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HOUSE BILL NO. 464

Offered January 12, 2022

Prefiled January 11, 2022

A BILL to amend and reenact § 4.1-215 of the Code of Virginia, relating to alcoholic beverage control; tied house.

Patron—Bulova

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:**1. That § 4.1-215 of the Code of Virginia is amended and reenacted as follows:****§ 4.1-215. Limitation on manufacturers, bottlers, and wholesalers; exemptions.**

A. 1. Unless exempted pursuant to subsection B, no retail license for the sale of alcoholic beverages shall be granted to any (i) manufacturer, bottler, or wholesaler of alcoholic beverages, whether licensed in the Commonwealth or not; (ii) officer or director of any such manufacturer, bottler, or wholesaler; (iii) partnership or corporation, where any partner or stockholder is an officer or director of any such manufacturer, bottler, or wholesaler; (iv) corporation which is a subsidiary of a corporation which owns or has interest in another subsidiary corporation which is a manufacturer, bottler, or wholesaler of alcoholic beverages; or (v) manufacturer, bottler, or wholesaler of alcoholic beverages who has a financial interest in a corporation which has a retail license as a result of a holding company, which owns or has an interest in such manufacturer, bottler, or wholesaler of alcoholic beverages. Nor shall such licenses be granted in any instances where such manufacturer, bottler, or wholesaler and such retailer are under common control, by stock ownership or otherwise.

2. Notwithstanding any other provision of this title, a manufacturer of wine or malt beverages, or two or more of such manufacturers together, whether licensed in the Commonwealth or not, may obtain a banquet license as provided in § 4.1-206.3 upon application to the Board, provided that the event for which a banquet license is obtained is (i) at a place approved by the Board and (ii) conducted for the purposes of featuring and educating the consuming public about wine or malt beverage products. Such manufacturer shall be limited to eight banquet licenses, whether or not jointly obtained, for such events per year without regard to the number of wineries or breweries owned or operated by such manufacturer or by any parent, subsidiary, or company under common control with such manufacturer. Where the event occurs on no more than three consecutive days, a manufacturer need only obtain one such license for the event.

3. Notwithstanding any other provision of this title, a manufacturer of distilled spirits, whether licensed in the Commonwealth or not, may obtain a banquet license for a special event as provided in subdivision D 1 b of § 4.1-206.3 upon application to the Board, provided that such event is (i) at a place approved by the Board and (ii) conducted for the purposes of featuring and educating the consuming public about the manufacturer's spirits products. Such manufacturer shall be limited to no more than eight banquet licenses for such special events per year. Where the event occurs on no more than three consecutive days, a manufacturer need only obtain one such license for the event. Such banquet license shall authorize the manufacturer to sell or give samples of spirits to any person to whom alcoholic beverages may be lawfully sold in designated areas at the special event, provided that (a) no single sample shall exceed one-half ounce per spirits product offered, unless served as a mixed beverage, in which case a single sample may contain up to one and one-half ounces of spirits, and (b) no more than three ounces of spirits may be offered to any patron per day. Nothing in this paragraph shall prohibit such manufacturer from serving such samples as part of a mixed beverage.

4. *Notwithstanding any other provision of this title, no licensee shall be prohibited from employing a person who is also employed by another licensee operating in a different tier of the Commonwealth's three-tier alcoholic beverage control system.*

B. This section shall not apply to:

1. Corporations operating dining cars, buffet cars, club cars, or boats;

2. Brewery, distillery, or winery licensees engaging in conduct authorized by subdivision A 5 of § 4.1-201;

3. Farm winery licensees engaging in conduct authorized by subdivision 6 of § 4.1-206.1;

4. Manufacturers, bottlers, or wholesalers of alcoholic beverages who do not (i) sell or otherwise furnish, directly or indirectly, alcoholic beverages or other merchandise to persons holding a retail license or banquet license as described in subsection A and (ii) require, by agreement or otherwise, such person to exclude from sale at his establishment alcoholic beverages of other manufacturers, bottlers, or

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59 wholesalers;

60 5. Wineries, farm wineries, or breweries engaging in conduct authorized by subsection F of
61 § 4.1-206.3 or § 4.1-209.1 or 4.1-212.1; or

62 6. One out-of-state winery, not under common control or ownership with any other winery, that is
63 under common ownership or control with one restaurant licensed to sell wine at retail in Virginia, so
64 long as any wine produced by that winery is purchased from a Virginia wholesale wine licensee by the
65 restaurant before it is offered for sale to consumers.

66 C. The General Assembly finds that it is necessary and proper to require a separation between
67 manufacturing interests, wholesale interests, and retail interests in the production and distribution of
68 alcoholic beverages in order to prevent suppliers from dominating local markets through vertical
69 integration and to prevent excessive sales of alcoholic beverages caused by overly aggressive marketing
70 techniques. The exceptions established by this section to the general prohibition against tied interests
71 shall be limited to their express terms so as not to undermine the general prohibition and shall therefore
72 be construed accordingly.