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1 **SENATE BILL NO. 424**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend and reenact §§ 4.1-119 and 4.1-206.1 of the Code of Virginia, relating to alcoholic*
5 *beverage control; government stores; distiller's licensees as agents of the Board; sale of alcoholic*
6 *beverages.*

7 Patron—Perry

8 Referred to Committee on Rehabilitation and Social Services

9 **Be it enacted by the General Assembly of Virginia:**10 **1. That §§ 4.1-119 and 4.1-206.1 of the Code of Virginia are amended and reenacted as follows:**
11 **§ 4.1-119. Operation of government stores.**12 A. Subject to the provisions of §§ 4.1-121 and 4.1-122, the Board may establish, maintain, and operate
13 government stores for the sale of spirits, nonalcoholic spirit alternatives, wine produced by farm wineries,
14 low alcohol beverage coolers produced by licensed distillers, vermouth, mixers, products used in connection
15 with distilled spirits, including any garnish or garnishment applied to the rim of a glass of distilled spirits, as
16 may be approved by the Board from time to time, and products licensed by the Virginia Tourism Corporation
17 as specified in § 4.1-103 in such counties, cities, and towns considered advisable by the Board. The Board
18 may discontinue any such store.19 B. With respect to the sale of wine or cider produced by farm wineries, the Board may give preference to
20 farm wineries that produce 2,500 cases or less of wine or cider per year.21 C. The Board shall fix the wholesale and retail prices at which the various classes, varieties and brands of
22 alcoholic beverages and other Board-approved products that are sold in government stores. Differences in the
23 cost of operating stores, and market competition and conditions may be reflected in the sale price of alcoholic
24 beverages sold at government stores. The Board may sell alcoholic beverages to federal instrumentalities (i)
25 authorized and operating under the laws of the United States and regulations of the United States Department
26 of Defense and (ii) located within the boundaries of federal enclaves or reservations over which the United
27 States has acquired jurisdiction, at prices which may be greater or less than the wholesale price charged other
28 authorized purchasers. Nothing in this subsection shall be construed to limit the authority of the Board to fix
29 the retail price of alcoholic beverages sold at government stores, which retail price may include promotional,
30 volume, or other discounts deemed appropriate by the Board.31 D. Alcoholic beverages at government stores shall be sold by employees of the Authority who shall carry
32 out the provisions of this subtitle and Board regulations governing the operation of government stores and the
33 sale of alcoholic beverages, except that the Board may appoint the holder of a distiller's license or its officers
34 and employees as agents of the Board for the sale of spirits and low alcohol beverage coolers, manufactured
35 by or for, or blended by such licensee on the licensed premises, at government stores established by the
36 Board (i) on the distiller's licensed premises or, (ii) at the site of an event licensed by the Board and
37 conducted for the purpose of featuring and educating the consuming public about spirits products, or (iii) at
38 the site of a farmer's market.39 Such agents shall sell the spirits and low alcohol beverage coolers in accordance with the provisions of
40 this subtitle, Board regulations, and the terms of the agency agreement between the Authority and the
41 licensed distiller. The Authority shall pay a licensed distiller making sales pursuant to an agreement
42 authorized by this subsection a commission of not less than 20 percent of the retail price of the goods sold. If
43 the licensed distiller makes application and meets certain requirements established by the Board, such
44 agreement shall allow monthly revenue transfers from the licensed distiller to the Board to be submitted
45 electronically and, notwithstanding the provisions of §§ 2.2-1802 and 4.1-116, to be limited to the amount
46 due to the Board in applicable taxes and markups.47 For the purposes of this subsection, "blended" means the receipt by a licensed distiller of deliveries and
48 shipments of alcoholic beverages, other than wine and beer, in accordance with subdivision A 6 of § 4.1-201
49 to be (a) (1) additionally aged by the receiving distillery in order to increase the quality and flavor of such
50 alcoholic beverages or (2) used in a low alcohol beverage cooler and (b) bottled by the receiving distillery.51 E. No Class I neutral grain spirit or alcohol, as defined by federal regulations, that is without distinctive
52 character, aroma, taste or color shall be sold in government stores at a proof greater than 151 except upon
53 permits issued by the Board for industrial, commercial, culinary, or medical use.54 F. All alcoholic beverages sold in government stores, except for ~~tasting samples~~ products sold for on-
55 premises consumption pursuant to subsection G sold in government stores established by the Board on a
56 distiller's licensed premises, shall be in closed containers, sealed and affixed with labels prescribed by the

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59 Board.

60 G. No alcoholic beverages shall be consumed in a government store by any person unless it is part of an
61 organized tasting event conducted by (i) an employee of a manufacturer of distilled spirits or farm winery or
62 (ii) an authorized representative of a manufacturer of distilled spirits or farm winery with a permit issued by
63 the Board pursuant to subdivision A 14 of § 4.1-212, at which the samples of alcoholic beverages provided to
64 any consumer do not exceed the limits for spirits or wine set forth in subdivision A 5 of § 4.1-201.1. No
65 sample may be consumed by any individual to whom alcoholic beverages may not lawfully be sold pursuant
66 to § 4.1-304.

67 Notwithstanding the provision of this subsection to the contrary, an agent of the Board appointed pursuant
68 to subsection D may ~~give samples of~~ sell spirits, beer, wine, or cider to persons to whom alcoholic beverages
69 may be lawfully sold for on-premises or off premises consumption, provided that (i) the spirits, beer, wine, or
70 cider ~~samples~~ are manufactured within the same licensed premises or on contiguous premises of such agent
71 licensed as a distillery, brewery, or winery; (ii) no single sample shall exceed four ounces of beer, two ounces
72 of wine or cider, or one-half ounce of spirits, unless served as a mixed beverage, in which case a single
73 sample of spirits may contain up to one and one-half ounces of spirits; (iii) no more than 12 ounces of beer,
74 five ounces of wine, or three ounces of spirits shall be given or sold to any person per day; and (iv) in the
75 ease of spirits samples, a method is used to track the consumption of each consumer. Nothing in this
76 paragraph shall prohibit such agent from serving ~~samples of~~ spirits as part of a mixed beverage. Such mixed
77 beverage ~~samples~~ beverages may contain spirits or vermouth not manufactured on the licensed premises or
78 on contiguous premises of the licensed distillery, provided that at least 75 percent of the alcohol used in such
79 ~~samples~~ mixed beverages is manufactured on the licensed premises or on contiguous premises of the licensed
80 distillery. An agent of the Board appointed pursuant to subsection D may keep on the licensed premises no
81 more than 10 varieties of spirits or vermouth not manufactured on the licensed premises or on contiguous
82 premises of the licensed distillery. Any spirits or vermouth used in such ~~samples~~ mixed beverages that are not
83 manufactured on the licensed premises or on contiguous premises of the licensed distillery shall be purchased
84 from the Board.

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

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

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

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

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

107 **§ 4.1-206.1. Manufacturer licenses.**

108 The Board may grant the following manufacturer licenses:

109 1. Distiller's licenses, which shall authorize the licensee to manufacture alcoholic beverages other than
110 wine and beer, and to sell and deliver or ship the same, in accordance with Board regulations, in closed
111 containers, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth.
112 When the Board has established a government store on the distiller's licensed premises pursuant to subsection
113 D of § 4.1-119, such license shall also authorize the licensee to ~~make a charge to consumers to participate in~~
114 ~~an organized tasting event conducted~~ sell spirits at retail for on-premises consumption or in closed containers
115 for off-premises consumption in accordance with subsection G of § 4.1-119 and Board regulations.

116 2. Limited distiller's licenses, to distilleries that (i) are located on a farm in the Commonwealth on land
117 zoned agricultural and owned or leased by such distillery or its owner and (ii) use agricultural products that
118 are grown on the farm in the manufacture of their alcoholic beverages. Limited distiller's licensees shall be
119 treated as distillers for all purposes of this title except as otherwise provided in this subdivision. For purposes
120 of this subdivision, "land zoned agricultural" means (a) land zoned as an agricultural district or classification

121 or (b) land otherwise permitted by a locality for limited distillery use. For purposes of this subdivision, "land
 122 zoned agricultural" does not include land zoned "residential conservation." Except for the limitation on land
 123 zoned "residential conservation," nothing in this definition shall otherwise limit or affect local zoning
 124 authority.

125 3. Brewery licenses, which shall authorize the licensee to manufacture beer and to sell and deliver or ship
 126 the beer so manufactured, in accordance with Board regulations, in closed containers to (i) persons licensed
 127 to sell the beer at wholesale and (ii) persons outside the Commonwealth for resale outside the
 128 Commonwealth. Such license shall also authorize the licensee to sell at retail at premises described in the
 129 brewery license (a) the brands of beer that the brewery owns for on-premises consumption, provided that not
 130 less than 20 percent of the volume of beer sold for on-premises consumption in any calendar year is
 131 manufactured on the licensed premises, and (b) beer in closed containers, which shall include growlers and
 132 other reusable containers, for off-premises consumption.

133 4. Limited brewery licenses, to breweries that manufacture no more than 15,000 barrels of beer per
 134 calendar year, provided that (i) the brewery is located on a farm in the Commonwealth on land zoned
 135 agricultural and owned or leased by such brewery or its owner and (ii) agricultural products, including barley,
 136 other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown on the farm. The
 137 licensed premises shall be limited to the portion of the farm on which agricultural products, including barley,
 138 other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown and that is
 139 contiguous to the premises of such brewery where the beer is manufactured, exclusive of any residence and
 140 the curtilage thereof. However, the Board may, with notice to the local governing body in accordance with
 141 the provisions of § 4.1-230, also approve other portions of the farm to be included as part of the licensed
 142 premises. For purposes of this subdivision, "land zoned agricultural" means (a) land zoned as an agricultural
 143 district or classification or (b) land otherwise permitted by a locality for limited brewery use. For purposes of
 144 this subdivision, "land zoned agricultural" does not include land zoned "residential conservation." Except for
 145 the limitation on land zoned "residential conservation," nothing in this definition shall otherwise limit or
 146 affect local zoning authority.

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

149 5. Winery licenses, which shall authorize the licensee to (i) manufacture wine and to sell and deliver or
 150 ship such wine, in accordance with Board regulations, in closed containers, to persons licensed to sell the
 151 wine so manufactured at wholesale for the purpose of resale, and to persons outside the Commonwealth for
 152 resale outside the Commonwealth; (ii) operate distilling equipment on the premises of the licensee in the
 153 manufacture of spirits from fruit or fruit juices only, which shall be used only for the fortification of wine
 154 produced by the licensee; (iii) operate a contract winemaking facility on the premises of the licensee in
 155 accordance with Board regulations; (iv) store wine in bonded warehouses on or off the licensed premises
 156 upon permit issued by the Board; and (v) sell wine at retail at the place of business designated in the winery
 157 license for on-premises consumption or in closed containers for off-premises consumption, provided that any
 158 brand of wine not owned by the winery licensee is purchased from a wholesale wine licensee and no less than
 159 20 percent of the wine sold for on-premises consumption is manufactured on the licensed premises.

160 6. Farm winery licenses, which shall authorize the licensee to (i) manufacture wine containing 21 percent
 161 or less of alcohol by volume and to sell, deliver, or ship such wine, in accordance with Board regulations, in
 162 closed containers, to the Board, persons licensed to sell the wine so manufactured at wholesale for the
 163 purpose of resale, or persons outside the Commonwealth; (ii) acquire and receive deliveries and shipments of
 164 wine and sell and deliver or ship such wine, in accordance with Board regulations, to the Board, persons
 165 licensed to sell wine at wholesale for the purpose of resale, or persons outside the Commonwealth; (iii)
 166 operate a contract winemaking facility on the premises of the licensee in accordance with the provisions of
 167 this subtitle and Board regulations; (iv) enter into an agreement with a contract winemaking facility in
 168 accordance with the provisions of this subtitle and Board regulations; and (v) store wine in bonded
 169 warehouses located on or off the licensed premises upon permits issued by the Board. For the purposes of this
 170 title, a farm winery license shall be designated either as a Class I, Class II, Class III, or Class IV farm winery
 171 license in accordance with the limitations set forth in § 4.1-219.

172 Such licenses shall also authorize the licensee to sell wine at retail for on-premises consumption or in
 173 closed containers for off-premises consumption at the places of business designated in the licenses, which
 174 may include no more than five additional retail establishments of the licensee. The licensee may sell at these
 175 places of business wine manufactured by such licensee, wine manufactured by a contract winemaking facility
 176 with which the licensee has entered into an agreement pursuant to the provisions of this subtitle and Board
 177 regulations, and wine purchased from a wholesale wine licensee. In addition, the licensee may pre-mix wine
 178 and sell such wine at these places of business.

179 7. Wine importer's licenses, which shall authorize persons located within or outside the Commonwealth to
 180 sell and deliver or ship wine, in accordance with Board regulations, in closed containers, to persons in the
 181 Commonwealth licensed to sell such wine at wholesale for the purpose of resale, and to persons outside the
 182 Commonwealth for resale outside the Commonwealth.

183 8. Beer importer's licenses, which shall authorize persons located within or outside the Commonwealth to
184 sell and deliver or ship beer, in accordance with Board regulations, in closed containers, to persons in the
185 Commonwealth licensed to sell such beer at wholesale for the purpose of resale and to persons outside the
186 Commonwealth for resale outside the Commonwealth.

187 **2. That the Virginia Alcoholic Beverage Control Authority (the Authority) shall collect data regarding**
188 **the compliance of distiller's licensees with the provisions of this act and report such data to the Chairs**
189 **of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social**
190 **Services by November 1, 2026, and annually thereafter for the following two years.**