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SENATE BILL NO. 688

Offered January 8, 2020

Prefiled January 7, 2020

A BILL to amend and reenact §§ 4.1-119, as it is currently effective and as it shall become effective, and 4.1-206 of the Code of Virginia, relating to alcoholic beverage control; distillers' licenses; remote stores and tasting rooms.

Patron—Vogel

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:

1. That §§ 4.1-119, as it is currently effective and as it shall become effective, and 4.1-206 of the Code of Virginia are amended and reenacted as follows:

§ 4.1-119. (Effective until July 1, 2020) 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, low alcohol beverage coolers, 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. 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 the holder of a distiller's license or its officers and employees as agents of the Board for the sale of spirits and low alcohol beverage coolers, manufactured by or for, or blended by such licensee on the licensed premises, at government stores established by the Board (i) on the distiller's licensed premises ~~or~~, (ii) *at no more than four additional locations designated in the license*, or (iii) 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 shall sell the spirits and low alcohol beverage coolers in accordance with the provisions of this title, Board regulations, and the terms of the agency agreement between the Authority and the licensed distiller. The Authority shall pay a licensed distiller making sales pursuant to an agreement authorized by this subsection a commission of not less than 20 percent of the retail price of the goods sold.

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 (a)(1) additionally aged by the receiving distillery in order to increase the quality and flavor of such alcoholic beverages or (2) used in a low alcohol beverage cooler and (b) bottled by the receiving distillery.

E. 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.

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

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

66 Notwithstanding the provision of this subsection to the contrary, an agent of the Board appointed
67 pursuant to subsection D may give samples of spirits, beer, wine, or cider to persons to whom alcoholic
68 beverages may be lawfully sold for on-premises consumption, provided that (i) the spirits, beer, wine, or
69 cider samples are ~~manufactured within~~ *provided at* the same licensed premises ~~or at which they are~~
70 *manufactured*, on contiguous premises, *or at no more than four additional locations designated in the*
71 *license* of such agent licensed as a distillery, brewery, or winery; (ii) no single sample shall exceed four
72 ounces of beer, two ounces of wine or cider, or one-half ounce of spirits, unless served as a mixed
73 beverage, in which case a single sample of spirits may contain up to one and one-half ounces of spirits;
74 (iii) no more than four total samples of alcoholic beverage products or, in the case of spirits samples, no
75 more than three ounces of spirits shall be given or sold to any person per day; and (iv) in the case of
76 spirits samples, a method is used to track the consumption of each consumer. Nothing in this paragraph
77 shall prohibit such agent from serving samples of spirits as part of a mixed beverage. Such mixed
78 beverage samples may contain spirits or vermouth not manufactured on the licensed premises or on
79 contiguous premises of the licensed distillery, provided that at least 75 percent of the alcohol used in
80 such samples is manufactured on the licensed premises or on contiguous premises of the licensed
81 distillery. An agent of the Board appointed pursuant to subsection D may keep on the licensed premises
82 no more than 10 varieties of spirits or vermouth not manufactured on the licensed premises or on
83 contiguous premises of the licensed distillery. Any spirits or vermouth used in such samples that are not
84 manufactured on the licensed premises or on contiguous premises of the licensed distillery shall be
85 purchased from the Board.

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

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

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

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

105 **§ 4.1-119. (Effective July 1, 2020, until July 1, 2022) Operation of government stores.**

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

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

115 C. The Board shall fix the wholesale and retail prices at which the various classes, varieties and
116 brands of alcoholic beverages and other Board-approved products that are sold in government stores.
117 Differences in the cost of operating stores, and market competition and conditions may be reflected in
118 the sale price of alcoholic beverages sold at government stores. The Board may sell alcoholic beverages
119 to federal instrumentalities (i) authorized and operating under the laws of the United States and
120 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 the holder of a distiller's license or its officers and employees as agents of the Board for the sale of spirits and low alcohol beverage coolers, manufactured by or for, or blended by such licensee on the licensed premises, at government stores established by the Board (i) on the distiller's licensed premises ~~or~~, (ii) *at no more than four additional locations designated in the license*, or (iii) 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 shall sell the spirits and low alcohol beverage coolers in accordance with the provisions of this title, Board regulations, and the terms of the agency agreement between the Authority and the licensed distiller. The Authority shall pay a licensed distiller making sales pursuant to an agreement authorized by this subsection a commission of not less than 20 percent of the retail price of the goods sold. Monthly revenue transfers from the licensed distiller to the Board (a) may be submitted electronically and through other methods approved by the Board and (b) notwithstanding the provisions of §§ 2.2-1802 and 4.1-116, shall be limited to the amount due to the Board in applicable taxes and markups.

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 (a)(1) additionally aged by the receiving distillery in order to increase the quality and flavor of such alcoholic beverages or (2) used in a low alcohol beverage cooler and (b) bottled by the receiving distillery.

E. 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.

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

G. No alcoholic beverages shall be consumed in a government store 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 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) the spirits, beer, wine, or cider samples are ~~manufactured within~~ *provided at* the same licensed premises ~~or at which they are manufactured~~, on contiguous premises, *or at no more than four additional locations designated in the license* of such agent licensed as a distillery, brewery, or winery; (ii) no single sample shall exceed four ounces of beer, two ounces of wine or cider, 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) 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) 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. Such mixed beverage samples may contain spirits or vermouth not manufactured on the licensed premises or on contiguous premises of the licensed distillery, provided that at least 75 percent of the alcohol used in such samples is manufactured on the licensed premises or on contiguous premises of the licensed distillery. An agent of the Board appointed pursuant to subsection D may keep on the licensed premises no more than 10 varieties of spirits or vermouth not manufactured on the licensed premises or on contiguous premises of the licensed distillery. Any spirits or vermouth used in such samples that are not manufactured on the licensed premises or on contiguous premises of the licensed distillery shall be purchased from the Board.

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

Any case fee charged to a licensed distiller by the Board for moving spirits from the production and

bailment area to the tasting area of a government store established by the Board on the distiller's licensed premises shall be waived if such spirits are moved by employees of the licensed distiller.

H. 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. 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. 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.

§ 4.1-119. (Effective July 1, 2022) Operation of government stores.

A. Subject to the provisions 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, low alcohol beverage coolers, 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. 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 the holder of a distiller's license or its officers and employees as agents of the Board for the sale of spirits and low alcohol beverage coolers, manufactured by or for, or blended by such licensee on the licensed premises, at government stores established by the Board (i) on the distiller's licensed premises ~~or~~, (ii) *at no more than four additional locations designated in the license, or* (iii) 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 shall sell the spirits and low alcohol beverage coolers in accordance with the provisions of this title, Board regulations, and the terms of the agency agreement between the Authority and the licensed distiller. The Authority shall pay a licensed distiller making sales pursuant to an agreement authorized by this subsection a commission of not less than 20 percent of the retail price of the goods sold. Monthly revenue transfers from the licensed distiller to the Board (a) may be submitted electronically and through other methods approved by the Board and (b) notwithstanding the provisions of §§ 2.2-1802 and 4.1-116, shall be limited to the amount due to the Board in applicable taxes and markups.

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 (a)(1) additionally aged by the receiving distillery in order to increase the quality and flavor of such alcoholic beverages or (2) used in a low alcohol beverage cooler and (b) bottled by the receiving distillery.

E. 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. All alcoholic beverages sold in government stores, except for tasting samples pursuant to subsection G sold in government stores established by the Board on a distiller's licensed premises, shall be in closed containers, sealed and affixed with labels prescribed by the Board.

G. No alcoholic beverages shall be consumed in a government store 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 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) the spirits, beer, wine, or cider samples are ~~manufactured within~~ *provided at the same licensed premises or at which they are manufactured*, on contiguous premises, *or at no more than four additional locations designated in the license* of such agent licensed as a distillery, brewery, or winery; (ii) no single sample shall exceed four ounces of beer, two ounces of wine or cider, 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) 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) 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. Such mixed beverage samples may contain spirits or vermouth not manufactured on the licensed premises or on contiguous premises of the licensed distillery, provided that at least 75 percent of the alcohol used in such samples is manufactured on the licensed premises or on contiguous premises of the licensed distillery. An agent of the Board appointed pursuant to subsection D may keep on the licensed premises no more than 10 varieties of spirits or vermouth not manufactured on the licensed premises or on contiguous premises of the licensed distillery. Any spirits or vermouth used in such samples that are not manufactured on the licensed premises or on contiguous premises of the licensed distillery shall be purchased from the Board.

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

Any case fee charged to a licensed distiller by the Board for moving spirits from the production and bailment area to the tasting area of a government store established by the Board on the distiller's licensed premises shall be waived if such spirits are moved by employees of the licensed distiller.

H. 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. 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. 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.

§ 4.1-206. 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

305 *or at no more than four additional locations designated in the license* pursuant to subsection D of §
306 4.1-119, such license shall also authorize the licensee to make a charge to consumers to participate in an
307 organized tasting event conducted in accordance with subsection G of § 4.1-119 and Board regulations.

308 2. Limited distiller's licenses, to distilleries that manufacture not more than 36,000 gallons of
309 alcoholic beverages other than wine or beer per calendar year, provided (i) the distillery is located on a
310 farm in the Commonwealth on land zoned agricultural and owned or leased by such distillery or its
311 owner and (ii) agricultural products used by such distillery in the manufacture of its alcoholic beverages
312 are grown on the farm. Limited distiller's licensees shall be treated as distillers for all purposes of this
313 title except as otherwise provided in this subdivision. For purposes of this subdivision, "land zoned
314 agricultural" means (a) land zoned as an agricultural district or classification or (b) land otherwise
315 permitted by a locality for limited distillery use. For purposes of this subdivision, "land zoned
316 agricultural" does not include land zoned "residential conservation." Except for the limitation on land
317 zoned "residential conservation," nothing in this definition shall otherwise limit or affect local zoning
318 authority.

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

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

334 5. Bed and breakfast licenses, which shall authorize the licensee to (i) serve alcoholic beverages in
335 dining areas, private guest rooms and other designated areas to persons to whom overnight lodging is
336 being provided, with or without meals, for on-premises consumption only in such rooms and areas, and
337 without regard to the amount of gross receipts from the sale of food prepared and consumed on the
338 premises and (ii) permit the consumption of lawfully acquired alcoholic beverages by persons to whom
339 overnight lodging is being provided in (a) bedrooms or private guest rooms or (b) other designated areas
340 of the bed and breakfast establishment. For purposes of this subdivision, "other designated areas"
341 includes outdoor dining areas, whether or not contiguous to the licensed premises, which may have more
342 than one means of ingress and egress to an adjacent public thoroughfare, provided that such outdoor
343 dining areas are under the control of the licensee and approved by the Board. Such noncontiguous
344 designated areas shall not be approved for any retail license issued pursuant to subdivision A 5 of
345 § 4.1-201.

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

351 7. Museum licenses, which may be issued to nonprofit museums exempt from taxation under
352 § 501(c)(3) of the Internal Revenue Code, which shall authorize the licensee to (i) permit the
353 consumption of lawfully acquired alcoholic beverages on the premises of the licensee by any bona fide
354 member and guests thereof and (ii) serve alcoholic beverages on the premises of the licensee to any
355 bona fide member and guests thereof. However, alcoholic beverages shall not be sold or charged for in
356 any way by the licensee. The privileges of this license shall be limited to the premises of the museum,
357 regularly occupied and utilized as such.

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

364 9. Day spa licenses, which shall authorize the licensee to (i) permit the consumption of lawfully
365 acquired wine or beer on the premises of the licensee by any bona fide customer of the day spa and (ii)
366 serve wine or beer on the premises of the licensee to any such bona fide customer; however, the

licensee shall not give more than two five-ounce glasses of wine or one 12-ounce glass of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the wine or beer served or consumed. The privileges of this license shall be limited to the premises of the day spa regularly occupied and utilized as such.

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

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

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

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

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

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

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

428 to sell alcoholic beverages within the permanent retail location for consumption in the area designated
429 for the special event, including sidewalks and the premises of businesses not licensed to sell alcoholic
430 beverages at retail, upon approval of such businesses. In determining the designated area for the special
431 event, the Board shall consult with the locality. Local special events licensees shall be limited to 12
432 special events per year. Only alcoholic beverages purchased from permanent retail on-premises licensees
433 located within the designated area may be consumed at the special event, and such alcoholic beverages
434 shall be contained in paper, plastic, or similar disposable containers that clearly display the name or logo
435 of the retail on-premises licensee from which the alcoholic beverage was purchased. Alcoholic beverages
436 shall not be sold or charged for in any way by the local special events licensee. The local special events
437 licensee shall post appropriate signage clearly demarcating for the public the boundaries of the special
438 event; however, no physical barriers shall be required for this purpose. The local special events licensee
439 shall provide adequate security for the special event to ensure compliance with the applicable provisions
440 of this title and Board regulations.

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

454 19. Bespoke clothier establishment license, which shall authorize the licensee to serve wine or beer
455 for on-premises consumption upon the licensed premises approved by the Board to any member;
456 however, the licensee shall not give more than (i) two five-ounce glasses of wine or (ii) two 12-ounce
457 glasses of beer to any such customer, nor shall it sell or otherwise charge a fee to such customer for the
458 wine or beer served or consumed. For purposes of this subdivision, the payment of membership dues by
459 a member to the bespoke clothier establishment shall not constitute a sale or charge for alcohol,
460 provided that the availability of alcohol is not a privilege for which the amount of membership dues
461 increases. The privileges of this license shall be limited to the premises of the bespoke clothier
462 establishment, regularly occupied and utilized as such.

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