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SENATE BILL NO. 769

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on General Laws
on March 1, 2018)

(Patron Prior to Substitute—Senator Surovell)

A BILL to amend and reenact §§ 4.1-208 and 4.1-233 of the Code of Virginia, relating to alcoholic beverage control; beer licenses.

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-208 and 4.1-233 of the Code of Virginia are amended and reenacted as follows:

§ 4.1-208. Beer licenses.

A. The Board may grant the following licenses relating to beer:

1. Brewery licenses, which shall authorize the licensee to manufacture beer and to sell and deliver or ship the beer so manufactured, in accordance with Board regulations, in closed containers to (i) persons licensed to sell the beer at wholesale; (ii) persons licensed to sell beer at retail for the purpose of resale within a theme or amusement park owned and operated by the brewery or a parent, subsidiary or a company under common control of such brewery, or upon property of such brewery or a parent, subsidiary or a company under common control of such brewery contiguous to such premises, or in a development contiguous to such premises owned and operated by such brewery or a parent, subsidiary or a company under common control of such brewery; and (iii) persons outside the Commonwealth for resale outside the Commonwealth. Such license shall also authorize the licensee to sell at retail the brands of beer that the brewery owns at premises described in the brewery license for on-premises consumption and in closed containers for off-premises consumption.

Such license may also authorize individuals holding a brewery license to (a) operate a facility designed for and utilized exclusively for the education of persons in the manufacture of beer, including sampling by such individuals of beer products, within a theme or amusement park located upon the premises occupied by such 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 or (b) offer samples of the brewery's products to individuals visiting the licensed premises, provided that such samples shall be provided only to individuals for consumption on the premises of such facility or licensed premises and only to individuals to whom such products may be lawfully sold.

2. Limited brewery licenses, to breweries that manufacture no more than 15,000 barrels of beer per calendar year, provided that (i) the brewery is located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such brewery or its owner and (ii) agricultural products, including barley, other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown on the farm. The licensed premises shall be limited to the portion of the farm on which agricultural products, including barley, other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown and that is contiguous to the premises of such brewery where the beer is manufactured, exclusive of any residence and the curtilage thereof. However, the Board may, with notice to the local governing body in accordance with the provisions of § 4.1-230, also approve other portions of the farm to be included as part of the licensed premises. 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 brewery 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.

Limited brewery licensees shall be treated as breweries for all purposes of this title except as otherwise provided in this subdivision.

3. Bottlers' licenses, which shall authorize the licensee to acquire and receive deliveries and shipments of beer in closed containers and to bottle, sell and deliver or ship it, in accordance with Board regulations to (i) wholesale beer licensees for the purpose of resale, (ii) owners of boats registered under the laws of the United States sailing for ports of call of a foreign country or another state, and (iii) persons outside the Commonwealth for resale outside the Commonwealth.

4. Wholesale beer licenses, which shall authorize the licensee to acquire and receive deliveries and shipments of beer and to sell and deliver or ship the beer from one or more premises identified in the license, in accordance with Board regulations, in closed containers to (i) persons licensed under this chapter to sell such beer at wholesale or retail for the purpose of resale, (ii) owners of boats registered under the laws of the United States sailing for ports of call of a foreign country or another state, and (iii) persons outside the Commonwealth for resale outside the Commonwealth.

No wholesale beer licensee shall purchase beer for resale from a person outside the Commonwealth

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60 who does not hold a beer importer's license unless such wholesale beer licensee holds a beer importer's
61 license and purchases beer for resale pursuant to the privileges of such beer importer's license.

62 5. Beer importers' licenses, which shall authorize persons licensed within or outside the
63 Commonwealth to sell and deliver or ship beer into the Commonwealth, in accordance with Board
64 regulations, in closed containers, to persons in the Commonwealth licensed to sell beer at wholesale for
65 the purpose of resale.

66 6. Retail on-premises beer licenses to:

67 a. Hotels, restaurants, and clubs, which shall authorize the licensee to sell beer, either with or without
68 meals, only in dining areas and other designated areas of such restaurants, or in dining areas, private
69 guest rooms, and other designated areas of such hotels or clubs, for consumption only in such rooms
70 and areas. For purposes of this subdivision, "other designated areas" includes outdoor dining areas,
71 whether or not contiguous to the licensed premises, which may have more than one means of ingress
72 and egress to an adjacent public thoroughfare, provided that such outdoor dining areas are under the
73 control of the licensee and approved by the Board. Such noncontiguous designated areas shall not be
74 approved for any retail license issued pursuant to subdivision A 5 of § 4.1-201.

75 b. Persons operating dining cars, buffet cars, and club cars of trains, which shall authorize the
76 licensee to sell beer, either with or without meals, in the dining cars, buffet cars, and club cars so
77 operated by them for on-premises consumption when carrying passengers.

78 c. Persons operating sight-seeing boats, or special or charter boats, which shall authorize the licensee
79 to sell beer, either with or without meals, on such boats operated by them for on-premises consumption
80 when carrying passengers.

81 d. Grocery stores located in any town or in a rural area outside the corporate limits of any city or
82 town, which shall authorize the licensee to sell beer for on-premises consumption in such establishments.
83 No license shall be granted unless it appears affirmatively that a substantial public demand for such
84 licensed establishment exists and that public convenience and the purposes of this title will be promoted
85 by granting the license.

86 e. Persons operating food concessions at coliseums, stadia, or similar facilities, which shall authorize
87 the licensee to sell beer, in paper, plastic, or similar disposable containers or in single original metal
88 cans, during the performance of professional sporting exhibitions, events or performances immediately
89 subsequent thereto, to patrons within all seating areas, concourses, walkways, concession areas, and
90 additional locations designated by the Board in such coliseums, stadia, or similar facilities, for
91 on-premises consumption. Upon authorization of the licensee, any person may keep and consume his
92 own lawfully acquired alcoholic beverages on the premises in all areas and locations covered by the
93 license.

94 f. Persons operating food concessions at any outdoor performing arts amphitheater, arena or similar
95 facility which has seating for more than 3,500 persons and is located in Albemarle, Augusta,
96 Pittsylvania, Nelson, or Rockingham Counties. Such license shall authorize the licensee to sell beer
97 during the performance of any event, in paper, plastic or similar disposable containers or in single
98 original metal cans, to patrons within all seating areas, concourses, walkways, concession areas, or
99 similar facilities, for on-premises consumption. Upon authorization of the licensee, any person may keep
100 and consume his own lawfully acquired alcoholic beverages on the premises in all areas and locations
101 covered by the license.

102 g. Persons operating food concessions at exhibition or exposition halls, convention centers or similar
103 facilities located in any county operating under the urban county executive form of government or any
104 city which is completely surrounded by such county, which shall authorize the licensee to sell beer
105 during the event, in paper, plastic or similar disposable containers or in single original metal cans, to
106 patrons or attendees within all seating areas, exhibition areas, concourses, walkways, concession areas,
107 and such additional locations designated by the Board in such facilities, for on-premises consumption.
108 Upon authorization of the licensee, any person may keep and consume his own lawfully acquired
109 alcoholic beverages on the premises in all areas and locations covered by the license. For purposes of
110 this subsection, "exhibition or exposition halls" and "convention centers" mean facilities conducting
111 private or public trade shows or exhibitions in an indoor facility having in excess of 100,000 square feet
112 of floor space.

113 h. *A nonprofit museum exempt from taxation under § 501(c)(3) of the Internal Revenue Code, located*
114 *in the Town of Front Royal, and dedicated to educating the consuming public about historic beer*
115 *products, which shall authorize the licensee to sell beer for on-premises consumption in areas approved*
116 *by the Board. The privileges of this license shall be limited to the premises of the museum, regularly*
117 *occupied and utilized as such.*

118 7. Retail off-premises beer licenses, which shall authorize the licensee to sell beer in closed
119 containers for off-premises consumption.

120 8. Retail off-premises brewery licenses to persons holding a brewery license which shall authorize
121 the licensee to sell beer at the place of business designated in the brewery license, in closed containers

which shall include growlers and other reusable containers, for off-premises consumption.

9. Retail on-and-off premises beer licenses to persons enumerated in subdivisions 6 a and 6 d, which shall accord all the privileges conferred by retail on-premises beer licenses and in addition, shall authorize the licensee to sell beer in closed containers for off-premises consumption.

B. Any farm winery or limited brewery 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 farm winery or limited brewery 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 farm winery or limited brewery on or after July 1, 2016, whether by transfer, acquisition, inheritance, or other means. Any such farm winery or limited brewery 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 farm winery or limited brewery 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 farm winery or limited brewery on or after July 1, 2016.

§ 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;

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;

f. Equine sporting event license, \$10;

g. Day spa license, \$20;

h. Motor car sporting event facility license, \$10;

i. Meal-assembly kitchen license, \$20;

j. Canal boat operator license, \$20;

k. Annual arts venue event license, \$20;

l. Art instruction studio license, \$20; and

m. Commercial lifestyle center license, \$60.

2. Beer. — For each:

a. Brewery license, if not more than 500 barrels of beer manufactured during the year in which the license is granted, \$250, and if more than 500 barrels of beer manufactured during the year in which the license is granted, \$1,000;

b. Bottler's license, \$500;

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

d. Retail on-premises beer license for a hotel, restaurant ~~or~~, club *or other person* and for each retail off-premises beer license in a city, \$100, and in a county or town, \$25; and

e. Beer shipper's license, \$10.

3. Wine. — For each:

a. Winery license, \$50;

b. Wholesale wine license, \$50;

c. Farm winery license, \$50; and

d. Wine shipper's license, \$10.

4. Wine and beer. — For each:

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

b. Hospital license, \$10;

c. Historic cinema house license, \$20;

d. Banquet license, \$5 for each license granted, except for banquet licenses granted by the Board pursuant to subsection A of § 4.1-215, which shall be \$20 per license;

e. Gourmet brewing shop license, \$150;

f. Wine and beer shipper's license, \$10;

183 g. Annual banquet license, \$15; and
184 h. Gourmet oyster house license, in a city, \$150, and in a county or town, \$37.50.
185 5. Mixed beverages. — For each:
186 a. Mixed beverage restaurant license, including restaurants located on the premises of and operated
187 by hotels or motels, or other persons:
188 (i) With a seating capacity at tables for up to 100 persons, \$200;
189 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$350; and
190 (iii) With a seating capacity at tables for more than 150 persons, \$500.
191 b. Private, nonprofit club operating a restaurant located on the premises of such club, \$350;
192 c. Mixed beverage caterer's license, \$500;
193 d. Mixed beverage limited caterer's license, \$100;
194 e. Mixed beverage special events licenses, \$10 for each day of each event;
195 f. Mixed beverage club events licenses, \$10 for each day of each event;
196 g. Annual mixed beverage amphitheater license, \$300;
197 h. Annual mixed beverage motor sports race track license, \$300;
198 i. Annual mixed beverage banquet license, \$75;
199 j. Limited mixed beverage restaurant license:
200 (i) With a seating capacity at tables for up to 100 persons, \$100;
201 (ii) With a seating capacity at tables for more than 100 but not more than 150 persons, \$250;
202 (iii) With a seating capacity at tables for more than 150 persons, \$400;
203 k. Annual mixed beverage motor sports facility license, \$300; and
204 l. Annual mixed beverage performing arts facility license, \$300.
205 B. Common carriers. — No local license tax shall be either charged or collected for the privilege of
206 selling alcoholic beverages in (i) passenger trains, boats or airplanes and (ii) rooms designated by the
207 Board of establishments of air carriers of passengers at airports in the Commonwealth for on-premises
208 consumption only.
209 C. Merchants' and restaurants' license taxes. — The governing body of each county, city or town in
210 the Commonwealth, in imposing local wholesale merchants' license taxes measured by purchases, local
211 retail merchants' license taxes measured by sales, and local restaurant license taxes measured by sales,
212 may include alcoholic beverages in the base for measuring such local license taxes the same as if the
213 alcoholic beverages were nonalcoholic. No local alcoholic beverage license authorized by this chapter
214 shall exempt any licensee from any local merchants' or local restaurant license tax, but such local
215 merchants' and local restaurant license taxes may be in addition to the local alcoholic beverage license
216 taxes authorized by this chapter.
217 The governing body of any county, city or town, in adopting an ordinance under this section, shall
218 provide that in ascertaining the liability of (i) a beer wholesaler to local merchants' license taxation
219 under the ordinance, and in computing the local wholesale merchants' license tax on such beer
220 wholesaler, purchases of beer up to a stated amount shall be disregarded, which stated amount shall be
221 the amount of beer purchases which would be necessary to produce a local wholesale merchants' license
222 tax equal to the local wholesale beer license tax paid by such wholesaler and (ii) a wholesale wine
223 licensee to local merchants' license taxation under the ordinance, and in computing the local wholesale
224 merchants' license tax on such wholesale wine licensee, purchases of wine up to a stated amount shall
225 be disregarded, which stated amount shall be the amount of wine purchases which would be necessary
226 to produce a local wholesale merchants' license tax equal to the local wholesale wine licensee license tax
227 paid by such wholesale wine licensee.
228 D. Delivery. — No county, city or town shall impose any local alcoholic beverages license tax on
229 any wholesaler for the privilege of delivering alcoholic beverages in the county, city or town when such
230 wholesaler maintains no place of business in such county, city or town.
231 E. Application of county tax within town. — Any county license tax imposed under this section shall
232 not apply within the limits of any town located in such county, where such town now, or hereafter,
233 imposes a town license tax on the same privilege.