; or Article 1 (§ 18.2-404 et seq.), 2 (§ 18.2-415), or 3 (§ 18.2-416 et seq.) of
73 Chapter 9 of Title 18.2 and such violations lead to arrests that are so frequent and serious as to
74 reasonably be deemed a continuing threat to the public safety; or

75 q. Has failed to take reasonable measures to prevent an act of violence resulting in death or serious
76 bodily injury, or a recurrence of such acts, from occurring on (i) the licensed premises, (ii) any premises
77 immediately adjacent to the licensed premises that is owned or leased by the licensee, or (iii) any
78 portion of public property immediately adjacent to the licensed premises.

79 2. The place occupied by the licensee:

80 a. Does not conform to the requirements of the governing body of the county, city, or town in which
81 such establishment is located, with respect to sanitation, health, construction, or equipment, or to any
82 similar requirements established by the laws of the Commonwealth or by Board regulations;

83 b. Has been adjudicated a common nuisance under the provisions of this subtitle or § 18.2-258; or

84 c. Has become a meeting place or rendezvous for illegal gambling, illegal users of narcotics, drunks,
85 prostitutes, pimps, panderers, or habitual law violators or has become a place where illegal drugs are
86 regularly used or distributed. The Board may consider the general reputation in the community of such
87 establishment in addition to any other competent evidence in making such determination.

88 3. The licensee or any employee of the licensee discriminated against any member of the armed
89 forces of the United States by prices charged or otherwise.

90 4. The licensee, his employees, or any entertainer performing on the licensed premises has been
91 convicted of a violation of a local public nudity ordinance for conduct occurring on the licensed
92 premises and the licensee allowed such conduct to occur.

93 5. Any cause exists for which the Board would have been entitled to refuse to grant such license had
94 the facts been known.

95 6. The licensee is delinquent for a period of 90 days or more in the payment of any taxes, or any
96 penalties or interest related thereto, lawfully imposed by the locality where the licensed business is
97 located, as certified by the treasurer, commissioner of the revenue, or finance director of such locality,
98 unless (i) the outstanding amount is de minimis; (ii) the licensee has pending a bona fide application for
99 correction or appeal with respect to such taxes, penalties, or interest; or (iii) the licensee has entered into
100 a payment plan approved by the same locality to settle the outstanding liability.

101 7. Any other cause authorized by this subtitle.

102 *B. Notwithstanding the provisions of subdivision A 1 h, and with respect to the employment of any*
103 *person who has been convicted in any court of a felony, except as provided in subsection C, or any*
104 *crime involving moral turpitude, a licensee may (i) immediately employ such person if the offense*
105 *occurred more than two years preceding the date of employment and the person has completed the term*
106 *of any probation, if applicable, and has been released from the same and (ii) apply to the Authority for*
107 *approval of such employment if the offense occurred within two years preceding the date of employment*
108 *or the person has not yet completed the term of or been released from the term of any probation.*

109 *C. Notwithstanding the provisions of subdivision A 1 h, and with respect to the employment of any*
110 *person who has been convicted in any court of the adulteration of any food, drink, or other product in*
111 *violation of § 18.2-54.2, a licensee may apply to the Authority for approval of such employment.*

112 **§ 4.1-325. Prohibited acts by mixed beverage licensees; penalty.**

113 A. In addition to § 4.1-324, no mixed beverage licensee nor any agent or employee of such licensee
114 shall:

115 1. Sell or serve any alcoholic beverage other than as authorized by law;

116 2. Sell any authorized alcoholic beverage to any person or at any place except as authorized by law;

117 3. Allow at the place described in his license the consumption of alcoholic beverages in violation of
118 this subtitle;

119 4. Keep at the place described in his license any alcoholic beverage other than that which he is
120 licensed to sell;

121 5. Misrepresent the brand of any alcoholic beverage sold or offered for sale;

6. Keep any alcoholic beverage other than in the bottle or container in which it was purchased by him except (i) for a frozen alcoholic beverage, which may include alcoholic beverages in a frozen drink dispenser of a type approved by the Board; (ii) in the case of wine, in containers of a type approved by the Board pending automatic dispensing and sale of such wine; and (iii) as otherwise provided by Board regulation. Neither this subdivision nor any Board regulation shall prohibit any mixed beverage licensee from premixing containers of sangria, to which spirits may be added, to be served and sold for consumption on the licensed premises;

7. Refill or partly refill any bottle or container of alcoholic beverage or dilute or otherwise tamper with the contents of any bottle or container of alcoholic beverage, except as provided by Board regulation adopted pursuant to subdivision B 11 of § 4.1-111;

8. Sell or serve any brand of alcoholic beverage which is not the same as that ordered by the purchaser without first advising such purchaser of the difference;

9. Remove or obliterate any label, mark, or stamp affixed to any container of alcoholic beverages offered for sale;

10. Deliver or sell the contents of any container if the label, mark, or stamp has been removed or obliterated;

11. Allow any obscene conduct, language, literature, pictures, performance, or materials on the licensed premises;

12. Allow any striptease act on the licensed premises;

13. Allow persons connected with the licensed business to appear nude or partially nude;

14. Consume or allow the consumption by an employee of any alcoholic beverages while on duty and in a position that is involved in the selling or serving of alcoholic beverages to customers.

The provisions of this subdivision shall not prohibit any retail licensee or his designated employee from (i) consuming product samples or sample servings of (a) beer or wine provided by a representative of a licensed beer or wine wholesaler or manufacturer or (b) a distilled spirit provided by a permittee of the Board who represents a distiller, if such samples are provided in accordance with Board regulations and the retail licensee or his designated employee does not violate the provisions of subdivision A 1 f of § 4.1-225 or (ii) tasting an alcoholic beverage that has been or will be delivered to a customer for quality control purposes;

15. Deliver to a consumer an original bottle of an alcoholic beverage purchased under such license whether the closure is broken or unbroken except in accordance with § 4.1-206.3.

The provisions of this subdivision shall not apply to the delivery of:

a. "Soju." For the purposes of this subdivision, "soju" means a traditional Korean alcoholic beverage distilled from rice, barley or sweet potatoes; or

b. Spirits, provided (i) the original container is no larger than 375 milliliters, (ii) the alcohol content is no greater than 15 percent by volume, and (iii) the contents of the container are carbonated and perishable;

16. Be intoxicated while on duty or employ an intoxicated person on the licensed premises;

17. Conceal any sale or consumption of any alcoholic beverages;

18. Fail or refuse to make samples of any alcoholic beverages available to the Board upon request or obstruct special agents of the Board in the discharge of their duties;

19. Store alcoholic beverages purchased under the license in any unauthorized place or remove any such alcoholic beverages from the premises;

20. Knowingly employ in the licensed business any person who has the general reputation as a prostitute, panderer, habitual law violator, person of ill repute, user or peddler of narcotics, or person who drinks to excess or engages in illegal gambling;

21. Keep on the licensed premises, except for the premises of a mixed beverage casino licensee, a slot machine or any prohibited gambling or gaming device, machine, or apparatus;

22. Make any gift of an alcoholic beverage, other than as a gift made (i) to a personal friend, as a matter of normal social intercourse, so long as the gift is in no way a shift or device to evade the restriction set forth in this subdivision; (ii) to a person responsible for the planning, preparation or conduct on any conference, convention, trade show or event held or to be held on the premises of the licensee, when such gift is made in the course of usual and customary business entertainment and is in no way a shift or device to evade the restriction set forth in this subdivision; (iii) pursuant to subsection B of § 4.1-209; (iv) pursuant to subdivision A 10 of § 4.1-201; (v) by a mixed beverage casino licensee to a patron of such licensee in accordance with the provisions of subdivision A 15 of § 4.1-206.3; or (vi) pursuant to any Board regulation. Any gift permitted by this subdivision shall be subject to the taxes imposed by this subtitle on sales of alcoholic beverages. The licensee shall keep complete and accurate records of gifts given in accordance with this subdivision; or

23. Establish any normal or customary pricing of its alcoholic beverages that is intended as a shift or device to evade any "happy hour" regulations adopted by the Board; however, a licensee may increase

183 the volume of an alcoholic beverage sold to a customer if there is a commensurate increase in the
184 normal or customary price charged for the same alcoholic beverage.

185 B. Any person convicted of a violation of this section shall be guilty of a Class 1 misdemeanor.

186 C. The provisions of subdivisions A 12 and A 13 shall not apply to persons operating theaters,
187 concert halls, art centers, museums, or similar establishments that are devoted primarily to the arts or
188 theatrical performances, when the performances that are presented are expressing matters of serious
189 literary, artistic, scientific, or political value.

190 **§ 4.1-325.2. Prohibited acts by employees of wine or beer licensees; penalty.**

191 A. In addition to the provisions of § 4.1-324, no retail wine or beer licensee or his agent or
192 employee shall consume any alcoholic beverages while on duty and in a position that is involved in the
193 selling or serving of alcoholic beverages to customers.

194 The provisions of this subsection shall not prohibit any retail licensee or his designated employee
195 from (i) consuming product samples or sample servings of beer or wine provided by a representative of
196 a licensed beer or wine wholesaler or manufacturer, if such samples are provided in accordance with
197 Board regulations and the retail licensee or his designated employee does not violate the provisions of
198 subdivision A 1 f of § 4.1-225 or (ii) tasting an alcoholic beverage that has been or will be delivered to
199 a customer for quality control purposes.

200 B. For the purposes of subsection A, a wine or beer wholesaler or farm winery licensee or its
201 employees that participate in a wine or beer tasting sponsored by a retail wine or beer licensee shall not
202 be deemed to be agents of the retail wine or beer licensee.

203 C. No retail wine or beer licensee, or his agent or employee shall make any gift of an alcoholic
204 beverage, other than as a gift made (i) to a personal friend, as a matter of normal social intercourse, so
205 long as the gift is in no way a shift or device to evade the restriction set forth in this subsection; (ii) to
206 a person responsible for the planning, preparation or conduct on any conference, convention, trade show
207 or event held or to be held on the premises of the licensee, when such gift is made in the course of
208 usual and customary business entertainment and is in no way a shift or device to evade the restriction
209 set forth in this subsection; (iii) pursuant to subsection B of § 4.1-209; (iv) pursuant to subdivision A 10
210 of § 4.1-201; or (v) pursuant to any Board regulation. Any gift permitted by this subsection shall be
211 subject to the taxes imposed by this subtitle on sales of alcoholic beverages. The licensee shall keep
212 complete and accurate records of gifts given in accordance with this subsection.

213 D. Any person convicted of a violation of this section shall be subject to a civil penalty in an
214 amount not to exceed \$500.

215 **§ 4.1-509.1. Board proceedings; contemplated actions by brewery or wholesaler.**

216 A. For purposes of this section, "contemplated action" means an action proposed by a brewery or
217 wholesaler that (i) if carried out would violate any provision of this chapter or *clause (v) of* subdivision
218 A 1 b ~~(v)~~ of § 4.1-225 and (ii) is demonstrated by a specific written statement authored by a brewery or
219 an employee of a wholesaler who is specifically authorized by virtue of job title and responsibility to
220 make such statement and such other evidence as may be required by the Board pursuant to the facts of
221 any given circumstance.

222 B. Subsequent to compliance with subsection D, any wholesaler may file a petition against a
223 brewery, and any brewery may file a petition against a wholesaler, in which the petitioner alleges that
224 the respondent named in the petition as a matter of past or present fact has contemplated action that if
225 carried out would violate any provision of this chapter or *clause (v) of* subdivision A 1 b ~~(v)~~ of
226 § 4.1-225. Any such petition filed shall identify with specificity the alleged contemplated action, the
227 document in which such contemplated action is described or authorized, and specify the provision of law
228 or regulation that the contemplated action would violate if carried out. The petition shall include a
229 statement that a controversy as to the lawfulness of the contemplated action exists. The statement shall
230 be supported by evidence of the petitioner's good faith effort to resolve the controversy in accordance
231 with subsection D. The petitioner shall have the burden of establishing that the contemplated actions
232 identified in the petition, if carried out, would violate any provision of law or regulation enumerated in
233 this subsection. The Board may, if it finds that a brewery or wholesaler has frivolously maintained a
234 petition or defense to a proceeding pursuant to this chapter, award reasonable costs and attorney fees to
235 the prevailing party.

236 C. Any petition filed by a brewery or wholesaler pursuant to this section shall be delivered to the
237 Secretary of the Board. The Board shall promptly issue a written determination as to whether a violation
238 or attempted violation as alleged in the petition has occurred. In addition, the Board shall promptly issue
239 a written determination as to whether a violation alleged in the petition would occur if the contemplated
240 action identified in the petition were to be carried out.

241 D. Prior to filing a petition, a party shall communicate with the party alleged to be considering a
242 contemplated action and initiate a good faith attempt to resolve the issue in question. If within 21 days
243 of initiating the communication required by this subsection, or such longer period of time if mutually
244 agreed upon, there is no resolution, either party may proceed to file a petition in accordance with

245 subsection B.