

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 4.1-119 of the Code of Virginia, relating to alcoholic beverage control;*
 3 *operation of government stores; tastings.*

4 [H 385]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 4.1-119 of the Code of Virginia is amended and reenacted as follows:**8 **§ 4.1-119. Operation of government stores.**

9 A. Subject to the provisions of §§ 4.1-121 and 4.1-122, the Board may establish, maintain, and operate
 10 government stores for the sale of spirits, nonalcoholic spirit alternatives, wine produced by farm wineries,
 11 low alcohol beverage coolers produced by licensed distillers, vermouth, mixers, products used in connection
 12 with distilled spirits; ~~including any garnish or garnishment applied to the rim of a glass of distilled spirits~~; as
 13 may be approved by the Board from time to time, and products licensed by the Virginia Tourism Corporation
 14 as specified in § 4.1-103 in such counties, cities, and towns considered advisable by the Board. The Board
 15 may discontinue any such store.

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

18 C. The Board shall fix the wholesale and retail prices at which the various classes, varieties and brands of
 19 alcoholic beverages and other Board-approved products ~~that~~ are sold in government stores. Differences in the
 20 cost of operating stores; and market competition and conditions may be reflected in the sale price of alcoholic
 21 beverages sold ~~at~~ in government stores. The Board may sell alcoholic beverages to federal instrumentalities
 22 (i) authorized and operating under the laws of the United States and regulations of the United States
 23 Department of Defense and (ii) located within the boundaries of federal enclaves or reservations over which
 24 the United States has acquired jurisdiction, at prices which may be greater or less than the wholesale price
 25 charged other authorized purchasers. Nothing in this subsection shall be construed to limit the authority of the
 26 Board to fix the retail price of alcoholic beverages sold at government stores, which retail price may include
 27 promotional, volume, or other discounts deemed appropriate by the Board.

28 D. Alcoholic beverages at government stores shall be sold by employees of the Authority who shall carry
 29 out the provisions of this subtitle and Board regulations governing the operation of government stores and the
 30 sale of alcoholic beverages, except that the Board may appoint the holder of a distiller's license or its officers
 31 and employees as agents of the Board for the sale of spirits and low alcohol beverage coolers, manufactured
 32 by or for, or blended by such licensee on the licensed premises, at government stores established by the
 33 Board (i) on the distiller's licensed premises or (ii) at the site of an event licensed by the Board and conducted
 34 for the purpose of featuring and educating the consuming public about spirits products.

35 Such agents shall sell the spirits and low alcohol beverage coolers in accordance with the provisions of
 36 this subtitle, Board regulations, and the terms of the agency agreement between the Authority and the
 37 licensed distiller. The Authority shall pay a licensed distiller making sales pursuant to an agreement
 38 authorized by this subsection a commission of not less than 20 percent of the retail price of the goods sold. If
 39 the licensed distiller makes application and meets certain requirements established by the Board, such
 40 agreement shall allow monthly revenue transfers from the licensed distiller to the Board to be submitted
 41 electronically and, notwithstanding the provisions of §§ 2.2-1802 and 4.1-116, to be limited to the amount
 42 due to the Board in applicable taxes and markups.

43 For ~~the~~ purposes of this subsection, "blended" means the receipt by a licensed distiller of deliveries and
 44 shipments of alcoholic beverages, other than wine and beer, in accordance with subdivision A 6 of § 4.1-201
 45 to be (a) (1) additionally aged by the receiving distillery in order to increase the quality and flavor of such
 46 alcoholic beverages or (2) used in a low alcohol beverage cooler and (b) bottled by the receiving distillery.

47 E. No Class 1 neutral grain spirit or alcohol, as defined by federal regulations, that is without distinctive
 48 character, aroma, taste, or color shall be sold in government stores at a proof greater than 151 except upon
 49 permits issued by the Board for industrial; ~~commercial, culinary,~~ or medical use.

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

53 G. No alcoholic beverages shall be consumed in a government store by any person unless it is part of an
 54 organized tasting event conducted by (i) an employee of a manufacturer of distilled spirits or farm winery ~~or~~,
 55 (ii) *an authorized employee of the Authority*, or (iii) an authorized representative of a manufacturer of
 56 distilled spirits or farm winery with a permit issued by the Board pursuant to subdivision A 14 of § 4.1-212,

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57 at which the samples of alcoholic beverages provided to any consumer do not exceed the limits for spirits or
 58 wine set forth in subdivision A 5 of § 4.1-201.1. No sample may be consumed by any individual to whom
 59 alcoholic beverages may not lawfully be sold pursuant to § 4.1-304.

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

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

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

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

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

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