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SENATE BILL NO. 498

Offered January 8, 2020

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A *BILL to amend and reenact § 4.1-100 of the Code of Virginia, relating to alcoholic beverage control; definition of resort complex.*

Patron—Edwards

Referred to Committee on Rehabilitation and Social Services

Be it enacted by the General Assembly of Virginia:**1. That § 4.1-100 of the Code of Virginia is amended and reenacted as follows:****§ 4.1-100. Definitions.**

As used in this title unless the context requires a different meaning:

"Alcohol" means the product known as ethyl or grain alcohol obtained by distillation of any fermented liquor, rectified either once or more often, whatever the origin, and shall include synthetic ethyl alcohol, but shall not include methyl alcohol and alcohol completely denatured in accordance with formulas approved by the government of the United States.

"Alcohol vaporizing device" means any device, machine, or process that mixes any alcoholic beverages with pure oxygen or other gas to produce a vaporized product for the purpose of consumption by inhalation.

"Alcoholic beverages" includes alcohol, spirits, wine, and beer, and any one or more of such varieties containing one-half of one percent or more of alcohol by volume, including mixed alcoholic beverages, and every liquid or solid, powder or crystal, patented or not, containing alcohol, spirits, wine, or beer and capable of being consumed by a human being. Any liquid or solid containing more than one of the four varieties shall be considered as belonging to that variety which has the higher percentage of alcohol, however obtained, according to the order in which they are set forth in this definition; except that beer may be manufactured to include flavoring materials and other nonbeverage ingredients containing alcohol, as long as no more than 49 percent of the overall alcohol content of the finished product is derived from the addition of flavors and other nonbeverage ingredients containing alcohol for products with an alcohol content of no more than six percent by volume; or, in the case of products with an alcohol content of more than six percent by volume, as long as no more than one and one-half percent of the volume of the finished product consists of alcohol derived from added flavors and other nonbeverage ingredients containing alcohol.

"Art instruction studio" means any commercial establishment that provides to its customers all required supplies and step-by-step instruction in creating a painting or other work of art during a studio instructional session.

"Arts venue" means a commercial or nonprofit establishment that is open to the public and in which works of art are sold or displayed.

"Authority" means the Virginia Alcoholic Beverage Control Authority created pursuant to this title.

"Barrel" means any container or vessel having a capacity of more than 43 ounces.

"Bed and breakfast establishment" means any establishment (i) having no more than 15 bedrooms; (ii) offering to the public, for compensation, transitory lodging or sleeping accommodations; and (iii) offering at least one meal per day, which may but need not be breakfast, to each person to whom overnight lodging is provided. For purposes of the licensing requirements of this title, "bed and breakfast establishment" includes any property offered to the public for short-term rental, as that term is defined in § 15.2-983, other than a hotel as defined in this section, regardless of whether a meal is offered to each person to whom overnight lodging is provided.

"Beer" means any alcoholic beverage obtained by the fermentation of an infusion or decoction of barley, malt, and hops or of any similar products in drinkable water and containing one-half of one percent or more of alcohol by volume.

"Bespoke clothier establishment" means a permanent retail establishment that offers, by appointment only, custom made apparel and that offers a membership program to customers. Such establishment shall be a permanent structure where measurements and fittings are performed on-site but apparel is produced offsite and delivered directly to the customer. Such establishment shall have facilities to properly secure any stock of alcoholic beverages.

"Board" means the Board of Directors of the Virginia Alcoholic Beverage Control Authority.

"Bottle" means any vessel intended to contain liquids and having a capacity of not more than 43 ounces.

59 "Canal boat operator" means any nonprofit organization that operates tourism-oriented canal boats for
60 recreational purposes on waterways declared nonnavigable by the United States Congress pursuant to 33
61 U.S.C. § 59ii.

62 "Club" means any private nonprofit corporation or association which is the owner, lessee, or
63 occupant of an establishment operated solely for a national, social, patriotic, political, athletic, or other
64 like purpose, but not for pecuniary gain, the advantages of which belong to all of the members. It also
65 means the establishment so operated. A corporation or association shall not lose its status as a club
66 because of the conduct of charitable gaming conducted pursuant to Article 1.1:1 (§ 18.2-340.15 et seq.)
67 of Chapter 8 of Title 18.2 in which nonmembers participate frequently or in large numbers, provided
68 that no alcoholic beverages are served or consumed in the room where such charitable gaming is being
69 conducted while such gaming is being conducted and that no alcoholic beverages are made available
70 upon the premises to any person who is neither a member nor a bona fide guest of a member.

71 Any such corporation or association which has been declared exempt from federal and state income
72 taxes as one which is not organized and operated for pecuniary gain or profit shall be deemed a
73 nonprofit corporation or association.

74 "Commercial lifestyle center" means a mixed-use commercial development covering a minimum of
75 25 acres of land and having at least 100,000 square feet of retail space featuring national specialty chain
76 stores and a combination of dining, entertainment, office, residential, or hotel establishments located in a
77 physically integrated outdoor setting that is pedestrian friendly and that is governed by a commercial
78 owners' association that is responsible for the management, maintenance, and operation of the common
79 areas thereof.

80 "Container" means any barrel, bottle, carton, keg, vessel or other receptacle used for holding
81 alcoholic beverages.

82 "Contract winemaking facility" means the premises of a licensed winery or farm winery that obtains
83 grapes, fruits, and other agricultural products from a person holding a farm winery license and crushes,
84 processes, ferments, bottles, or provides any combination of such services pursuant to an agreement with
85 the farm winery licensee. For all purposes of this title, wine produced by a contract winemaking facility
86 for a farm winery shall be considered to be wine owned and produced by the farm winery that supplied
87 the grapes, fruits, or other agricultural products used in the production of the wine. The contract
88 winemaking facility shall have no right to sell the wine so produced, unless the terms of payment have
89 not been fulfilled in accordance with the contract. The contract winemaking facility may charge the farm
90 winery for its services.

91 "Convenience grocery store" means an establishment which (i) has an enclosed room in a permanent
92 structure where stock is displayed and offered for sale and (ii) maintains an inventory of edible items
93 intended for human consumption consisting of a variety of such items of the types normally sold in
94 grocery stores.

95 "Coworking establishment" means a facility that has at least 100 members, a majority of whom are
96 21 years of age or older, to whom it offers shared office space and related amenities, including desks,
97 conference rooms, Internet access, printers, copiers, telephones, and fax machines.

98 "Day spa" means any commercial establishment that offers to the public both massage therapy,
99 performed by persons licensed in accordance with § 54.1-3029, and barbering or cosmetology services
100 performed by persons licensed in accordance with Chapter 7 (§ 54.1-700 et seq.) of Title 54.1.

101 "Designated area" means a room or area approved by the Board for on-premises licensees.

102 "Dining area" means a public room or area in which meals are regularly served.

103 "Establishment" means any place where alcoholic beverages of one or more varieties are lawfully
104 manufactured, sold, or used.

105 "Farm winery" means (i) an establishment (a) located on a farm in the Commonwealth on land zoned
106 agricultural with a producing vineyard, orchard, or similar growing area and with facilities for
107 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
108 not more than 21 percent alcohol by volume or (b) located in the Commonwealth on land zoned
109 agricultural with a producing vineyard, orchard, or similar growing area or agreements for purchasing
110 grapes or other fruits from agricultural growers within the Commonwealth, and with facilities for
111 fermenting and bottling wine on the premises where the owner or lessee manufactures wine that contains
112 not more than 21 percent alcohol by volume or (ii) an accredited public or private institution of higher
113 education, provided that (a) no wine manufactured by the institution shall be sold, (b) the wine
114 manufactured by the institution shall be used solely for research and educational purposes, (c) the wine
115 manufactured by the institution shall be stored on the premises of such farm winery that shall be
116 separate and apart from all other facilities of the institution, and (d) such farm winery is operated in
117 strict conformance with the requirements of this clause (ii) and Board regulations. As used in this
118 definition, the terms "owner" and "lessee" shall include a cooperative formed by an association of
119 individuals for the purpose of manufacturing wine. In the event that such cooperative is licensed as a
120 farm winery, the term "farm" as used in this definition includes all of the land owned or leased by the

121 individual members of the cooperative as long as such land is located in the Commonwealth. For
122 purposes of this definition, "land zoned agricultural" means (1) land zoned as an agricultural district or
123 classification or (2) land otherwise permitted by a locality for farm winery use. For purposes of this
124 definition, "land zoned agricultural" does not include land zoned "residential conservation." Except for
125 the limitation on land zoned "residential conservation," nothing in the definition of "land zoned
126 agricultural" shall otherwise limit or affect local zoning authority.

127 "Gift shop" means any bona fide retail store selling, predominantly, gifts, books, souvenirs, specialty
128 items relating to history, original and handmade arts and products, collectibles, crafts, and floral
129 arrangements, which is open to the public on a regular basis. Such shop shall be a permanent structure
130 where stock is displayed and offered for sale and which has facilities to properly secure any stock of
131 wine or beer. Such shop may be located (i) on the premises or grounds of a government registered
132 national, state or local historic building or site or (ii) within the premises of a museum. The Board shall
133 consider the purpose, characteristics, nature, and operation of the shop in determining whether it shall be
134 considered a gift shop.

135 "Gourmet brewing shop" means an establishment which sells to persons to whom wine or beer may
136 lawfully be sold, ingredients for making wine or brewing beer, including packaging, and rents to such
137 persons facilities for manufacturing, fermenting and bottling such wine or beer.

138 "Gourmet shop" means an establishment provided with adequate inventory, shelving, and storage
139 facilities, where, in consideration of payment, substantial amounts of domestic and imported wines and
140 beers of various types and sizes and related products such as cheeses and gourmet foods are habitually
141 furnished to persons.

142 "Government store" means a store established by the Authority for the sale of alcoholic beverages.

143 "Historic cinema house" means a nonprofit establishment exempt from taxation under § 501(c)(3) of
144 the Internal Revenue Code that was built prior to 1970 and that exists for the primary purpose of
145 showing motion pictures to the public.

146 "Hotel" means any duly licensed establishment, provided with special space and accommodation,
147 where, in consideration of payment, food and lodging are habitually furnished to persons, and which has
148 four or more bedrooms. It shall also mean the person who operates such hotel.

149 "Interdicted person" means a person to whom the sale of alcoholic beverages is prohibited by order
150 pursuant to this title.

151 "Internet beer retailer" means a person who owns or operates an establishment with adequate
152 inventory, shelving, and storage facilities, where, in consideration of payment, Internet or telephone
153 orders are taken and shipped directly to consumers and which establishment is not a retail store open to
154 the public.

155 "Internet wine retailer" means a person who owns or operates an establishment with adequate
156 inventory, shelving, and storage facilities, where, in consideration of payment, internet or telephone
157 orders are taken and shipped directly to consumers and which establishment is not a retail store open to
158 the public.

159 "Intoxicated" means a condition in which a person has drunk enough alcoholic beverages to
160 observably affect his manner, disposition, speech, muscular movement, general appearance or behavior.

161 "Licensed" means the holding of a valid license granted by the Authority.

162 "Licensee" means any person to whom a license has been granted by the Authority.

163 "Liqueur" means any of a class of highly flavored alcoholic beverages that do not exceed an alcohol
164 content of 25 percent by volume.

165 (Effective until July 1, 2020) "Low alcohol beverage cooler" means a drink containing one-half of
166 one percent or more of alcohol by volume, but not more than seven and one-half percent alcohol by
167 volume, and consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials;
168 it may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, preservatives or other similar
169 products manufactured by fermenting fruit or fruit juices. Low alcohol beverage coolers shall be treated
170 as wine for all purposes of this title, except that low alcohol beverage coolers (i) may be manufactured
171 by a licensed distiller or a distiller located outside the Commonwealth and (ii) shall not be sold in
172 localities that have not approved the sale of mixed beverages pursuant to § 4.1-124. In addition, low
173 alcohol beverage coolers shall not be sold for on-premises consumption other than by mixed beverage
174 licensees.

175 (Effective July 1, 2020) "Low alcohol beverage cooler" means a drink containing one-half of one
176 percent or more of alcohol by volume, but not more than seven and one-half percent alcohol by volume,
177 and consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials; it may
178 also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, preservatives or other similar
179 products manufactured by fermenting fruit or fruit juices. Low alcohol beverage coolers shall be treated
180 as wine for all purposes of this title, except that low alcohol beverage coolers (i) may be manufactured
181 by a licensed distiller or a distiller located outside the Commonwealth and (ii) shall not be sold in

182 localities that prohibit the sale of mixed beverages pursuant to § 4.1-124. In addition, low alcohol
183 beverage coolers shall not be sold for on-premises consumption other than by mixed beverage licensees.

184 "Meal-assembly kitchen" means any commercial establishment that offers its customers, for
185 off-premises consumption, ingredients for the preparation of meals and entrees in professional kitchen
186 facilities located at the establishment.

187 "Meals" means, for a mixed beverage license, an assortment of foods commonly ordered in bona
188 fide, full-service restaurants as principal meals of the day. Such restaurants shall include establishments
189 specializing in full course meals with a single substantial entree.

190 "Member of a bespoke clothier establishment" means a person who maintains a membership in the
191 bespoke clothier establishment for a period of not less than one month by the payment of monthly,
192 quarterly, or annual dues in the manner established by the rules of the bespoke clothier establishment.
193 The minimum membership fee shall be not less than \$25 for any term of membership.

194 "Member of a club" means (i) a person who maintains his membership in the club by the payment of
195 monthly, quarterly, or annual dues in the manner established by the rules and regulations thereof or (ii)
196 a person who is a member of a bona fide auxiliary, local chapter, or squadron composed of direct lineal
197 descendants of a bona fide member, whether alive or deceased, of a national or international
198 organization to which an individual lodge holding a club license is an authorized member in the same
199 locality. It shall also mean a lifetime member whose financial contribution is not less than 10 times the
200 annual dues of resident members of the club, the full amount of such contribution being paid in advance
201 in a lump sum.

202 "Member of a coworking establishment" means a person who maintains a membership in the
203 coworking establishment for a period of not less than one month by the payment of monthly, quarterly,
204 or annual dues in the manner established by the rules of the coworking establishment. "Member of a
205 coworking establishment" does not include an employee or any person with an ownership interest in the
206 coworking establishment.

207 "Mixed beverage" or "mixed alcoholic beverage" means a drink composed in whole or in part of
208 spirits.

209 "Mixer" means any prepackaged ingredients containing beverages or flavoring or coloring materials,
210 and which may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives
211 which are not commonly consumed unless combined with alcoholic beverages, whether or not such
212 ingredients contain alcohol. Such specialty beverage product shall be manufactured or distributed by a
213 Virginia corporation.

214 "Municipal golf course" means any golf course that is owned by any town incorporated in 1849 and
215 which is the county seat of Smyth County.

216 "Place or premises" means the real estate, together with any buildings or other improvements thereon,
217 designated in the application for a license as the place at which the manufacture, bottling, distribution,
218 use or sale of alcoholic beverages shall be performed, except that portion of any such building or other
219 improvement actually and exclusively used as a private residence.

220 "Principal stockholder" means any person who individually or in concert with his spouse and
221 immediate family members beneficially owns or controls, directly or indirectly, five percent or more of
222 the equity ownership of any person that is a licensee of the Authority, or who in concert with his spouse
223 and immediate family members has the power to vote or cause the vote of five percent or more of any
224 such equity ownership. "Principal stockholder" does not include a broker-dealer registered under the
225 Securities Exchange Act of 1934, as amended, that holds in inventory shares for sale on the financial
226 markets for a publicly traded corporation holding, directly or indirectly, a license from the Authority.

227 "Public place" means any place, building, or conveyance to which the public has, or is permitted to
228 have, access, including restaurants, soda fountains, hotel dining areas, lobbies and corridors of hotels,
229 and any park, place of public resort or amusement, highway, street, lane, or sidewalk adjoining any
230 highway, street, or lane.

231 "Public place" does not include (i) hotel or restaurant dining areas or ballrooms while in use for
232 private meetings or private parties limited in attendance to members and guests of a particular group,
233 association or organization; (ii) restaurants licensed by the Authority in office buildings or industrial or
234 similar facilities while such restaurant is closed to the public and in use for private meetings or parties
235 limited in attendance to employees and nonpaying guests of the owner or a lessee of all or part of such
236 building or facility; (iii) offices, office buildings or industrial facilities while closed to the public and in
237 use for private meetings or parties limited in attendance to employees and nonpaying guests of the
238 owner or a lessee of all or part of such building or facility; or (iv) private recreational or chartered boats
239 which are not licensed by the Board and on which alcoholic beverages are not sold.

240 "Residence" means any building or part of a building or structure where a person resides, but does
241 not include any part of a building which is not actually and exclusively used as a private residence, nor
242 any part of a hotel or club other than a private guest room thereof.

243 "Resort complex" means a facility (i) with a hotel owning year-round sports and recreational facilities

244 located contiguously on the same property ~~or~~; (ii) owned by a nonstock, nonprofit, taxable corporation
 245 with voluntary membership which, as its primary function, makes available golf, ski and other
 246 recreational facilities both to its members and the general public; *or (iii) operated by a corporation that*
 247 *operates as a management company which, as its primary function, makes available golf, ski, and other*
 248 *recreational facilities to its members and the general public.* The hotel or corporation shall have a
 249 minimum of 140 private guest rooms or dwelling units contained on not less than 50 acres, *whether or*
 250 *not contiguous to the licensed premises.* The Authority may consider the purpose, characteristics, and
 251 operation of the applicant establishment in determining whether it shall be considered as a resort
 252 complex. All other pertinent qualifications established by the Board for a hotel operation shall be
 253 observed by such licensee.

254 "Restaurant" means, for a beer, or wine and beer license or a limited mixed beverage restaurant
 255 license, any establishment provided with special space and accommodation, where, in consideration of
 256 payment, meals or other foods prepared on the premises are regularly sold.

257 "Restaurant" means, for a mixed beverage license other than a limited mixed beverage restaurant
 258 license, an established place of business (i) where meals with substantial entrees are regularly sold and
 259 (ii) which has adequate facilities and sufficient employees for cooking, preparing, and serving such
 260 meals for consumption at tables in dining areas on the premises, and includes establishments specializing
 261 in full course meals with a single substantial entree.

262 "Sale" and "sell" includes soliciting or receiving an order for; keeping, offering or exposing for sale;
 263 peddling, exchanging or bartering; or delivering otherwise than gratuitously, by any means, alcoholic
 264 beverages.

265 "Sangria" means a drink consisting of red or white wine mixed with some combination of
 266 sweeteners, fruit, fruit juice, soda, or soda water that may also be mixed with brandy, triple sec, or other
 267 similar spirits.

268 "Special agent" means an employee of the Virginia Alcoholic Beverage Control Authority whom the
 269 Board has designated as a law-enforcement officer pursuant to § 4.1-105.

270 "Special event" means an event sponsored by a duly organized nonprofit corporation or association
 271 and conducted for an athletic, charitable, civic, educational, political, or religious purpose.

272 "Spirits" means any beverage that contains alcohol obtained by distillation mixed with drinkable
 273 water and other substances, in solution, and includes, among other things, brandy, rum, whiskey, and
 274 gin, or any one or more of the last four named ingredients, but shall not include any such liquors
 275 completely denatured in accordance with formulas approved by the United States government.

276 "Wine" means any alcoholic beverage, including cider, obtained by the fermentation of the natural
 277 sugar content of fruits or other agricultural products containing (i) sugar, including honey and milk,
 278 either with or without additional sugar; (ii) one-half of one percent or more of alcohol by volume; and
 279 (iii) no product of distillation. "Wine" includes any wine to which wine spirits have been added, as
 280 provided in the Internal Revenue Code, to make products commonly known as "fortified wine" which do
 281 not exceed an alcohol content of 21 percent by volume.

282 "Wine cooler" means a drink containing one-half of one percent or more of alcohol by volume, and
 283 not more than three and two-tenths percent of alcohol by weight or four percent by volume consisting of
 284 wine mixed with nonalcoholic beverages or flavoring or coloring materials, and which may also contain
 285 water, fruit juices, fruit adjuncts, sugar, carbon dioxide, or preservatives and shall include other similar
 286 products manufactured by fermenting fruit or fruit juices. Wine coolers and similar fermented fruit juice
 287 beverages shall be treated as wine for all purposes except for taxation under § 4.1-236.

288 "With or without meals" means the selling and serving of alcoholic beverages by retail licensees for
 289 on-premises consumption whether or not accompanied by food so long as the total food-beverage ratio
 290 required by § 4.1-210, or the monthly food sale requirement established by Board regulation, is met by
 291 such retail licensee.