

18105881D

## SENATE BILL NO. 484

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Rehabilitation and Social Services  
on January 26, 2018)

(Patron Prior to Substitute—Senator Reeves)

A *BILL to amend and reenact §§ 4.1-119, 4.1-120, 4.1-121, 4.1-206, 4.1-231, 4.1-233, 4.1-234, and 15.2-2288.3:2 of the Code of Virginia, relating to alcoholic beverage control; distiller's retail license.*

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

**1. That §§ 4.1-119, 4.1-120, 4.1-121, 4.1-206, 4.1-231, 4.1-233, 4.1-234, and 15.2-2288.3:2 of the Code of Virginia are amended and reenacted as follows:**

**§ 4.1-119. Operation of government stores.**

A. Subject to the requirements of §§ 4.1-121 and 4.1-122, the Board may establish, maintain, and operate government stores for the sale of alcoholic beverages, other than beer and wine not produced by farm wineries, vermouth, mixers, products used in connection with distilled spirits, including any garnish or garnishment applied to the rim of a glass of distilled spirits, as may be approved by the Board from time to time, and products licensed by the Virginia Tourism Corporation as specified in § 4.1-103 in such counties, cities, and towns considered advisable by the Board. The Board may discontinue any such store.

B. With respect to the sale of wine or cider produced by farm wineries, the Board may give preference to farm wineries that produce 2,500 cases or less of wine or cider per year.

C. The Board shall fix the wholesale and retail prices at which the various classes, varieties and brands of alcoholic beverages and other Board-approved products that are sold in government stores *or stores operated by the holder of a distiller's retail license*. Differences in the cost of operating stores, and market competition and conditions may be reflected in the sale price of alcoholic beverages sold at government stores. The Board may sell alcoholic beverages to federal instrumentalities (i) authorized and operating under the laws of the United States and regulations of the United States Department of Defense and (ii) located within the boundaries of federal enclaves or reservations over which the United States has acquired jurisdiction, at prices which may be greater or less than the wholesale price charged other authorized purchasers. Nothing in this subsection shall be construed to limit the authority of the Board to fix the retail price of alcoholic beverages sold at government stores, which retail price may include promotional, volume, or other discounts deemed appropriate by the Board.

D. Alcoholic beverages at government stores shall be sold by employees of the Authority who shall carry out the provisions of this title and Board regulations governing the operation of government stores and the sale of alcoholic beverages; ~~except that the Board may appoint.~~

~~E. Notwithstanding any provision of this title to the contrary, the holder of a distiller's retail license or its officers and employees as agents of the Board for the sale of may sell in closed containers for off-premises consumption~~ spirits, manufactured by or for, or blended by such licensee on the licensed premises, at government stores established by the Board retail (i) on the distiller's licensed premises or (ii) at the site of an event licensed by the Board and conducted for the purpose of featuring and educating the consuming public about spirits products.

Such ~~agents~~ licensees shall sell the spirits in accordance with the provisions of this title, and Board regulations; ~~and the terms of the agency agreement between the Authority and the licensed distiller.~~

For the purposes of this subsection, "blended" means the receipt by a licensed distiller of deliveries and shipments of alcoholic beverages, other than wine and beer, in accordance with subdivision 6 of § 4.1-201 to be ~~(i)~~ (a) additionally aged by the receiving distillery in order to increase the quality and flavor of such alcoholic beverages and ~~(ii)~~ (b) bottled by the receiving distillery.

~~E. F.~~ (Effective until July 1, 2022) No Class 1 neutral grain spirit or alcohol, as defined by federal regulations, that is without distinctive character, aroma, taste, or color shall be sold in government stores at a proof greater than 151 except upon permits issued by the Board for industrial, commercial, culinary, or medical use.

~~E. F.~~ (Effective July 1, 2022) No Class 1 neutral grain spirit or alcohol, as defined by federal regulations, that is without distinctive character, aroma, taste, or color shall be sold in government stores at a proof greater than 101 except upon permits issued by the Board for industrial, commercial, culinary, or medical use.

~~F. G.~~ All alcoholic beverages sold in government stores *or stores operated by the holder of a distiller's retail license*, except for tasting samples pursuant to subsection ~~G~~ sold in government stores established by the Board on a distiller's licensed premises ~~H~~, shall be in closed containers, sealed and affixed with labels prescribed by the Board.

~~G. H.~~ No alcoholic beverages shall be consumed in a government store *or a store operated by the*

holder of a distiller's retail license by any person unless it is part of an organized tasting event conducted by (i) an employee of a manufacturer of distilled spirits or farm winery or (ii) an authorized representative of a manufacturer of distilled spirits or farm winery with a permit issued by the Board pursuant to subdivision A 15 of § 4.1-212, at which the samples of alcoholic beverages provided to any consumer do not exceed the limits for spirits or wine set forth in subdivision A 5 of § 4.1-201.1. No sample may be consumed by any individual to whom alcoholic beverages may not lawfully be sold pursuant to § 4.1-304.

Notwithstanding the provision of this subsection to the contrary, ~~an agent of the Board appointed pursuant to subsection D~~ the holder of a distiller's retail license may give samples of spirits, beer, wine, or cider to persons to whom alcoholic beverages may be lawfully sold for on-premises consumption, provided that (i) (a) the spirits, beer, wine, or cider samples are manufactured within the same licensed premises or on contiguous premises of such agent licensed as a distillery, brewery, or winery or cider; (ii) (b) no single sample shall exceed four ounces of beer, two ounces of wine, or one-half ounce of spirits, unless served as a mixed beverage, in which case a single sample of spirits may contain up to one and one-half ounces of spirits; (iii) (c) no more than four total samples of alcoholic beverage products or, in the case of spirits samples, no more than three ounces of spirits shall be given or sold to any person per day; and (iv) (d) in the case of spirits samples, a method is used to track the consumption of each consumer. Nothing in this paragraph shall prohibit such agent from serving samples of spirits as part of a mixed beverage.

The Board shall establish guidelines governing tasting events conducted pursuant to this subsection.

H. I. With respect to purchases by licensees at government stores, the Authority shall (i) accept in payment for any purchase or series of purchases cash, electronic fund transfer, credit or debit card, or check payable to the Authority, in the exact amount of any such purchase or series of purchases and (ii) provide notice to licensees on Board policies relating to the assignment of government stores from which licensees may purchase products and any procedure for the licensee to elect to make purchases from an alternative government store.

I. J. With respect to purchases by consumers at government stores, the Authority shall accept cash in payment for any purchase or series of purchases. The Board may adopt regulations which provide for accepting a credit card or debit card as payment. Such regulations may provide for the collection, where appropriate, of related fees, penalties, and service charges for the use of a credit card or debit card by any consumer.

J. K. Before the Authority implements any increase in the markup on distilled spirits or any change to the markup formula for distilled spirits pursuant to § 4.1-235 that would result in an increase in the retail price of distilled spirits sold to the public, the Authority shall (i) provide at least 45 days' public notice before such a price increase takes effect; (ii) provide the opportunity for submission of written comments regarding the proposed price increase; (iii) conduct a public meeting for the purpose of receiving verbal comment regarding the proposed price increase; and (iv) consider any written or verbal comments before implementing such a price increase.

#### **§ 4.1-120. When government and distiller stores closed.**

A. Except as provided in subsection B, no sale or delivery of alcoholic beverages shall be made at any government store *or store operated by the holder of a distiller's retail license*, nor shall any such store be kept open for the sale of alcoholic beverages:

1. On Sunday;
2. On Thanksgiving Day, Christmas Day, and New Year's Day; or
3. During such other periods and on such other days as the Board may direct.

B. Certain government stores *and stores operated by the holder of a distiller's retail license*, as determined by the Board, may be open on Sunday for the sale of alcoholic beverages after 1:00 p.m.

#### **§ 4.1-121. Referendum on establishment of government or distiller stores.**

A. The qualified voters of any county, city, or town having a population of 1,000 or more may file a petition with the circuit court of the county or city, or of the county wherein the town or the greater part thereof is situated, asking that a referendum be held on the question of whether the sale by the ~~Virginia Alcoholic Beverage Control Authority~~ *or the holder of a distiller's retail license of alcoholic beverages*, other than beer and wine not produced by farm wineries, should be permitted within that jurisdiction. The petition shall be signed by qualified voters equal in number to at least 10 percent of the number registered in the jurisdiction on January 1 preceding its filing or by at least 100 qualified voters, whichever is greater. Upon the filing of a petition, the court shall order the election officials of the county, city, or town, on the date fixed in the order, to conduct a referendum on the question. The clerk of the circuit court shall publish notice of the referendum in a newspaper of general circulation in the county, city, or town once a week for three consecutive weeks prior to the referendum.

The question on the ballot shall be:

"Shall the sale by the Virginia Alcoholic Beverage Control Authority *or the holder of a distiller's retail license* of alcoholic beverages, other than beer and wine not produced by farm wineries, be

permitted in \_\_\_\_\_ (name of county, city, or town)?"

The referendum shall be ordered and held and the results certified as provided in § 24.2-684. Thereupon the court shall enter of record an order certified by the clerk of the court to be transmitted to the Board and to the governing body of the county, city, or town.

B. Once a referendum has been held, no other referendum on the same question shall be held in the county, city, or town within four years of the date of the prior referendum. However, a town shall not be prescribed from holding a referendum within such period although an election has been held in the county in which the town or a part thereof is located less than four years prior thereto.

#### § 4.1-206. Alcoholic beverage licenses.

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

1. Distillers' licenses, which shall authorize the licensee to manufacture alcoholic beverages other than wine and beer, 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. ~~When the Board has established a government store on the distiller's licensed premises pursuant to subsection D of § 4.1-119, such~~

*2. Distiller's retail licenses, which may be granted to the holder of a distillers' license and shall authorize the licensee to sell in closed containers for off-premises consumption spirits, manufactured by or for, or blended by such licensee on the licensed premises, at retail (i) on the licensed premises or (ii) at the site of an event licensed by the Board and conducted for the purpose of featuring and educating the consuming public about spirits products. Such license shall also authorize the licensee to make a charge to consumers to participate in an organized tasting event conducted in accordance with subsection G & H of § 4.1-119 and Board regulations.*

~~2.~~ 3. Limited distiller's licenses, to distilleries that manufacture not more than 36,000 gallons of alcoholic beverages other than wine or beer per calendar year, provided (i) the distillery is located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such distillery or its 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.~~ 4. 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. 5. 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.~~ 6. Bed and breakfast licenses, which shall authorize the licensee to (i) 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) 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. 7. Tasting licenses, which shall authorize the licensee to sell or give samples of alcoholic

183 beverages of the type specified in the license in designated areas at events held by the licensee. A  
184 tasting license shall be issued for the purpose of featuring and educating the consuming public about the  
185 alcoholic beverages being tasted. A separate license shall be required for each day of each tasting event.  
186 No tasting license shall be required for conduct authorized by § 4.1-201.1.

187 ~~7-~~ 8. Museum licenses, which may be issued to nonprofit museums exempt from taxation under  
188 § 501(c)(3) of the Internal Revenue Code, which shall authorize the licensee to (i) permit the  
189 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide  
190 member and guests thereof and (ii) serve alcoholic beverages on the premises of the licensee to any  
191 bona fide member and guests thereof. However, alcoholic beverages shall not be sold or charged for in  
192 any way by the licensee. The privileges of this license shall be limited to the premises of the museum,  
193 regularly occupied and utilized as such.

194 ~~8-~~ 9. Equine sporting event licenses, which may be issued to organizations holding equestrian, hunt  
195 and steeplechase events, which shall authorize the licensee to permit the consumption of lawfully  
196 acquired alcoholic beverages on the premises of the licensee by patrons thereof during such event.  
197 However, alcoholic beverages shall not be sold or charged for in any way by the licensee. The  
198 privileges of this license shall be (i) limited to the premises of the licensee, regularly occupied and  
199 utilized for equestrian, hunt and steeplechase events and (ii) exercised on no more than four calendar  
200 days per year.

201 ~~9-~~ 10. Day spa licenses, which shall authorize the licensee to (i) permit the consumption of lawfully  
202 acquired wine or beer on the premises of the licensee by any bona fide customer of the day spa and (ii)  
203 serve wine or beer on the premises of the licensee to any such bona fide customer; however, the  
204 licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any  
205 such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served  
206 or consumed. The privileges of this license shall be limited to the premises of the day spa regularly  
207 occupied and utilized as such.

208 ~~10-~~ 11. Motor car sporting event facility licenses, which shall authorize the licensee to permit the  
209 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by patrons thereof  
210 during such events. However, alcoholic beverages shall not be sold or charged for in any way, directly  
211 or indirectly, by the licensee. The privileges of this license shall be limited to those areas of the  
212 licensee's premises designated by the Board that are regularly occupied and utilized for motor car  
213 sporting events.

214 ~~11-~~ 12. Meal-assembly kitchen license, which shall authorize the licensee to serve wine or beer on  
215 the premises of the licensee to any such bona fide customer attending either a private gathering or a  
216 special event; however, the licensee shall not give more than two five-ounce glasses of wine or two  
217 12-ounce glasses of beer to any such customer, nor shall it sell or otherwise charge a fee to such  
218 customer for the wine or beer served or consumed. The privileges of this license shall be limited to the  
219 premises of the meal-assembly kitchen regularly occupied and utilized as such.

220 ~~12-~~ 13. Canal boat operator license, which shall authorize the licensee to permit the consumption of  
221 lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide customer  
222 attending either a private gathering or a special event; however, the licensee shall not sell or otherwise  
223 charge a fee to such customer for the alcoholic beverages so consumed. The privileges of this license  
224 shall be limited to the premises of the licensee, including the canal, the canal boats while in operation,  
225 and any pathways adjacent thereto. Upon authorization of the licensee, any person may keep and  
226 consume his own lawfully acquired alcoholic beverages on the premises in all areas and locations  
227 covered by the license.

228 ~~13-~~ 14. Annual arts venue event licenses, to persons operating an arts venue, which shall authorize  
229 the licensee participating in a community art walk that is open to the public to serve lawfully acquired  
230 wine or beer on the premises of the licensee to adult patrons thereof during such events. However,  
231 alcoholic beverages shall not be sold or charged for in any way, directly or indirectly, by the licensee,  
232 and the licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer  
233 to any one adult patron. The privileges of this license shall be (i) limited to the premises of the arts  
234 venue regularly occupied and used as such and (ii) exercised on no more than 12 calendar days per  
235 year.

236 ~~14-~~ 15. Art instruction studio licenses, which shall authorize the licensee to serve wine or beer on the  
237 premises of the licensee to any such bona fide customer; however, the licensee shall not give more than  
238 two five-ounce glasses of wine or one 12-ounce glass of beer to any such customer, nor shall it sell or  
239 otherwise charge a fee to such customer for the wine or beer served or consumed. The privileges of this  
240 license shall be limited to the premises of the art instruction studio regularly occupied and utilized as  
241 such.

242 ~~15-~~ 16. Commercial lifestyle center license, which may be issued only to a commercial owners'  
243 association governing a commercial lifestyle center, which shall authorize any retail on-premises  
244 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. *Distiller's retail license, if not more than 5,000 gallons of alcohol or spirits, or both, manufactured during the year in which the license is granted, \$1,200; if more than 5,000 gallons but not more than 36,000 gallons manufactured during such year, \$6,650; and if more than 36,000 gallons manufactured during such year, \$10,000;*

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

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

e. Bed and breakfast establishment license, \$35;

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

g. Equine sporting event license, \$130;

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

i. Day spa license, \$100;

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

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

l. Canal boat operator license, \$100;

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

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

o. 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;

306 d. Retail off-premises winery license, \$145, which shall include a delivery permit;  
307 e. Farm winery license, \$190 for any Class A license and \$3,725 for any Class B license, each of  
308 which shall include a delivery permit;  
309 f. Wine shipper's license, \$95; and  
310 g. Internet wine retailer license, \$150.  
311 3. Beer licenses. For each:  
312 a. Brewery license, if not more than 500 barrels of beer manufactured during the year in which the  
313 license is granted, \$350; if not more than 10,000 barrels of beer manufactured during the year in which  
314 the license is granted, \$2,150; and if more than 10,000 barrels manufactured during such year, \$4,300;  
315 b. Bottler's license, \$1,430;  
316 c. (1) Wholesale beer license, \$930 for any wholesaler who sells 300,000 cases of beer a year or  
317 less, and \$1,430 for any wholesaler who sells more than 300,000 but not more than 600,000 cases of  
318 beer a year, and \$1,860 for any wholesaler who sells more than 600,000 cases of beer a year;  
319 (2) Wholesale beer license applicable to two or more premises, the annual state license tax shall be  
320 the amount set forth in subdivision c (1), multiplied by the number of separate locations covered by the  
321 license;  
322 d. Beer importer's license, \$370;  
323 e. Retail on-premises beer license to a hotel, restaurant, club or other person, except a common  
324 carrier of passengers by train or boat, \$145; for each such license to a common carrier of passengers by  
325 train or boat, \$145 per annum for each of the average number of boats, dining cars, buffet cars or club  
326 cars operated daily in the Commonwealth;  
327 f. Retail off-premises beer license, \$120, which shall include a delivery permit;  
328 g. Retail on-and-off premises beer license to a hotel, restaurant, club or grocery store located in a  
329 town or in a rural area outside the corporate limits of any city or town, \$300, which shall include a  
330 delivery permit;  
331 h. Beer shipper's license, \$95; and  
332 i. Retail off-premises brewery license, \$120, which shall include a delivery permit.  
333 4. Wine and beer licenses. For each:  
334 a. Retail on-premises wine and beer license to a hotel, restaurant, club or other person, except a  
335 common carrier of passengers by train, boat or airplane, \$300; for each such license to a common  
336 carrier of passengers by train or boat, \$300 per annum for each of the average number of boats, dining  
337 cars, buffet cars or club cars operated daily in the Commonwealth, and for each such license granted to  
338 a common carrier of passengers by airplane, \$750;  
339 b. Retail on-premises wine and beer license to a hospital, \$145;  
340 c. Retail on-premises wine and beer license to a historic cinema house, \$200;  
341 d. Retail off-premises wine and beer license, including each gift shop, gourmet shop and convenience  
342 grocery store license, \$230, which shall include a delivery permit;  
343 e. Retail on-and-off premises wine and beer license to a hotel, restaurant or club, \$600, which shall  
344 include a delivery permit;  
345 f. Banquet license, \$40 per license granted by the Board, except for banquet licenses granted by the  
346 Board pursuant to subsection A of § 4.1-215, which shall be \$100 per license;  
347 g. Gourmet brewing shop license, \$230;  
348 h. Wine and beer shipper's license, \$95;  
349 i. Annual banquet license, \$150;  
350 j. Fulfillment warehouse license, \$120;  
351 k. Marketing portal license, \$150; and  
352 l. Gourmet oyster house license, \$230.  
353 5. Mixed beverage licenses. For each:  
354 a. Mixed beverage restaurant license granted to persons operating restaurants, including restaurants  
355 located on premises of and operated by hotels or motels, or other persons:  
356 (i) With a seating capacity at tables for up to 100 persons, \$560;  
357 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$975; and  
358 (iii) With a seating capacity at tables for more than 150 persons, \$1,430.  
359 b. Mixed beverage restaurant license for restaurants located on the premises of and operated by  
360 private, nonprofit clubs:  
361 (i) With an average yearly membership of not more than 200 resident members, \$750;  
362 (ii) With an average yearly membership of more than 200 but not more than 500 resident members,  
363 \$1,860; and  
364 (iii) With an average yearly membership of more than 500 resident members, \$2,765.  
365 c. Mixed beverage caterer's license, \$1,860;  
366 d. Mixed beverage limited caterer's license, \$500;  
367 e. Mixed beverage special events license, \$45 for each day of each event;

- f. Mixed beverage club events licenses, \$35 for each day of each event;  
 g. Annual mixed beverage special events license, \$560;  
 h. Mixed beverage carrier license:  
 (i) \$190 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) \$560 for each common carrier of passengers by boat;  
 (iii) \$1,475 for each license granted to a common carrier of passengers by airplane.  
 i. Annual mixed beverage amphitheater license, \$560;  
 j. Annual mixed beverage motor sports race track license, \$560;  
 k. Annual mixed beverage banquet license, \$500;  
 l. Limited mixed beverage restaurant license:  
 (i) With a seating capacity at tables for up to 100 persons, \$460;  
 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$875;  
 (iii) With a seating capacity at tables for more than 150 persons, \$1,330;  
 m. Annual mixed beverage motor sports facility license, \$560; and  
 n. Annual mixed beverage performing arts facility license, \$560.  
 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.  
 B. The tax on each such license, except banquet and mixed beverage special events licenses, shall be subject to proration to the following extent: If the license is granted in the second quarter of any year, the tax shall be decreased by one-fourth; if granted in the third quarter of any year, the tax shall be decreased by one-half; and if granted in the fourth quarter of any year, the tax shall be decreased by three-fourths.  
 If the license on which the tax is prorated is a distiller's license to manufacture not more than 5,000 gallons of alcohol or spirits, or both, during the year in which the license is granted, or a winery license to manufacture not more than 5,000 gallons of wine during the year in which the license is granted, the number of gallons permitted to be manufactured shall be prorated in the same manner.  
 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.  
**§ 4.1-233. Taxes on local licenses.**  
 A. In addition to the state license taxes, the annual local license taxes which may be collected shall not exceed the following sums:  
 1. Alcoholic beverages. — For each:  
 a. Distiller's license, if more than 5,000 gallons but not more than 36,000 gallons manufactured during such year, \$750; if more than 36,000 gallons manufactured during such year, \$1,000; and no local license shall be required for any person who manufactures not more than 5,000 gallons of alcohol or spirits, or both, during such license year. *No local license shall be required for a distiller's retail license;*  
 b. Fruit distiller's license, \$1,500;  
 c. Bed and breakfast establishment license, \$40;  
 d. Museum license, \$10;  
 e. Tasting license, \$5 per license granted;

- 429 f. Equine sporting event license, \$10;  
 430 g. Day spa license, \$20;  
 431 h. Motor car sporting event facility license, \$10;  
 432 i. Meal-assembly kitchen license, \$20;  
 433 j. Canal boat operator license, \$20;  
 434 k. Annual arts venue event license, \$20;  
 435 l. Art instruction studio license, \$20; and  
 436 m. Commercial lifestyle center license, \$60.  
 437 2. Beer. — For each:  
 438 a. Brewery license, if not more than 500 barrels of beer manufactured during the year in which the  
 439 license is granted, \$250, and if more than 500 barrels of beer manufactured during the year in which the  
 440 license is granted, \$1,000;  
 441 b. Bottler's license, \$500;  
 442 c. Wholesale beer license, in a city, \$250, and in a county or town, \$75;  
 443 d. Retail on-premises beer license for a hotel, restaurant or club and for each retail off-premises beer  
 444 license in a city, \$100, and in a county or town, \$25; and  
 445 e. Beer shipper's license, \$10.  
 446 3. Wine. — For each:  
 447 a. Winery license, \$50;  
 448 b. Wholesale wine license, \$50;  
 449 c. Farm winery license, \$50; and  
 450 d. Wine shipper's license, \$10.  
 451 4. Wine and beer. — For each:  
 452 a. Retail on-premises wine and beer license for a hotel, restaurant or club; and for each retail  
 453 off-premises wine and beer license, including each gift shop, gourmet shop and convenience grocery  
 454 store license, in a city, \$150, and in a county or town, \$37.50;  
 455 b. Hospital license, \$10;  
 456 c. Historic cinema house license, \$20;  
 457 d. Banquet license, \$5 for each license granted, except for banquet licenses granted by the Board  
 458 pursuant to subsection A of § 4.1-215, which shall be \$20 per license;  
 459 e. Gourmet brewing shop license, \$150;  
 460 f. Wine and beer shipper's license, \$10;  
 461 g. Annual banquet license, \$15; and  
 462 h. Gourmet oyster house license, in a city, \$150, and in a county or town, \$37.50.  
 463 5. Mixed beverages. — For each:  
 464 a. Mixed beverage restaurant license, including restaurants located on the premises of and operated  
 465 by hotels or motels, or other persons:  
 466 (i) With a seating capacity at tables for up to 100 persons, \$200;  
 467 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$350; and  
 468 (iii) With a seating capacity at tables for more than 150 persons, \$500.  
 469 b. Private, nonprofit club operating a restaurant located on the premises of such club, \$350;  
 470 c. Mixed beverage caterer's license, \$500;  
 471 d. Mixed beverage limited caterer's license, \$100;  
 472 e. Mixed beverage special events licenses, \$10 for each day of each event;  
 473 f. Mixed beverage club events licenses, \$10 for each day of each event;  
 474 g. Annual mixed beverage amphitheater license, \$300;  
 475 h. Annual mixed beverage motor sports race track license, \$300;  
 476 i. Annual mixed beverage banquet license, \$75;  
 477 j. Limited mixed beverage restaurant license:  
 478 (i) With a seating capacity at tables for up to 100 persons, \$100;  
 479 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$250;  
 480 (iii) With a seating capacity at tables for more than 150 persons, \$400;  
 481 k. Annual mixed beverage motor sports facility license, \$300; and  
 482 l. Annual mixed beverage performing arts facility license, \$300.  
 483 B. Common carriers. — No local license tax shall be either charged or collected for the privilege of  
 484 selling alcoholic beverages in (i) passenger trains, boats or airplanes and (ii) rooms designated by the  
 485 Board of establishments of air carriers of passengers at airports in the Commonwealth for on-premises  
 486 consumption only.  
 487 C. Merchants' and restaurants' license taxes. — The governing body of each county, city or town in  
 488 the Commonwealth, in imposing local wholesale merchants' license taxes measured by purchases, local  
 489 retail merchants' license taxes measured by sales, and local restaurant license taxes measured by sales,  
 490 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.

**§ 4.1-234. Tax on wine and other alcoholic beverages; exceptions.**

A. In addition to the taxes imposed pursuant to Chapter 6 (§ 58.1-600 et seq.) of Title 58.1, a tax of 40 cents is levied on each liter of wine sold in the Commonwealth. Additionally, on vermouth and on farm winery wines sold to consumers by the Board the state tax shall be four percent of the price charged.

B. There is levied on other alcoholic beverages sold (i) by the Board, a tax of 20 percent of the price charged and (ii) by the holder of a distiller's retail license, a tax of 30 percent of the price charged. This subsection shall also apply to all alcoholic beverages purchased from the Board by any mixed beverage licensee.

C. The provisions of this section shall not apply to (i) beer; (ii) wine coolers; (iii) sales of wine by manufacturers to wholesale wine licensees for resale to retail licensees; (iv) sales, other than by or through government stores or stores operated by the holder of a distiller's retail license, of alcoholic beverages for manufacturing and industrial purposes, or either; (v) sales, other than by or through government stores or stores operated by the holder of a distiller's retail license, of alcohol for hospital and laboratory purposes, or either; (vi) alcoholic beverages shipped from the Commonwealth to points outside the Commonwealth, for resale outside the Commonwealth; (vii) alcoholic beverages shipped from the Commonwealth to consumers outside the Commonwealth for personal consumption and not for resale; and (viii) sales to any instrumentality of the federal government.

**§ 15.2-2288.3:2. Limited distiller's license; local regulation of certain activities.**

A. Local restriction upon activities of distilleries licensed pursuant to subdivision 2 A 3 of § 4.1-206 to market and sell their products shall be reasonable and shall take into account the economic impact on such licensed distillery of such restriction, the agricultural nature of such activities and events, and whether such activities and events are usual and customary for such licensed distilleries. Usual and customary activities and events at such licensed distilleries shall be permitted unless there is a substantial impact on the health, safety, or welfare of the public.

B. No locality shall regulate any of the following activities of a distillery licensed under subdivision 2 A 3 of § 4.1-206:

1. The production and harvesting of agricultural products and the manufacturing of alcoholic beverages other than wine or beer;

2. The on-premises sale, tasting, or consumption of alcoholic beverages other than wine or beer during regular business hours in accordance with a contract between a distillery and the Alcoholic Beverage Control Board pursuant to the provisions of subsection D H of § 4.1-119;

3. The sale and shipment of alcoholic beverages other than wine or beer to licensed wholesalers and out-of-state purchasers in accordance with Title 4.1, regulations of the Alcoholic Beverage Control Board, and federal law;

4. The storage and warehousing of alcoholic beverages other than wine or beer in accordance with Title 4.1, regulations of the Alcoholic Beverage Control Board, and federal law; or

5. The sale of items related to alcoholic beverages other than wine or beer that are incidental to the sale of such alcoholic beverages.

C. Any locality may exempt any distillery licensed in accordance with subdivision 2 A 3 of § 4.1-206

**552** on land zoned agricultural from any local regulation of minimum parking, road access, or road upgrade  
**553** requirements.