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HOUSE BILL NO. 550

Offered January 10, 2018

Prefiled January 8, 2018

A BILL to amend and reenact §§ 4.1-201, 4.1-206, and 4.1-231 of the Code of Virginia, relating to alcoholic beverage control; privileges of bed and breakfast licensees.

 Patron—Freitas

 Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-201, 4.1-206, and 4.1-231 of the Code of Virginia are amended and reenacted as follows:

§ 4.1-201. Conduct not prohibited by this title; limitation.

A. Nothing in this title or any Board regulation adopted pursuant thereto shall prohibit:

1. Any club licensed under this chapter from keeping for consumption by its members any alcoholic beverages lawfully acquired by such members, provided the alcoholic beverages are not sold, dispensed or given away in violation of this title.

2. Any person from having grain, fruit or fruit products and any other substance, when grown or lawfully produced by him, distilled by any distillery licensee, and selling the distilled alcoholic beverages to the Board or selling or shipping them to any person outside of the Commonwealth in accordance with Board regulations. However, no alcoholic beverages so distilled shall be withdrawn from the place where distilled except in accordance with Board regulations.

3. Any person licensed to manufacture and sell, or either, in the Commonwealth or elsewhere, alcoholic beverages other than wine or beer, from soliciting and taking orders from the Board for such alcoholic beverages.

4. The receipt by a person operating a licensed brewery of deliveries and shipments of beer in closed containers or the sale, delivery or shipment of such beer, in accordance with Board regulations to (i) persons licensed to sell beer at wholesale, (ii) persons licensed to sell beer at retail for the purpose of resale only as provided in subdivision B 4 of § 4.1-216, (iii) owners of boats registered under the laws of the United States sailing for ports of call of a foreign country or another state, and (iv) persons outside the Commonwealth for resale outside the Commonwealth.

5. The granting of any retail license to a brewery, distillery, or winery licensee, or to an applicant for such license, or to a lessee of such person, a wholly owned subsidiary of such person, or its lessee, provided the places of business or establishments for which the retail licenses are desired are located upon the premises occupied or to be occupied by such distillery, winery, or brewery, or upon property of such person contiguous to such premises, or in a development contiguous to such premises owned and operated by such person or a wholly owned subsidiary.

6. The receipt by a distillery licensee of deliveries and shipments of alcoholic beverages, other than wine and beer, in closed containers from other distilleries, or the sale, delivery or shipment of such alcoholic beverages, in accordance with Board regulations, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth.

7. The receipt by a farm winery or winery licensee of deliveries and shipments of wine in closed containers from other wineries or farm wineries located inside or outside the Commonwealth, or the receipt by a winery licensee or farm winery licensee of deliveries and shipments of spirits distilled from fruit or fruit juices in closed containers from distilleries located inside or outside the Commonwealth to be used only for the fortification of wine produced by the licensee in accordance with Board regulations, or the sale, delivery or shipment of such wine, in accordance with Board regulations, to persons licensed to sell wine at wholesale for the purpose of resale, and to persons outside the Commonwealth for resale outside the Commonwealth.

8. The receipt by a fruit distillery licensee of deliveries and shipments of alcoholic beverages made from fruit or fruit juices in closed containers from other fruit distilleries owned by such licensee, or the sale, delivery or shipment of such alcoholic beverages, in accordance with Board regulations, to persons outside of the Commonwealth for resale outside of the Commonwealth.

9. Any farm winery or winery licensee from shipping or delivering its wine in closed containers to another farm winery or winery licensee for the purpose of additional bottling in accordance with Board regulations and the return of the wine so bottled to the manufacturing farm winery or winery licensee.

10. Any farm winery or winery licensee from selling and shipping or delivering its wine in closed containers to another farm winery or winery licensee, the wine so sold and shipped or delivered to be

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59 used by the receiving licensee in the manufacture of wine. Any wine received under this subsection shall
60 be deemed an agricultural product produced in the Commonwealth for the purposes of § 4.1-219, to the
61 extent it is produced from fresh fruits or agricultural products grown or produced in the Commonwealth.
62 The selling licensee shall provide to the receiving licensee, and both shall maintain complete and
63 accurate records of, the source of the fresh fruits or agricultural products used to produce the wine so
64 transferred.

65 11. Any retail on-premises beer licensee, his agent or employee, from giving a sample of beer to
66 persons to whom alcoholic beverages may be lawfully sold for on-premises consumption, or retail
67 on-premises wine or beer licensee, his agent or employee, from giving a sample of wine or beer to
68 persons to whom alcoholic beverages may be lawfully sold for on-premises consumption, or any mixed
69 beverage licensee, his agent or employee, from giving a sample of wine, beer, or spirits to persons to
70 whom alcoholic beverages may be lawfully sold for on-premises consumption. Samples of wine shall
71 not exceed two ounces, samples of beer shall not exceed four ounces, and samples of spirits shall not
72 exceed one-half ounce. No more than two product samples shall be given to any person per visit.

73 12. Any manufacturer, including any vendor authorized by any such manufacturer, whether or not
74 licensed in the Commonwealth, from selling service items bearing alcoholic brand references to
75 on-premises retail licensees or prohibit any such retail licensee from displaying the service items on the
76 premises of his licensed establishment. Each such retail licensee purchasing such service items shall
77 retain a copy of the evidence of his payment to the manufacturer or authorized vendor for a period of
78 not less than two years from the date of each sale of the service items. As used in this subdivision,
79 "service items" mean articles of tangible personal property normally used by the employees of
80 on-premises retail licensees to serve alcoholic beverages to customers including, but not limited to,
81 glasses, napkins, buckets, and coasters.

82 13. Any employee of an alcoholic beverage wholesaler or manufacturer, whether or not licensed in
83 the Commonwealth, from distributing to retail licensees and their employees novelties and specialties,
84 including wearing apparel, having a wholesale value of \$10 or less and that bear alcoholic beverage
85 advertising. Such items may be distributed to retail licensees in quantities equal to the number of
86 employees of the retail establishment present at the time the items are delivered. Thereafter, such
87 employees may wear or display the items on the licensed premises.

88 14. Any (i) retail on-premises wine or beer licensee, his agent or employee from offering for sale or
89 selling for one price to any person to whom alcoholic beverages may be lawfully sold a flight of wines
90 or beers consisting of samples of not more than five different wines or beers and (ii) mixed beverage
91 licensee, his agent or employee from offering for sale or selling for one price to any person to whom
92 alcoholic beverages may be lawfully sold a flight of distilled spirits consisting of samples of not more
93 than five different spirits products.

94 15. Any restaurant licensed under this chapter from permitting the consumption of lawfully acquired
95 wine, beer, or cider by bona fide customers on the premises in all areas and locations covered by the
96 license, provided that (i) all such wine, beer, or cider shall have been acquired by the customer from a
97 retailer licensed to sell such alcoholic beverages and (ii) no such wine, beer, or cider shall be brought
98 onto the licensed premises by the customer except in sealed, nonresealable bottles or cans. The licensee
99 may charge a corkage fee to such customer for the wine, beer, or cider so consumed; however, the
100 licensee shall not charge any other fee to such customer.

101 16. Any winery, farm winery, wine importer, or wine wholesaler licensee from providing to adult
102 customers of licensed retail establishments information about wine being consumed on such premises.

103 17. *Any bed and breakfast licensee from charging a customer for alcoholic beverages separately*
104 *from other expenses incurred by such customer at the bed and breakfast establishment.*

105 B. No deliveries or shipments of alcoholic beverages to persons outside the Commonwealth for resale
106 outside the Commonwealth shall be made into any state the laws of which prohibit the consignee from
107 receiving or selling the same.

108 **§ 4.1-206. Alcoholic beverage licenses.**

109 A. The Board may grant the following licenses relating to alcoholic beverages generally:

110 1. Distillers' licenses, which shall authorize the licensee to manufacture alcoholic beverages other
111 than wine and beer, and to sell and deliver or ship the same, in accordance with Board regulations, in
112 closed containers, to the Board and to persons outside the Commonwealth for resale outside the
113 Commonwealth. When the Board has established a government store on the distiller's licensed premises
114 pursuant to subsection D of § 4.1-119, such license shall also authorize the licensee to make a charge to
115 consumers to participate in an organized tasting event conducted in accordance with subsection G of
116 § 4.1-119 and Board regulations.

117 2. Limited distiller's licenses, to distilleries that manufacture not more than 36,000 gallons of
118 alcoholic beverages other than wine or beer per calendar year, provided (i) the distillery is located on a
119 farm in the Commonwealth on land zoned agricultural and owned or leased by such distillery or its
120 owner and (ii) agricultural products used by such distillery in the manufacture of its alcoholic beverages

are grown on the farm. Limited distiller's licensees shall be treated as distillers for all purposes of this title except as otherwise provided in this subdivision. For purposes of this subdivision, "land zoned agricultural" means (a) land zoned as an agricultural district or classification or (b) land otherwise permitted by a locality for limited distillery use. For purposes of this subdivision, "land zoned agricultural" does not include land zoned "residential conservation." Except for the limitation on land zoned "residential conservation," nothing in this definition shall otherwise limit or affect local zoning authority.

3. Fruit distillers' licenses, which shall authorize the licensee to manufacture any alcoholic beverages made from fruit or fruit juices, and to sell and deliver or ship the same, in accordance with Board regulations, in closed containers, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth.

4. Banquet facility licenses to volunteer fire departments and volunteer emergency medical services agencies, which shall authorize the licensee to permit the consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any person, and bona fide members and guests thereof, otherwise eligible for a banquet license. However, lawfully acquired alcoholic beverages shall not be purchased or sold by the licensee or sold or charged for in any way by the person permitted to use the premises. Such premises shall be a volunteer fire or volunteer emergency medical services agency station or both, regularly occupied as such and recognized by the governing body of the county, city, or town in which it is located. Under conditions as specified by Board regulation, such premises may be other than a volunteer fire or volunteer emergency medical services agency station, provided such other premises are occupied and under the control of the volunteer fire department or volunteer emergency medical services agency while the privileges of its license are being exercised.

5. Bed and breakfast licenses, which shall authorize the licensee to ~~(i) sell and~~ serve alcoholic beverages in dining areas, private guest rooms, and other designated areas ~~to persons to whom overnight lodging is being provided,~~ with or without meals, for on-premises consumption only in such rooms and areas, and without regard to the amount of gross receipts from the sale of food prepared and consumed on the premises ~~and (ii); however, the licensee shall not serve more than (i) two five-ounce glasses of wine, (ii) two 12-ounce glasses of beer, or (iii) four ounces of straight spirits or two glasses of mixed beverages, provided that each glass of mixed beverages contains no more than two ounces of spirits, to any customer. Such license shall also authorize the licensee to~~ permit the consumption of lawfully acquired alcoholic beverages by persons to whom overnight lodging is being provided in (a) bedrooms or private guest rooms or (b) other designated areas of the bed and breakfast establishment. For purposes of this subdivision, "other designated areas" includes outdoor dining areas, whether or not contiguous to the licensed premises, which may have more than one means of ingress and egress to an adjacent public thoroughfare, provided that such outdoor dining areas are under the control of the licensee and approved by the Board. Such noncontiguous designated areas shall not be approved for any retail license issued pursuant to subdivision A 5 of § 4.1-201.

6. Tasting licenses, which shall authorize the licensee to sell or give samples of alcoholic beverages of the type specified in the license in designated areas at events held by the licensee. A tasting license shall be issued for the purpose of featuring and educating the consuming public about the alcoholic beverages being tasted. A separate license shall be required for each day of each tasting event. No tasting license shall be required for conduct authorized by § 4.1-201.1.

7. Museum licenses, which may be issued to nonprofit museums exempt from taxation under § 501(c)(3) of the Internal Revenue Code, which shall authorize the licensee to (i) permit the consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide member and guests thereof and (ii) serve alcoholic beverages on the premises of the licensee to any bona fide member and guests thereof. However, alcoholic beverages shall not be sold or charged for in any way by the licensee. The privileges of this license shall be limited to the premises of the museum, regularly occupied and utilized as such.

8. Equine sporting event licenses, which may be issued to organizations holding equestrian, hunt and steeplechase events, which shall authorize the licensee to permit the consumption of lawfully acquired alcoholic beverages on the premises of the licensee by patrons thereof during such event. However, alcoholic beverages shall not be sold or charged for in any way by the licensee. The privileges of this license shall be (i) limited to the premises of the licensee, regularly occupied and utilized for equestrian, hunt and steeplechase events and (ii) exercised on no more than four calendar days per year.

9. Day spa licenses, which shall authorize the licensee to (i) permit the consumption of lawfully acquired wine or beer on the premises of the licensee by any bona fide customer of the day spa and (ii) serve wine or beer on the premises of the licensee to any such bona fide customer; however, the licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served or consumed. The privileges of this license shall be limited to the premises of the day spa regularly

occupied and utilized as such.

10. Motor car sporting event facility licenses, which shall authorize the licensee to permit the consumption of lawfully acquired alcoholic beverages on the premises of the licensee by patrons thereof during such events. However, alcoholic beverages shall not be sold or charged for in any way, directly or indirectly, by the licensee. The privileges of this license shall be limited to those areas of the licensee's premises designated by the Board that are regularly occupied and utilized for motor car sporting events.

11. Meal-assembly kitchen license, which shall authorize the licensee to serve wine or beer on the premises of the licensee to any such bona fide customer attending either a private gathering or a special event; however, the licensee shall not give more than two five-ounce glasses of wine or two 12-ounce glasses of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served or consumed. The privileges of this license shall be limited to the premises of the meal-assembly kitchen regularly occupied and utilized as such.

12. Canal boat operator license, which shall authorize the licensee to permit the consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide customer attending either a private gathering or a special event; however, the licensee shall not sell or otherwise charge a fee to such customer for the alcoholic beverages so consumed. The privileges of this license shall be limited to the premises of the licensee, including the canal, the canal boats while in operation, and any pathways adjacent thereto. Upon authorization of the licensee, any person may keep and consume his own lawfully acquired alcoholic beverages on the premises in all areas and locations covered by the license.

13. Annual arts venue event licenses, to persons operating an arts venue, which shall authorize the licensee participating in a community art walk that is open to the public to serve lawfully acquired wine or beer on the premises of the licensee to adult patrons thereof during such events. However, alcoholic beverages shall not be sold or charged for in any way, directly or indirectly, by the licensee, and the licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any one adult patron. The privileges of this license shall be (i) limited to the premises of the arts venue regularly occupied and used as such and (ii) exercised on no more than 12 calendar days per year.

14. Art instruction studio licenses, which shall authorize the licensee to serve wine or beer on the premises of the licensee to any such bona fide customer; however, the licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served or consumed. The privileges of this license shall be limited to the premises of the art instruction studio regularly occupied and utilized as such.

15. Commercial lifestyle center license, which may be issued only to a commercial owners' association governing a commercial lifestyle center, which shall authorize any retail on-premises restaurant licensee that is a tenant of the commercial lifestyle center to sell alcoholic beverages to any bona fide customer to whom alcoholic beverages may be lawfully sold for consumption on that portion of the licensed premises of the commercial lifestyle center designated by the Board, including (i) plazas, seating areas, concourses, walkways, or such other similar areas and (ii) the premises of any tenant location of the commercial lifestyle center that is not a retail licensee of the Board, upon approval of such tenant, but excluding any parking areas. Only alcoholic beverages purchased from such retail on-premises restaurant licensees may be consumed on the licensed premises of the commercial lifestyle center, and such alcoholic beverages shall be contained in paper, plastic, or similar disposable containers with the name or logo of the restaurant licensee that sold the alcoholic beverage clearly displayed. Alcoholic beverages shall not be sold or charged for in any way by the commercial lifestyle center licensee. The licensee shall post appropriate signage clearly demarcating for the public the boundaries of the licensed premises; however, no physical barriers shall be required for this purpose. The licensee shall provide adequate security for the licensed premises to ensure compliance with the applicable provisions of this title and Board regulations.

B. Any limited distillery that, prior to July 1, 2016, (i) holds a valid license granted by the Board in accordance with this title and (ii) is in compliance with the local zoning ordinance as an agricultural district or classification or as otherwise permitted by a locality for limited distillery use shall be allowed to continue such use as provided in § 15.2-2307, notwithstanding (a) the provisions of this section or (b) a subsequent change in ownership of the limited distillery on or after July 1, 2016, whether by transfer, acquisition, inheritance, or other means. Any such limited distillery located on land zoned residential conservation prior to July 1, 2016, may expand any existing building or structure and the uses thereof so long as specifically approved by the locality by special exception. Any such limited distillery located on land zoned residential conservation prior to July 1, 2016, may construct a new building or structure so long as specifically approved by the locality by special exception. All such licensees shall comply with the requirements of this title and Board regulations for renewal of such license or the issuance of a new license in the event of a change in ownership of the limited distillery

on or after July 1, 2016.

§ 4.1-231. Taxes on state licenses.

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

1. Alcoholic beverage licenses. For each:

a. Distiller's license, if not more than 5,000 gallons of alcohol or spirits, or both, manufactured during the year in which the license is granted, \$450; if more than 5,000 gallons but not more than 36,000 gallons manufactured during such year, \$2,500; and if more than 36,000 gallons manufactured during such year, \$3,725;

b. Fruit distiller's license, \$3,725;

c. Banquet facility license or museum license, \$190;

d. Bed and breakfast establishment license, ~~\$35~~ \$150;

e. Tasting license, \$40 per license granted;

f. Equine sporting event license, \$130;

g. Motor car sporting event facility license, \$130;

h. Day spa license, \$100;

i. Delivery permit, \$120 if the permittee holds no other license under this title;

j. Meal-assembly kitchen license, \$100;

k. Canal boat operator license, \$100;

l. Annual arts venue event license, \$100;

m. Art instruction studio license, \$100; and

n. Commercial lifestyle center license, \$300.

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, \$189, and if more than 5,000 gallons manufactured during such year, \$3,725;

b. (1) Wholesale wine license, \$185 for any wholesaler who sells 30,000 gallons of wine or less per year, \$930 for any wholesaler who sells more than 30,000 gallons per year but not more than 150,000 gallons of wine per year, \$1,430 for any wholesaler who sells more than 150,000 but not more than 300,000 gallons of wine per year, and, \$1,860 for any wholesaler who sells more than 300,000 gallons of wine per year;

(2) Wholesale wine license, including that granted pursuant to § 4.1-207.1, applicable to two or more premises, the annual state license tax shall be the amount set forth in subdivision b (1), multiplied by the number of separate locations covered by the license;

c. Wine importer's license, \$370;

d. Retail off-premises winery license, \$145, which shall include a delivery permit;

e. Farm winery license, \$190 for any Class A license and \$3,725 for any Class B license, each of which shall include a delivery permit;

f. Wine shipper's license, \$95; and

g. Internet wine retailer license, \$150.

3. Beer licenses. For each:

a. Brewery license, if not more than 500 barrels of beer manufactured during the year in which the license is granted, \$350; if not more than 10,000 barrels of beer manufactured during the year in which the license is granted, \$2,150; and if more than 10,000 barrels manufactured during such year, \$4,300;

b. Bottler's license, \$1,430;

c. (1) Wholesale beer license, \$930 for any wholesaler who sells 300,000 cases of beer a year or less, and \$1,430 for any wholesaler who sells more than 300,000 but not more than 600,000 cases of beer a year, and \$1,860 for any wholesaler who sells more than 600,000 cases of beer a year;

(2) Wholesale beer license applicable to two or more premises, the annual state license tax shall be the amount set forth in subdivision c (1), multiplied by the number of separate locations covered by the license;

d. Beer importer's license, \$370;

e. Retail on-premises beer license to a hotel, restaurant, club or other person, except a common carrier of passengers by train or boat, \$145; for each such license to a common carrier of passengers by train or boat, \$145 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, \$120, which shall include a delivery permit;

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, \$300, which shall include a delivery permit;

h. Beer shipper's license, \$95; and

i. Retail off-premises brewery license, \$120, which shall include a delivery permit.

4. Wine and beer licenses. For each:

305 a. Retail on-premises wine and beer license to a hotel, restaurant, club or other person, except a
306 common carrier of passengers by train, boat or airplane, \$300; for each such license to a common
307 carrier of passengers by train or boat, \$300 per annum for each of the average number of boats, dining
308 cars, buffet cars or club cars operated daily in the Commonwealth, and for each such license granted to
309 a common carrier of passengers by airplane, \$750;

310 b. Retail on-premises wine and beer license to a hospital, \$145;

311 c. Retail on-premises wine and beer license to a historic cinema house, \$200;

312 d. Retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience
313 grocery store license, \$230, which shall include a delivery permit;

314 e. Retail on-and-off premises wine and beer license to a hotel, restaurant or club, \$600, which shall
315 include a delivery permit;

316 f. Banquet license, \$40 per license granted by the Board, except for banquet licenses granted by the
317 Board pursuant to subsection A of § 4.1-215, which shall be \$100 per license;

318 g. Gourmet brewing shop license, \$230;

319 h. Wine and beer shipper's license, \$95;

320 i. Annual banquet license, \$150;

321 j. Fulfillment warehouse license, \$120;

322 k. Marketing portal license, \$150; and

323 l. Gourmet oyster house license, \$230.

324 5. Mixed beverage licenses. For each:

325 a. Mixed beverage restaurant license granted to persons operating restaurants, including restaurants
326 located on premises of and operated by hotels or motels, or other persons:

327 (i) With a seating capacity at tables for up to 100 persons, \$560;

328 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$975; and

329 (iii) With a seating capacity at tables for more than 150 persons, \$1,430.

330 b. Mixed beverage restaurant license for restaurants located on the premises of and operated by
331 private, nonprofit clubs:

332 (i) With an average yearly membership of not more than 200 resident members, \$750;

333 (ii) With an average yearly membership of more than 200 but not more than 500 resident members,
334 \$1,860; and

335 (iii) With an average yearly membership of more than 500 resident members, \$2,765.

336 c. Mixed beverage caterer's license, \$1,860;

337 d. Mixed beverage limited caterer's license, \$500;

338 e. Mixed beverage special events license, \$45 for each day of each event;

339 f. Mixed beverage club events licenses, \$35 for each day of each event;

340 g. Annual mixed beverage special events license, \$560;

341 h. Mixed beverage carrier license:

342 (i) \$190 for each of the average number of dining cars, buffet cars or club cars operated daily in the
343 Commonwealth by a common carrier of passengers by train;

344 (ii) \$560 for each common carrier of passengers by boat;

345 (iii) \$1,475 for each license granted to a common carrier of passengers by airplane.

346 i. Annual mixed beverage amphitheater license, \$560;

347 j. Annual mixed beverage motor sports race track license, \$560;

348 k. Annual mixed beverage banquet license, \$500;

349 l. Limited mixed beverage restaurant license:

350 (i) With a seating capacity at tables for up to 100 persons, \$460;

351 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$875;

352 (iii) With a seating capacity at tables for more than 150 persons, \$1,330;

353 m. Annual mixed beverage motor sports facility license, \$560; and

354 n. Annual mixed beverage performing arts facility license, \$560.

355 6. Temporary licenses. For each temporary license authorized by § 4.1-211, one-half of the tax
356 imposed by this section on the license for which the applicant applied.

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

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

366 Should the holder of a distiller's license or a winery license to manufacture not more than 5,000

gallons of alcohol or spirits, or both, or wine, apply during the license year for an unlimited distiller's or winery license, such person shall pay for such unlimited license a license tax equal to the amount that would have been charged had such license been applied for at the time that the license to manufacture less than 5,000 gallons of alcohol or spirits or wine, as the case may be, was granted, and such person shall be entitled to a refund of the amount of license tax previously paid on the limited license.

Notwithstanding the foregoing, the tax on each license granted or reissued for a period other than 12, 24, or 36 months shall be equal to one-twelfth of the taxes required by subsection A computed to the nearest cent, multiplied by the number of months in the license period, and then increased by five percent. Such tax shall not be refundable, except as provided in § 4.1-232.

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

D. In addition to the taxes set forth in this section, a fee of \$5 may be imposed on any license purchased in person from the Board if such license is available for purchase online.