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## HOUSE BILL NO. 945

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws  
on February 9, 1998)

(Patron Prior to Substitute—Delegate Dickinson)

*A BILL to amend and reenact §§ 4.1-210, 4.1-230, 4.1-231, and 4.1-233 of the Code of Virginia, relating to alcoholic beverage control; mixed beverage licenses.*

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

**1. That §§ 4.1-210, 4.1-230, 4.1-231, and 4.1-233 of the Code of Virginia are amended and reenacted as follows:**

§ 4.1-210. Mixed beverage licenses.

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

1. Mixed beverage restaurant licenses, which shall authorize the licensee to sell and serve mixed beverages for consumption in dining areas and other designated areas on the premises of such restaurant. Such license may be granted only to persons (i) who operate a restaurant and (ii) whose gross receipts from the sale of food cooked or prepared, and consumed on the premises and nonalcoholic beverages served on the premises, after issuance of such license, amount to at least forty-five percent of the gross receipts from the sale of mixed beverages and food.

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

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

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

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

4. Annual mixed beverage special events licenses to (i) a duly organized nonprofit corporation or association operating a performing arts facility or (ii) a nonprofit corporation or association chartered by Congress for the preservation of sites, buildings and objects significant in American history and culture. The operation in either case shall be upon premises owned by such licensee or occupied under a bona fide lease the original term of which was for more than one year's duration. Such license shall authorize the sale, on the dates of performances or events in furtherance of the purposes of the nonprofit corporation or association, of alcoholic beverages, for on-premises consumption in areas upon the licensed premises approved by the Board.

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

64 6. *Mixed beverage club event licenses, which shall authorize the licensee to sell and serve mixed*  
65 *beverages for on-premises consumption by club members and their guests in areas approved by the*  
66 *Board on the club premises. A separate license shall be required for each day of each club event. No*  
67 *more than twelve such licenses shall be granted to a club in any calendar year.*

68 B. The granting of any license under subdivisions 1 and 5 shall automatically include a license to  
69 sell and serve wine and beer for on-premises consumption. The licensee shall pay the state and local  
70 taxes required by §§ 4.1-231 and 4.1-233.

71 § 4.1-230. Applications for licenses; publication; notice to localities; fees; permits.

72 A. Every person intending to apply for any license authorized by this chapter shall file with the  
73 Board an application on forms provided by the Board and a statement in writing, under oath, setting  
74 forth any information required by the Board. Applications for banquet, tasting, or mixed beverage  
75 special events licenses shall not be required to be under oath, but the information contained therein shall  
76 be certified as true by the applicant.

77 B. In addition, each applicant for a license under the provisions of this chapter, except applicants for  
78 banquet, tasting, or special events licenses issued under the provisions of Chapter 2 of this title, or beer  
79 or wine importer's licenses located outside the Commonwealth, shall post a notice of his application with  
80 the Board on the front door of the building, place or room where he proposes to engage in such  
81 business for no more than thirty days and not less than ten days. Such notice shall be of a size and  
82 contain such information as required by the Board.

83 The applicant shall cause a copy of such notice to be published at least once a week for two  
84 consecutive weeks in a newspaper published in or having a general circulation in the county, city or  
85 town wherein such applicant proposes to engage in such business. In the case of operators of boats,  
86 dining cars, buffet cars, club cars, and airplanes, the posting and publishing of notice shall not be  
87 required.

88 Except for applicants for banquet, tasting, or mixed beverage special events licenses, the Board shall  
89 conduct a background investigation, to include a criminal history records search, on each applicant for a  
90 license.

91 The Board shall notify the local governing body of each license application through the county or  
92 city attorney or the chief law-enforcement officer of the locality. Local governing bodies shall submit  
93 objections to the granting of a license within thirty days of the filing of the application.

94 C. Each applicant shall pay the required application fee at the time the application is filed. Each  
95 license application fee shall be \$50, except for banquet, tasting, ~~or~~ mixed beverage special events, *or*  
96 *mixed beverage club event* licenses, in which case the application fee shall be \$15. Application fees shall  
97 be in addition to the state license tax required pursuant to § 4.1-231 and shall not be refunded.

98 D. Subsection A shall not apply to the continuance of licenses granted under this chapter.

99 E. Every application for a permit granted pursuant to § 4.1-212 shall be on a form provided by the  
100 Board. In the case of applications to solicit the sale of wine and beer or spirits, each application shall be  
101 accompanied by a fee of \$125 and \$300, respectively. The fee for each such permit shall be subject to  
102 proration to the following extent: If the permit is granted in the second quarter of any year, the fee shall  
103 be decreased by one-fourth; if granted in the third quarter of any year, the fee shall be decreased by  
104 one-half; and if granted in the fourth quarter of any year, the fee shall be decreased by three-fourths.  
105 Each such permit shall expire on June 30 next succeeding the date of issuance, unless sooner suspended  
106 or revoked by the Board. Such permits shall confer upon their holders no authority to make solicitations  
107 in the Commonwealth as otherwise provided by law.

108 The fee for a temporary permit shall be one-twelfth of the combined fees required by this section for  
109 applicable licenses to sell wine, beer, or mixed beverages computed to the nearest cent and multiplied  
110 by the number of months for which the permit is granted.

111 The fee for a keg registration permit shall be \$50 annually.

112 The fee for a permit for the storage of lawfully acquired alcoholic beverages not under customs bond  
113 or internal revenue bond in warehouses located in the Commonwealth shall be \$200 annually.

114 § 4.1-231. Taxes on state licenses.

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

116 1. Alcoholic beverage licenses. For each:

117 a. Distiller's license, if not more than 5,000 gallons of alcohol or spirits, or both, manufactured  
118 during the year in which the license is granted, \$350; and if more than 5,000 gallons manufactured  
119 during such year, \$2,860;

120 b. Fruit distiller's license, \$2,860;

121 c. Banquet facility license, \$145;

- d. Bed and breakfast establishment license, \$25; and
- e. Tasting license, \$30 per license granted.
- 2. Wine licenses. For each:
  - a. Winery license, if not more than 5,000 gallons of wine manufactured during the year in which the license is granted, \$350, and if more than 5,000 gallons manufactured during such year, \$2,860;
  - b. Wholesale wine license, \$715 for any wholesaler who sells 150,000 gallons of wine or less per year, \$1,100 for any wholesaler who sells more than 150,000 but not more than 300,000 gallons of wine per year, and \$1,430 for any wholesaler who sells more than 300,000 gallons of wine per year;
  - c. Wine importer's license, \$285;
  - d. Retail off-premises winery license, \$110; and
  - e. Farm winery license, \$145.
- 3. Beer licenses. For each:
  - a. Brewery license, if not more than 10,000 barrels of beer manufactured during the year in which the license is granted, \$1,650, and if more than 10,000 barrels manufactured during such year, \$3,300;
  - b. Bottler's license, \$1,100;
  - c. Wholesale beer license, \$715 for any wholesaler who sells 300,000 cases of beer a year or less, and \$1,100 for any wholesaler who sells more than 300,000 but not more than 600,000 cases of beer a year, and \$1,430 for any wholesaler who sells more than 600,000 cases of beer a year;
  - d. Beer importer's license, \$285;
  - e. Retail on-premises beer license to a hotel, restaurant, club or other person, except a common carrier of passengers by train or boat, \$110; for each such license to a common carrier of passengers by train or boat, \$110 per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in the Commonwealth;
  - f. Retail off-premises beer license, \$90; and
  - g. Retail on-and-off premises beer license to a hotel, restaurant, club or grocery store located in a town or in a rural area outside the corporate limits of any city or town, \$230.
- 4. Wine and beer licenses. For each:
  - a. Retail on-premises wine and beer license to a hotel, restaurant, club or other person, except a common carrier of passengers by train, boat or airplane, \$230; for each such license to a common carrier of passengers by train or boat, \$230 per annum for each of the average number of boats, dining cars, buffet cars or club cars operated daily in the Commonwealth, and for each such license granted to a common carrier of passengers by airplane, \$575;
  - b. Retail on-premises wine and beer license to a hospital, \$110;
  - c. Retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience grocery store license, \$175;
  - d. Retail on-and-off premises wine and beer license to a hotel, restaurant or club, \$460;
  - e. Banquet license, \$30 per license granted by the Board; and
  - f. Gourmet brewing shop license, \$175.
- 5. Mixed beverage licenses. For each:
  - a. Mixed beverage restaurant license granted to persons operating restaurants, including restaurants located on premises of and operated by hotels or motels, or other persons:
    - (i) With a seating capacity at tables for up to 100 persons, \$430;
    - (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$750; and
    - (iii) With a seating capacity at tables for more than 150 persons, \$1,100.
  - b. Mixed beverage restaurant license for restaurants located on the premises of and operated by private, nonprofit clubs:
    - (i) With an average yearly membership of not more than 200 resident members, \$575;
    - (ii) With an average yearly membership of more than 200 but not more than 500 resident members, \$1,430; and
    - (iii) With an average yearly membership of more than 500 resident members, \$2,125.
  - c. Mixed beverage caterer's license, \$1,430.
  - d. Mixed beverage special events license, \$35 for each day of each event.
  - e. *Mixed beverage club event licenses, \$35 for each day of each event.*
  - ~~e.~~ f. Annual mixed beverage special events license, \$430.
  - g. Mixed beverage carrier license:
    - (i) \$145 for each of the average number of dining cars, buffet cars or club cars operated daily in the Commonwealth by a common carrier of passengers by train;
    - (ii) \$430 for each common carrier of passengers by boat; and
    - (iii) \$1,135 for each license granted to a common carrier of passengers by airplane.
- 6. Temporary licenses. For each temporary license authorized by § 4.1-211, one-half of the tax imposed by this section on the license for which the applicant applied.

183 B. The tax on each such license, except banquet and mixed beverage special events licenses, shall be  
184 subject to proration to the following extent: If the license is granted in the second quarter of any year,  
185 the tax shall be decreased by one-fourth; if granted in the third quarter of any year, the tax shall be  
186 decreased by one-half; and if granted in the fourth quarter of any year, the tax shall be decreased by  
187 three-fourths.

188 If the license on which the tax is prorated is a distiller's license to manufacture not more than 5,000  
189 gallons of alcohol or spirits, or both, during the year in which the license is granted, or a winery license  
190 to manufacture not more than 5,000 gallons of wine during the year in which the license is granted, the  
191 number of gallons permitted to be manufactured shall be prorated in the same manner.

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

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

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

210 § 4.1-233. Taxes on local licenses.

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

213 1. Alcoholic beverages. - For each:

214 a. Distiller's license, \$1,000; no local license shall be required for any person who manufactures not  
215 more than 5,000 gallons of alcohol or spirits, or both, during such license year;

216 b. Fruit distiller's license, \$1,500;

217 c. Bed and breakfast establishment license, \$40; and

218 d. Tasting license, \$5 per license granted.

219 2. Beer. - For each:

220 a. Brewery license, \$1,000;

221 b. Bottler's license, \$500;

222 c. Wholesale beer license, in a city, \$250, and in a county or town, \$75; and

223 d. Retail on-premises beer license for a hotel, restaurant or club and for each retail off-premises beer  
224 license in a city, \$100, and in a county or town, \$25.

225 3. Wine. - For each:

226 a. Winery license, \$1,000; and

227 b. Wholesale wine license, \$50.

228 4. Wine and beer. - For each:

229 a. Retail on-premises wine and beer license for a hotel, restaurant or club; and for each retail  
230 off-premises wine and beer license, including each gift shop, gourmet shop and convenience grocery  
231 store license, in a city, \$150, and in a county or town, \$37.50;

232 b. Hospital license, \$10;

233 c. Banquet license, \$5 for each license granted; and

234 d. Gourmet brewing shop license, \$150.

235 5. Mixed beverages. - For each:

236 a. Mixed beverage restaurant license, including restaurants located on the premises of and operated  
237 by hotels or motels, or other persons:

238 (i) With a seating capacity at tables for up to 100 persons, \$200;

239 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$350; and

240 (iii) With a seating capacity at tables for more than 150 persons, \$500.

241 b. Private, nonprofit club operating a restaurant located on the premises of such club, \$350;

242 c. Mixed beverage caterer's license, \$500; and

243 d. Mixed beverage special events licenses, \$10 for each day of each event.

244 e. Mixed beverage club event licenses, \$10 for each day of each event.

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

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

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

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

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