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SENATE BILL NO. 532

Offered January 14, 2026

Prefiled January 13, 2026

A BILL to amend and reenact § 4.1-216 of the Code of Virginia, relating to alcoholic beverage control; nonprofit retail licensees; special event licenses.

 Patron—Stuart

 Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:**1. That § 4.1-216 of the Code of Virginia is amended and reenacted as follows****§ 4.1-216. Further limitations on manufacturers, bottlers, importers, brokers or wholesalers; ownership interests prohibited; exceptions; prohibited trade practices.****A. As used in this section:**

"Broker" means any person, other than a manufacturer or a licensed beer or wine importer, who regularly engages in the business of bringing together sellers and purchasers of alcoholic beverages for resale and arranges for or consummates such transactions with persons in the Commonwealth to whom such alcoholic beverages may lawfully be sold and shipped into the Commonwealth pursuant to the provisions of this subtitle.

"Manufacturer, bottler, importer, broker or wholesaler of alcoholic beverages" includes any officers or directors of any such manufacturer, bottler, importer, broker or wholesaler.

B. Except as provided in this subtitle, no manufacturer, importer, bottler, broker or wholesaler of alcoholic beverages, whether licensed in the Commonwealth or not, shall acquire or hold any financial interest, direct or indirect, (i) in the business for which any retail license is issued or (ii) in the premises where the business of a retail licensee is conducted.

1. Subdivision B (ii) shall not apply so long as such manufacturer, bottler, importer, broker or wholesaler does not sell or otherwise furnish, directly or indirectly, alcoholic beverages or other merchandise to such retail licensee.

2. Service as a member of the board of directors of a corporation licensed as a retailer, the shares of stock of which are sold to the general public on any national or local stock exchange, shall not be deemed to be a financial interest, direct or indirect, in the business or the premises of the retail licensee.

3. A brewery, winery or subsidiary or affiliate thereof, hereinafter collectively referred to as a financing corporation, may participate in financing the business of a wholesale licensee in the Commonwealth by providing debt or equity capital or both but only if done in accordance with the provisions of this subsection.

a. In order to assist a proposed new owner of an existing wholesale licensee, a financing corporation may provide debt or equity capital, or both, if prior approval of the Board has been obtained pursuant to subdivision 3 b of subsection B. A financing corporation which proposes to provide equity capital shall cause the proposed new owner to form a Virginia limited partnership in which the new owner is the general partner and the financing corporation is a limited partner. If the general partner defaults on any financial obligation to the limited partner, which default has been specifically defined in the partnership agreement, or, if the new owner defaults on its obligation to pay principal and interest when due to the financing corporation as specifically defined in the loan documents, then, and only then, shall such financing corporation be allowed to take title to the business of the wholesale licensee. Notwithstanding any other law to the contrary and provided written notice has been given to the Board within two business days after taking title, the wholesale licensee may be managed and operated by such financing corporation pursuant to the existing wholesale license for a period of time not to exceed 180 days as if the license had been issued in the name of the financing corporation. On or before the expiration of such 180-day period, the financing corporation shall cause ownership of the wholesale licensee's business to be transferred to a new owner. Otherwise, on the 181st day, the license shall be deemed terminated. The financing corporation may not participate in financing the transfer of ownership to the new owner or to any other subsequent owner for a period of twenty years following the effective date of the original financing transaction; except where a transfer takes place before the expiration of the eighth full year following the effective date of the original financing transaction in which case the financing corporation may finance such transfer as long as the new owner is required to return such debt or equity capital within the originally prescribed eight-year period. The financing corporation may exercise its right to take title to, manage and operate the business of, the wholesale licensee only once during such eight-year period.

b. In any case in which a financing corporation proposes to provide debt or equity capital in order to assist in a change of ownership of an existing wholesale licensee, the parties to the transaction shall first submit an

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59 application for a wholesale license in the name of the proposed new owner to the Board.

60 The Board shall be provided with all documents that pertain to the transaction at the time of the license
61 application and shall ensure that the application complies with all requirements of law pertaining to the
62 issuance of wholesale licenses except that if the financing corporation proposes to provide equity capital and
63 thereby take a limited partnership interest in the applicant entity, the financing corporation shall not be
64 required to comply with any Virginia residency requirement applicable to the issuance of wholesale licenses.
65 In addition to the foregoing, the applicant entity shall certify to the Board and provide supporting
66 documentation that the following requirements are met prior to issuance of the wholesale license: (i) the
67 terms and conditions of any debt financing which the financing corporation proposes to provide are
68 substantially the same as those available in the financial markets to other wholesale licensees who will be in
69 competition with the applicant, (ii) the terms of any proposed equity financing transaction are such that future
70 profits of the applicant's business shall be distributed annually to the financing corporation in direct
71 proportion to its percentage of ownership interest received in return for its investment of equity capital, (iii) if
72 the financing corporation proposes to provide equity capital, it shall hold an ownership interest in the
73 applicant entity through a limited partnership interest and no other arrangement and (iv) the applicant entity
74 shall be contractually obligated to return such debt or equity capital to the financing corporation not later than
75 the end of the eighth full year following the effective date of the transaction thereby terminating any
76 ownership interest or right thereto of the financing corporation.

77 Once the Board has issued a wholesale license pursuant to an application filed in accordance with this
78 subdivision 3 b, any subsequent change in the partnership agreement or the financing documents shall be
79 subject to the prior approval of the Board. In accordance with the previous paragraph, the Board may require
80 the licensee to resubmit certifications and documentation.

81 c. If a financing corporation wishes to provide debt financing, including inventory financing, but not
82 equity financing, to an existing wholesale licensee or a proposed new owner of an existing wholesale
83 licensee, it may do so without regard to the provisions of subdivisions 3 a and 3 b of subsection B under the
84 following circumstances and subject to the following conditions: (i) in order to secure such debt financing, a
85 wholesale licensee or a proposed new owner thereof may grant a security interest in any of its assets,
86 including inventory, other than the wholesale license itself or corporate stock of the wholesale licensee; in the
87 event of default, the financing corporation may take title to any assets pledged to secure such debt but may
88 not take title to the business of the wholesale licensee and may not manage or operate such business; (ii) debt
89 capital may be supplied by such financing corporation to an existing wholesale licensee or a proposed new
90 owner of an existing wholesale licensee so long as debt capital is provided on terms and conditions which
91 are substantially the same as those available in the financial markets to other wholesale licensees in competition
92 with the wholesale licensee which is being so financed; and (iii) the licensee or proposed new owner shall
93 certify to the Board and provide supporting documentation that the requirements of (i) and (ii) of this
94 subdivision 3 c have been met.

95 Nothing in this section shall eliminate, affect or in any way modify the requirements of law pertaining to
96 issuance and retention of a wholesale license as they may apply to existing wholesale licensees or new
97 owners thereof which have received debt financing prior to the enactment of this subdivision 3 c.

98 4. Except for holders of retail licenses issued pursuant to subdivision A 5 of § 4.1-201, brewery licensees
99 may sell beer to retail licensees for resale only under the following conditions: If such brewery or an affiliate
100 or subsidiary thereof has taken title to the business of a wholesale licensee pursuant to the provisions of
101 subdivision 3 a of subsection B, direct sale to retail licensees may be made during the 180-day period of
102 operation allowed under that subdivision. Moreover, the holder of a brewery license may make sales of
103 alcoholic beverages directly to retail licensees for a period not to exceed thirty days in the event that such
104 retail licensees are normally serviced by a wholesale licensee representing that brewery which has been
105 forced to suspend wholesale operations as a result of a natural disaster or other act of God or which has been
106 terminated by the brewery for fraud, loss of license or assignment of assets for the benefit of creditors not in
107 the ordinary course of business.

108 5. Notwithstanding any provision of this section, including but not limited to those provisions whereby
109 certain ownership or lease arrangements may be permissible, no manufacturer, bottler, importer, broker or
110 wholesaler of alcoholic beverages shall make an agreement, or attempt to make an agreement, with a retail
111 licensee pursuant to which any products sold by a competitor are excluded in whole or in part from the
112 premises on which the retail licensee's business is conducted.

113 6. Nothing in this section shall prohibit a winery, brewery, or distillery licensee from paying a royalty to a
114 historical preservation entity pursuant to a bona fide intellectual property agreement that (i) authorizes the
115 winery, brewery, or distillery licensee to manufacture wine, beer, or spirits based on authentic historical
116 recipes and identified with brand names owned and trademarked by the historical preservation entity; (ii)
117 provides for royalties to be paid based solely on the volume of wine, beer, or spirits manufactured using such
118 recipes and trademarks, rather than on the sales revenues generated from such wine, beer, or spirits; and (iii)
119 has been approved by the Board.

120 For purposes of this subdivision, "historical preservation entity" means an entity (a) that is exempt from

income taxation under § 501(c)(3) of the Internal Revenue Code; (b) whose declared purposes include the preservation, restoration, and protection of a historic community in the Commonwealth that is the site of at least 50 historically significant houses, shops, and public buildings dating to the eighteenth century; and (c) that owns not more than 12 retail establishments in the Commonwealth for which retail licenses have been issued by the Board.

C. Subject to such exceptions as may be provided by statute or Board regulations, no manufacturer, bottler, importer, broker or wholesaler of alcoholic beverages, whether licensed in the Commonwealth or not, shall sell, rent, lend, buy for or give to any retail licensee, or to the owner of the premises in which the business of any retail licensee is conducted, any (i) money, equipment, furniture, fixtures, property, services or anything of value with which the business of such retail licensee is or may be conducted, or for any other purpose; (ii) advertising materials; and (iii) business entertainment, provided that no transaction permitted under this section or by Board regulation shall be used to require the retail licensee to partially or totally exclude from sale at its establishment alcoholic beverages of other manufacturers or wholesalers.

The provisions of this subsection shall apply to manufacturers, bottlers, importers, brokers and wholesalers selling alcoholic beverages to any governmental instrumentality or employee thereof selling alcoholic beverages at retail within the exterior limits of the Commonwealth, including all territory within these limits owned by or ceded to the United States of America.

The provisions of this subsection shall not apply to any commercial lifestyle center licensee.

D. Notwithstanding any other provision of this subtitle, the Board may grant a banquet special event license or mixed beverage special event license to a retail licensee that is a duly organized nonprofit corporation or association for an event at which a farm winery, winery, brewery, or distillery is licensed to sell alcoholic beverages, so long as such retail licensee temporarily suspends its retail operations for the duration of the event.