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## SENATE BILL NO. 1726

Offered January 16, 2019

A *BILL to amend and reenact § 4.1-111 of the Code of Virginia, relating to alcoholic beverage control; happy hour advertising.*

Patrons—McDougle, DeSteph and McPike

Referred to Committee on Rehabilitation and Social Services

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

**1. That § 4.1-111 of the Code of Virginia is amended and reenacted as follows:**

**§ 4.1-111. Regulations of Board.**

A. The Board may promulgate reasonable regulations, not inconsistent with this title or the general laws of the Commonwealth, which it deems necessary to carry out the provisions of this title and to prevent the illegal manufacture, bottling, sale, distribution and transportation of alcoholic beverages. The Board may amend or repeal such regulations. Such regulations shall be promulgated, amended or repealed in accordance with the Administrative Process Act (§ 2.2-4000 et seq.) and shall have the effect of law.

B. The Board shall promulgate regulations that:

1. Prescribe what hours and on what days alcoholic beverages shall not be sold by licensees or consumed on any licensed premises, including a provision that mixed beverages may be sold only at such times as wine and beer may be sold.

2. Require mixed beverage caterer licensees to notify the Board in advance of any event to be served by such licensee.

3. Maintain the reasonable separation of retailer interests from those of the manufacturers, bottlers, brokers, importers and wholesalers in accordance with § 4.1-216 and in consideration of the established trade customs, quantity and value of the articles or services involved; prevent undue competitive domination of any person by any other person engaged in the manufacture, distribution and sale at retail or wholesale of alcoholic beverages in the Commonwealth; and promote reasonable accommodation of arm's length business transactions.

4. Establish requirements for the form, content, and retention of all records and accounts, including the (i) reporting and collection of taxes required by § 4.1-236 and (ii) the sale of alcoholic beverages in kegs, by all licensees.

5. Require retail licensees to file an appeal from any hearing decision rendered by a hearing officer within 30 days of the date the notice of the decision is sent. The notice shall be sent to the licensee at the address on record with the Board by certified mail, return receipt requested, and by regular mail.

6. Prescribe the terms and conditions under which persons who collect or trade designer or vintage spirit bottles may sell such bottles at auction, provided that (i) the auction is conducted in accordance with the provisions of Chapter 6 (§ 54.1-600 et seq.) of Title 54.1 and (ii) the bottles are unopened and the manufacturers' seals, marks, or stamps affixed to the bottles are intact.

7. Prescribe the terms and conditions under which credit or debit cards may be accepted from licensees for purchases at government stores, including provision for the collection, where appropriate, of related fees, penalties, and service charges.

8. Require that banquet licensees in charge of public events as defined by Board regulations report to the Board the income and expenses associated with the public event on a form prescribed by the Board when the banquet licensee engages another person to organize, conduct or operate the event on behalf of the banquet licensee. Such regulations shall be applicable only to public events where alcoholic beverages are being sold.

9. Provide alternative methods for licensees to maintain and store business records that are subject to Board inspection, including methods for Board-approved electronic and off-site storage.

10. Require off-premises retail licensees to place any premixed alcoholic energy drinks containing one-half of one percent or more of alcohol by volume in the same location where wine and beer are available for sale within the licensed premises.

11. Prescribe the terms and conditions under which mixed beverage licensees may infuse, store, and sell flavored distilled spirits, including a provision that limits infusion containers to a maximum of 20 liters.

12. Prescribe the schedule of proration for refunded license taxes to licensees who qualify pursuant to subsection C of § 4.1-232.

13. Establish reasonable time, place, and manner restrictions on outdoor advertising of alcoholic

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59 beverages, not inconsistent with the provisions of this title, so that such advertising does not encourage  
60 or otherwise promote the consumption of alcoholic beverages by persons to whom alcoholic beverages  
61 may not be lawfully sold. Such regulations shall:

62 a. Restrict outdoor advertising of alcoholic beverages in publicly visible locations consistent with (i)  
63 the general prohibition against tied interests between retail licensees and manufacturers or wholesale  
64 licensees as provided in §§ 4.1-215 and 4.1-216; (ii) the prohibition against manufacturer control of  
65 wholesale licensees as set forth in § 4.1-223 and Board regulations adopted pursuant thereto; and (iii) the  
66 general prohibition against cooperative advertising between manufacturers, wholesalers, or importers and  
67 retail licensees as set forth in Board regulation; and

68 b. Permit (i) any outdoor signage or advertising not otherwise prohibited by this title and (ii) the  
69 display of outdoor alcoholic beverage advertising on lawfully erected billboard signs regulated under  
70 Chapter 12 (§ 33.2-1200 et seq.) of Title 33.2 where such signs are located on commercial real estate  
71 as defined in § 55-526, but only in accordance with this title.

72 14. Prescribe the terms and conditions under which a licensed brewery may manufacture beer  
73 pursuant to an agreement with a brand owner not under common control with the manufacturing  
74 brewery and sell and deliver the beer so manufactured to the brand owner. The regulations shall require  
75 that (i) the brand owner be an entity appropriately licensed as a brewery or beer wholesaler, (ii) a  
76 written agreement be entered into by the parties, and (iii) records as deemed appropriate by the Board  
77 are maintained by the parties.

78 15. Prescribe the terms for any "happy hour" conducted by on-premises licensees. Such regulations  
79 shall permit on-premises licensees to advertise any alcoholic beverage products featured during a happy  
80 hour ~~but prohibit the advertising of~~ and any pricing related to such happy hour. *Such regulations shall*  
81 *not prohibit on-premises licensees from using creative marketing techniques in such advertisements,*  
82 *provided that such techniques do not tend to induce overconsumption or consumption by minors.*

83 16. Permit retail on-premises licensees to give a gift of one alcoholic beverage to a patron or one  
84 bottle of wine to a group of two or more patrons, provided that (i) such gifts only are made to  
85 individuals to whom such products may lawfully be sold and (ii) only one such gift is given during any  
86 24-hour period and subject to any Board limitations on the frequency of such gifts.

87 17. Permit the sale of beer and cider for off-premises consumption in resealable growlers made of  
88 glass, ceramic, metal, or other materials approved by the Board, or other resealable containers approved  
89 by the Board, with a maximum capacity of 128 fluid ounces or, for metric-sized containers, four liters.

90 18. Permit the sale of wine for off-premises consumption in resealable growlers made of glass,  
91 ceramic, metal, or other materials approved by the Board, or other resealable containers approved by the  
92 Board, with a maximum capacity of 64 fluid ounces or, for metric-sized containers, two liters. Wine  
93 growlers may be used only by persons licensed to sell wine for both on-premises and off-premises  
94 consumption or by gourmet shop licensees. Growlers sold by gourmet shop licensees shall be labeled  
95 with (i) the manufacturer's name or trade name, (ii) the place of production, (iii) the net contents in fluid  
96 ounces, and (iv) the name and address of the retailer.

97 19. Permit the sale of wine, cider, and beer by retailers licensed to sell beer and wine for both  
98 on-premises and off-premises consumption, or by gourmet shop licensees for off-premises consumption  
99 in sealed containers made of metal or other materials approved by the Board with a maximum capacity  
100 of 32 fluid ounces or, for metric-sized containers, one liter, provided that the alcoholic beverage is  
101 placed in the container following an order from the consumer.

102 20. Permit mixed beverage licensees to premix containers of sangria and other mixed alcoholic  
103 beverages and to serve such alcoholic beverages in pitchers, subject to size and quantity limitations  
104 established by the Board.

105 21. Establish and make available to all licensees and permittees for which on-premises consumption  
106 of alcoholic beverages is allowed and employees of such licensees and permittees who serve as a  
107 bartender or otherwise sell, serve, or dispense alcoholic beverages for on-premises consumption a bar  
108 bystander training module, which shall include (i) information that enables licensees, permittees, and  
109 their employees to recognize situations that may lead to sexual assault and (ii) intervention strategies to  
110 prevent such situations from culminating in sexual assault.

111 22. Require mixed beverage licensees to have food, cooked or prepared on the licensed premises,  
112 available for on-premises consumption until at least 30 minutes prior to an establishment's closing. Such  
113 food shall be available in all areas of the licensed premises in which spirits are sold or served.

114 C. The Board may promulgate regulations that:

115 1. Provide for the waiver of the license tax for an applicant for a banquet license, such waiver to be  
116 based on (i) the amount of alcoholic beverages to be provided by the applicant, (ii) the not-for-profit  
117 status of the applicant, and (iii) the condition that no profits are to be generated from the event. For the  
118 purposes of clause (ii), the applicant shall submit with the application, an affidavit certifying its  
119 not-for-profit status. The granting of such waiver shall be limited to two events per year for each  
120 applicant.

- 121        2. Establish limitations on the quantity and value of any gifts of alcoholic beverages made in the  
122 course of any business entertainment pursuant to subdivision A 22 of § 4.1-325 or subsection C of  
123 § 4.1-325.2.
- 124        3. Provide incentives to licensees with a proven history of compliance with state and federal laws  
125 and regulations to encourage licensees to conduct their business and related activities in a manner that is  
126 beneficial to the Commonwealth.
- 127        D. Board regulations shall be uniform in their application, except those relating to hours of sale for  
128 licensees.
- 129        E. Courts shall take judicial notice of Board regulations.
- 130        F. The Board's power to regulate shall be broadly construed.