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SENATE BILL NO. 414

Offered January 8, 2020

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A BILL to amend and reenact § 4.1-206 of the Code of Virginia, relating to alcoholic beverage control; limited distiller's license; allowable gallonage.

Patron—Deeds

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:**1. That § 4.1-206 of the Code of Virginia is amended and reenacted as follows:****§ 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 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 of § 4.1-119 and Board regulations.

2. 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 are located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such distillery or its owner and (ii) ~~use agricultural products used by such distillery that 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) 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.

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

64 7. Museum licenses, which may be issued to nonprofit museums exempt from taxation under
65 § 501(c)(3) of the Internal Revenue Code, which shall authorize the licensee to (i) permit the
66 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide
67 member and guests thereof and (ii) serve alcoholic beverages on the premises of the licensee to any
68 bona fide member and guests thereof. However, alcoholic beverages shall not be sold or charged for in
69 any way by the licensee. The privileges of this license shall be limited to the premises of the museum,
70 regularly occupied and utilized as such.

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

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

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

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

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

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

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

117 15. Commercial lifestyle center license, which may be issued only to a commercial owners'
118 association governing a commercial lifestyle center, which shall authorize any retail on-premises
119 restaurant licensee that is a tenant of the commercial lifestyle center to sell alcoholic beverages to any
120 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.

16. Confectionery license, which shall authorize the licensee to prepare and sell on the licensed premises for off-premises consumption confectionery that contains five percent or less alcohol by volume. Any alcohol contained in such confectionery shall not be in liquid form at the time such confectionery is sold.

17. Local special events license, which may be issued only to a locality, business improvement district, or nonprofit organization and which shall authorize (i) the licensee to permit the consumption of alcoholic beverages within the area designated by the Board for the special event and (ii) any permanent retail on-premises licensee that is located within the area designated by the Board for the special event to sell alcoholic beverages within the permanent retail location for consumption in the area designated for the special event, including sidewalks and the premises of businesses not licensed to sell alcoholic beverages at retail, upon approval of such businesses. In determining the designated area for the special event, the Board shall consult with the locality. Local special events licensees shall be limited to 12 special events per year. Only alcoholic beverages purchased from permanent retail on-premises licensees located within the designated area may be consumed at the special event, and such alcoholic beverages shall be contained in paper, plastic, or similar disposable containers that clearly display the name or logo of the retail on-premises licensee from which the alcoholic beverage was purchased. Alcoholic beverages shall not be sold or charged for in any way by the local special events licensee. The local special events licensee shall post appropriate signage clearly demarcating for the public the boundaries of the special event; however, no physical barriers shall be required for this purpose. The local special events licensee shall provide adequate security for the special event to ensure compliance with the applicable provisions of this title and Board regulations.

18. Coworking establishment license, which shall authorize the licensee to (i) permit the consumption of lawfully acquired wine or beer between 4:00 p.m. and 8:00 p.m. on the premises of the licensee by any member and up to two guests of each member, provided that such member and guests are persons who may lawfully consume alcohol and an employee of the coworking establishment is present, and (ii) serve wine and beer on the premises of the licensee between 4:00 p.m. and 8:00 p.m. to any member and up to two guests of each member, provided that such member and guests are persons to whom alcoholic beverages may be lawfully served. However, the licensee shall not give more than two five-ounce glasses of wine or two 12-ounce glasses of beer to any person, nor shall it sell or otherwise charge a fee for the wine or beer served or consumed. For purposes of this subdivision, the payment of membership dues by a member to the coworking establishment shall not constitute a sale or charge for alcohol, provided that the availability of alcohol is not a privilege for which the amount of membership dues increases. The privileges of this license shall be limited to the premises of the coworking establishment, regularly occupied and utilized as such.

19. Bespoke clothier establishment license, which shall authorize the licensee to serve wine or beer for on-premises consumption upon the licensed premises approved by the Board to any member; however, the licensee shall not give more than (i) two five-ounce glasses of wine or (ii) 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. For purposes of this subdivision, the payment of membership dues by a member to the bespoke clothier establishment shall not constitute a sale or charge for alcohol, provided that the availability of alcohol is not a privilege for which the amount of membership dues increases. The privileges of this license shall be limited to the premises of the bespoke clothier establishment, regularly occupied and utilized as such.

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

182 residential conservation prior to July 1, 2016, may expand any existing building or structure and the
183 uses thereof so long as specifically approved by the locality by special exception. Any such limited
184 distillery located on land zoned residential conservation prior to July 1, 2016, may construct a new
185 building or structure so long as specifically approved by the locality by special exception. All such
186 licensees shall comply with the requirements of this title and Board regulations for renewal of such
187 license or the issuance of a new license in the event of a change in ownership of the limited distillery
188 on or after July 1, 2016.