



2017 Last Call Legislative Report



Virginia Craft Brewers Guild

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TABLE OF CONTENTS

Welcome to the Last Call Legislative Report of the Virginia Craft Brewers Guild “The Guild”. This report will be produced annually to detail the highlights of each Virginia legislative session from the Guild’s perspective. The Table of Contents is a quick reference to key sections of the report.

Page 3 Guild Priority Bills

This is the proactive section of the report where details of each bill the Guild requested to be introduced or was part of a coalition or commission that requested the bill to be introduced are found. These were the top priorities of the Guild during this General Assembly session.

Page 3 Guild Defensive Bills

This section identifies only select bills that required significant Guild action in order to support, amend, neutralize, or stop from negatively impacting the craft beer industry or the Guild’s legislative agenda.

Page 5 ABC Bills

This section identifies all other ABC-related bills directly and indirectly affecting the craft beer industry that were monitored by the Guild.

Page 5 Summary

This is a brief narrative of the 2017 Virginia Legislative Session in order to provide members some understanding of the “context and color” of this year’s legislative session.



PRIORITY BILLS

Priority bills represents legislation that has been introduced on our behalf or a coalition to which we belong. These bills directly relate to VCBG legislative priorities that have been developed by member committees and the Leadership Council.

Number: VA [R] HB 2418 - Updated (Status 02/25/2017)

Sponsor: Del. Roxann Robinson (REP-VA)

Title: [Alcoholic beverage control; banquet licenses for wineries and breweries.](#)

Abstract: Alcoholic beverage control; banquet licenses for wineries and breweries. Increases from four to eight the number of banquet licenses a brewery or winery may obtain for events in any one-year period, 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 beer or wine products, respectively. The bill also specifically provides that such wine or beer manufacturer is limited to eight banquet licenses for such events per year without regard to the number of wineries or breweries, respectively, owned or operated by such manufacturer or by any parent, subsidiary, or company under common control with such manufacturer. The bill contains a technical amendment.

Status: [Governor: Approved by Governor-Chapter 159 \(effective 7/1/17\) - 02/23/2017](#)

Position: Support

DEFENSIVE BILLS

This section identifies only select bills that required significant Guild action in order to support, amend, neutralize, or stop from negatively impacting the craft beer industry or the Guild's legislative agenda.

Number: VA [R] HB 1500 - Updated (Text 02/27/2017)

Sponsor: Del. S. Chris Jones (REP-VA)

Title: [Budget Bill.](#)

Abstract: Budget Bill. Amends Chapter 780, 2016 Acts of Assembly.

Status: [House: VOTE: ADOPTION \(96-Y 1-N\) - 02/25/2017](#)

Position: Monitor

Notes: VCBG Defensive Priority Bill. Item 88 #1c requires the Secretary of Agriculture and Forestry to convene a panel of stakeholders within and outside government to: (i) review state and local noise and traffic regulations and the marketing of Virginia wines through events and activities; (ii) consider findings of previous relevant studies on Virginia farm wineries; and (iii) develop recommendations as appropriate for how the state can better

foster the viability of Virginia farm wineries. The Secretary shall complete all meetings by November 15, 2017 and report such recommendations to the Governor and the General Assembly no later than November 30, 2017. This will have direct implications for farm breweries.

Number: VA [R] HB 1528 - Updated (Status 02/09/2017)

Sponsor: Del. David Albo (REP-VA)

Title: [Alcoholic beverage control; tastings conducted by manufacturers, wine and beer wholesalers, reps.](#)

Abstract: Alcoholic beverage control; tastings conducted by manufacturers, wine and beer wholesalers, and authorized representatives. Increases the amount allowed to be spent on the purchase of alcoholic beverages used in a tasting conducted by manufacturers, wine and beer wholesalers, and authorized representatives from \$100 to \$250. The bill also provides that, as a condition of conducting the tasting, a wholesaler or the retail licensee on whose premises the tasting is conducted is not required by agreement or otherwise to pay for the purchase of the alcoholic beverage products used in the tasting.

Status: [House: Left in General Laws - 02/08/2017](#)

Notes: VCBG Defensive Priority Bill. ABI Legislation. VA Chamber of Commerce supported. See Guild policy paper. Contact barnold@vacraftbrewersguild.com

Number: VA [R] HB 1694 - Updated (Status 02/25/2017)

Sponsor: Del. Robert Marshall (REP-VA)

Title: [Alcoholic beverage control; nonprofit banquet licensees, sale of wine for off-premises consumption.](#)

Abstract: Alcoholic beverage control; nonprofit banquet licensees; sale of wine for off-premises consumption. Provides that banquet licensees that are nonprofit corporations or associations conducting fundraisers (i) shall also be authorized to sell wine, as part of any fundraising activity, in closed containers for off-premises consumption to persons to whom wine may be lawfully sold and (ii) shall be limited to no more than one such fundraiser per year.

Status: [Governor: Approved by Governor-Chapter 151 \(effective 7/1/17\) - 02/23/2017](#)

Notes: Virginia Craft Brewers Guild Defense Priority Bill. Possible 2018 legislative idea for VCBG.

Number: VA [R] HB 1744 - Updated (Status 02/25/2017)

Sponsor: Del. Nick Rush (REP-VA)

Title: [Alcoholic beverage control; disposable containers.](#)

Abstract: Alcoholic beverage control; disposable containers. Includes a single original metal can in the list of allowable disposable containers that a beer licensee, a wine and beer licensee, and certain mixed beverage licensees may use to sell alcoholic beverages. This bill is identical to SB 1469.

Status: [Governor: Approved by Governor-Chapter 153 \(effective 7/1/17\) - 02/23/2017](#)

Position: Monitor

Notes: VCBG Priority Defensive Bill.

Number: VA [R] HB 1801 - Updated (Status 02/25/2017)

Sponsor: Del. Barry Knight (REP-VA)

Title: [Alcoholic beverage control; delivery privileges of persons holding a wine and beer license.](#)

Abstract: Alcoholic beverage control (ABC); delivery privileges of persons holding a wine and beer license. Provides that notwithstanding any provision of law to the contrary, persons granted a wine and beer license may deliver such wine or beer in closed containers for off-premises consumption (i) to a person's vehicle if located in a designated parking area of the retailer's premises where such person has electronically ordered wine or beer in advance of the delivery or (ii) if the licensee holds a delivery permit issued by the ABC Board, to such other locations as may be permitted by Board regulation. The bill contains technical amendments.

Status: [Governor: Approved by Governor-Chapter 154 \(effective 7/1/17\) - 02/23/2017](#)

Position: Monitor

Notes: VCBG Defensive Priority Bill.

Number: VA [R] HB 1901 - Updated (Status 02/09/2017)
Sponsor: Del. Steve Heretick (DEM-VA)
Title: Alcoholic beverage control; tied house exception.
Abstract: Alcoholic beverage control; tied house exception. Creates an exception to the tied house prohibition on the retail sale of alcoholic beverages by manufacturers of distilled spirits for any manufacturer of distilled spirits located within the Commonwealth, not under common control or ownership with any other distillery, that is under common control or ownership with a restaurant licensed to sell spirits at retail in Virginia, provided that such manufacturer produces no more than 5,000 gallons of spirits annually and does not require the retail licensee to exclude from sale at the restaurant alcoholic beverages of other manufacturers, bottlers, or wholesalers. The bill would allow the issuance of a retail license to such manufacturer.
Status: House: Left in General Laws - 02/08/2017
Position: Monitor
Notes: VCBG Defensive Priority Bill. This bill could set a "roadmap" for all other segments of the alcohol industry and set into motion the end of Virginia's 3-tier system. The bill didn't even get a motion in subcommittee.

Number: VA [R] HB 2359 - Updated (Status 03/01/2017)

Sponsor: Del. David Albo (REP-VA)

Title: [Virginia Alcoholic Beverage Control Authority; changes effective date for creation of Authority.](#)

Abstract: Virginia Alcoholic Beverage Control (ABC) Authority. Changes the effective date for the creation of the ABC Authority from July 1, 2018, to January 15, 2018. The bill creates a transition period from January 15, 2018, until December 31, 2018, during which time the current Department will coexist with the ABC Authority to facilitate an orderly and efficient transition and to ensure the continuation of operations during the transition. The bill provides that during the transition period the current ABC Board will be the Board of Directors of the ABC Authority. The bill grants to the ABC Authority the

authority to implement and maintain independent payroll and nonpayroll disbursement systems, which are subject to review and approval by the State Comptroller and which include travel ...

Status: [Governor: Governor's Action Deadline Midnight, March 27, 2017 - 02/28/2017](#)

Position: Neutral

Notes: VCBG Defensive Priority Bill. Moves up the ABC Authority transition to 1/1/18 and allows for a 12-month transition period. 2 citizen appointments will be available to the Governor.

Number: VA [R] HB 2433 - Updated (Status 02/25/2017)

Sponsor: Del. David Bulova (DEM-VA)

Title: [Alcoholic beverage control; cider shall be treated as wine for all purposes of ABC law.](#)

Abstract: Alcoholic beverage control (ABC); cider. Provides that cider shall be treated as wine for all purposes of alcoholic beverage control law, except where otherwise provided in ABC law or Board regulations. The bill contains technical amendments.

Status: [Governor: Approved by Governor-Chapter 160 \(effective 7/1/17\) - 02/23/2017](#)

Position: Monitor

Notes: VCBG Defensive Priority Bill

Number: VA [R] SB 970 - Updated (Status 01/28/2017)

Sponsor: Sen. Bill DeSteph (REP-VA)

Title: [Alcoholic beverage control \(ABC\); food-to-beverage ratio for certain mixed beverage licensees.](#)

Abstract: Alcoholic beverage control (ABC); food-to-beverage ratio for certain mixed beverage licensees. Reduces the current 45 percent food-to-beverage ratio for mixed beverage licensees to 35 percent under certain conditions met by a mixed beverage licensee in accordance with ABC Board regulations. The bill requires the ABC Board to adopt fast-track regulations that prescribe the terms and conditions under which persons holding a mixed beverage restaurant, caterer's, or limited caterer's license meet or exceed the following: (i) For such licensees with monthly food sales of at least \$4,000 but less than \$10,000, the food-to-beverage ratio shall be 35 percent; and (ii) for such licensees with monthly food sales of at least \$10,000, there shall be no food-to-beverage ratio requirement imposed. The ...

Status: [Senate: Failed to report \(defeated\) in Rehabilitation and Social Services \(6-Y 8-N 1-A\) - 01/27/2017](#)

Position: Support

Notes: VCBH Defensive Priority Bill. Guild is supporting restaurant and other associations that this bill will assist.

Number: VA [R] SB 1108 - Updated (Status 02/23/2017)

Sponsor: Sen. Glen Sturtevant (REP-VA)

Title: [Alcoholic beverage control; creates walking tour permit.](#)

Abstract: Alcoholic beverage control; walking tour permit. Creates a new permit that allows tour companies guiding individuals for compensation on a walking tour to licensed retail establishments to collect as one fee from tour participants (i) the licensee's fee for the alcoholic beverages served as part of the tour, (ii) a fee for any food offered as part of

the tour, and (iii) a fee for the walking tour service. The bill requires the tour company to remit to the licensee any fee collected for the alcoholic beverages served as part of the tour.

Status: [Senate: Title replaced 17105641D-H1 - 02/22/2017](#)

Position: Monitor

Notes: VCBG Defensive Priority Bill.

Number: VA [R] SB 1150 - Updated (Status 02/23/2017)

Sponsor: Sen. Barbara Favola (DEM-VA)

Title: [Alcoholic beverage control; ABC Board to require bar bystander training.](#)

Abstract: Alcoholic beverage control; bar bystander training. Directs the Alcoholic Beverage Control Board to promulgate regulations that establish and make available to all retail on-premises licensees and employees of such licensees who serve as a bartender or otherwise sell, serve, or dispense alcoholic beverages for on-premises consumption a bar bystander training module, which shall include (i) information that enables licensees and their employees to recognize situations that may lead to sexual assault and (ii) intervention strategies to prevent such situations from culminating in sexual assault.

Status: [Senate: House amendments agreed to by Senate \(40-Y 0-N\) - 02/22/2017](#)

Position: Support

Notes: VCBG Defensive Priority Bill.

Number: VA [R] SB 1161 - Updated (Status 01/21/2017)

Sponsor: Sen. Bryce Reeves (REP-VA)

Title: [Alcoholic beverage control; food sale requirements.](#)

Abstract: Alcoholic beverage control; food sale requirements. Provides that a business may be considered a restaurant for purposes of mixed beverage licenses if it regularly sells foods, rather than meals, prepared on the premises. The bill also clarifies that in calculating the denominator of the food-beverage ratio, mixed beverage restaurant licensees, mixed beverage caterer's licensees, mixed beverage limited caterer's licensees, and limited mixed beverage restaurant licensees shall include the gross receipts from the sale of nonalcoholic beverages.

Status: [Senate: Stricken at request of Patron in Rehabilitation and Social Services \(13-Y 0-N\) - 01/20/2017](#)

Position: Support

Notes: VCBG Defensive Priority Bill. Guild supports restaurants and other retailers that will benefit from this legislative change.

Number: VA [R] SB 1271 - Updated (Status 01/28/2017)

Sponsor: Sen. Adam Ebbin (DEM-VA)

Title: [Alcoholic beverage control; rental of draft truck by retail licensee.](#)

Abstract: Alcoholic beverage control; rental of draft truck by retail licensee. Allows a beer wholesaler to rent to any on-premises retail licensee a draft truck and any equipment necessary to operate such draft truck for use by the retail licensee at a special event for which an extension of the retail licensee's licensed premises has been granted by the Alcoholic Beverage Control Board. Under current law, wholesalers are prohibited from

selling, renting, or lending to any retail licensee equipment with which the business of such retail licensee is or may be conducted.

Status: [Senate: Passed by indefinitely in Rehabilitation and Social Services \(15-Y 0-N\) - 01/27/2017](#)

Position: Monitor

Notes: VCBG Defensive Priority Bill.

Number: VA [R] SB 1287 - Updated (Status 03/01/2017)

Sponsor: Sen. Ryan McDougle (REP-VA)

Title: [Virginia Alcoholic Beverage Control Authority; changes effective date for creation of Authority.](#)

Abstract: Virginia Alcoholic Beverage Control (ABC) Authority. Changes the effective date for the creation of the ABC Authority from July 1, 2018, to January 15, 2018. The bill creates a transition period from January 15, 2018, until December 31, 2018, during which time the current Department will coexist with the ABC Authority to facilitate an orderly and efficient transition and to ensure the continuation of operations during the transition. The bill provides that during the transition period the current ABC Board will be the Board of Directors of the ABC Authority. The bill grants to the ABC Authority the authority to implement and maintain independent payroll and nonpayroll disbursement systems, which are subject to review and approval by the State Comptroller and which include travel ...

Status: [Governor: Governor's Action Deadline Midnight, March 27, 2017 - 02/28/2017](#)

Position: Neutral

Notes: VBWA Defensive Priority Bill. Companion bill to HB2359 (Del Albo - R).

Number: VA [R] SB 1357 - Updated (Status 01/31/2017)

Sponsor: Sen. Thomas Norment (REP-VA)

Title: [Alcoholic beverage control; tastings conducted by manufacturers, wine and beer wholesalers, etc.](#)

Abstract: Alcoholic beverage control; tastings conducted by manufacturers, wine and beer wholesalers, and authorized representatives. Increases the amount allowed to be spent on the purchase of alcoholic beverages used in a tasting conducted by manufacturers, wine and beer wholesalers, and authorized representatives from \$100 to \$250. The bill also provides that, as a condition of conducting the tasting, a wholesaler or the retail licensee on whose premises the tasting is conducted is not required by agreement or otherwise to pay for the purchase of the alcoholic beverage products used in the tasting.

Status: [Senate: Passed by indefinitely in Rehabilitation and Social Services \(15-Y 0-N\) - 01/27/2017](#)

Position: Oppose

Notes: VBWA Defensive Priority Bill. ABI legislation. Supported by VA Chamber. Contact Betty Arnold (barnold@vacraftbrewersguild.com) for position paper.

Number: VA [R] SB 1358 - Updated (Status 01/31/2017)

Sponsor: Sen. Thomas Norment (REP-VA)

Title: [Alcoholic beverage control; point of sale advertising materials.](#)

Abstract: Alcoholic beverage control; point of sale advertising materials. Provides that point of sale advertising materials provided by a manufacturer or its authorized vendor or a wholesale wine and beer licensee to a retail licensee may be made of wood or metal and increases from \$40 per item to \$100 per item the maximum wholesale value of such materials. The bill also provides that no wholesaler or retail licensee shall be required by agreement or otherwise to pay for such advertising materials.

Status: [Senate: Passed by indefinitely in Rehabilitation and Social Services \(15-Y 0-N\) - 01/27/2017](#)

Position: Oppose

Notes: VBWA Defensive Priority Bill. ABI legislation. Supported by VA Chamber and Retail Merchants. See Betty Arnold (barnold@vacraftbrewersguild.com) for position paper.

ABC BILLS

All ABC-related bills directly and indirectly affecting the craft beer industry that were monitored by the Guild are available here - <http://www.cgstatetrack.com/teaxis/viewrpt/main.html?event=4f03771132>.

In total, the VCBG monitored and managed 24 bills, including a budget amendment this session.

SUMMARY

This was another positive legislative session for the Guild. It was successful in passing its priority bill and neutralizing 100% of its targeted defensive bills.

This year 60% of the 2,959 bills introduced in the 2017 regular session by members of the General Assembly passed. This is 5% higher than 2015 and 2016. However, if one removes resolutions from the bill list, the total bills introduced in 2017 were 2,176 and the pass rate was 52% of all remaining bills. It should also be noted that 3,286 bills were introduced in 2016; 2,776 in 2015; 2,888 in 2014 and 2,575 in 2013.

The Guild focuses exclusively on legislation affecting craft breweries and all ABC bills. This year 23 defensive ABC bills were managed by the Guild, up from 19 last year, and one priority tax bill was

managed. Our priority bill, HB2418 Banquet Licenses for Breweries (R-Robinson), made it through the General Assembly with only four dissenting votes. Members will now have eight (8) manufacturers banquet licenses per year (100% increase). This statute has not been amended in 22 years! 68% of members polled told us they use all their licenses or hold them in fear of running out for special occasions. With 85% of the industry planning to expand in the next 12 months, we need more opportunities to directly showcase our products and HB2418 will give us that opportunity.

Delegate Robinson is new to the craft beer industry but she is a huge fan. In fact, she is working with us to get Governor McAuliffe to hold a bill signing at one of our breweries. We will also be working the ABC to streamline and automate the manufacturing banquet license (a.k.a., Manufacturers Multi-Day Event License) by July 1, 2017.

There were also additional bills this session to move ABC along in its transformation to a public authority. This continues to be a challenge for the ABC due to the ever-increasing share of alcohol revenue they contribute to the state budget. Be thankful the state doesn't price your product.

The Guild continued to try and build relations with the restaurant/hospitality industry by supporting bills to lower the food-beverage ratio for a second year. Unfortunately, the Guild was not rewarded with reciprocal support. In fact, the restaurant/hospitality lobby insisted on the amendments to the Guild's signature bill to assure that the expansion of eight (8) licenses would not extend to each site only to each brewery no matter how many sites. Regardless of that disappointment this session, the Guild continues to build positive relations with the other tiers by working with the Virginia Retail Federation, Virginia Beer Wholesalers Association and the Virginia Restaurant Lodging & Travel Association.



VCBG Day on the Hill 2017

Another bill that the Guild monitored closely was HB1901. It is the first attempt to break the 3-tier system in decades. The bill proposed to allow distilleries to self-distribute if they produce less than 5,000 gallons of product a year. The ABC subcommittee of the House General Laws Committee heard the bill – it didn't even get a motion. The record shows that the "Subcommittee recommends passing by indefinitely by voice vote." There was also a bill to enable NASCAR events to sell beer in cans (formerly only allowed to sell beer in plastic cups), a bill to create a new permit that allows tour companies guiding individuals for compensation on a walking tour to licensed retail establishments to collect as one fee from tour participants including alcoholic beverages served as part of the tour. A bill even passed that allows one with a beer license to deliver such beer in closed containers for off-premises consumption to a person's vehicle if located in a designated parking area of the retailer's

premises where such person has electronically ordered wine or beer in advance of the delivery (Kroger online ordering).

The Guild also faced its first confrontation on “pay-to-play” legislation introduced by ABI this session. Unfortunately, the business community was fragmented on these issues. The Virginia Retail Federation supported the point of sale display bills and the Virginia Chamber of Commerce supported them both. Fortunately, the VMA and VBWA were in agreement and worked cooperatively against these proposals. Regardless, we are assured that they will be reintroduced in 2018.

The Guild depends upon legislators understanding the unique needs of the craft beer industry. We further depend upon them to uphold “SB 604” and other Guild priority statutes such as brewery-to-brewery transfers, contract brewing, farm breweries and ABC regulatory flexibility. This year the Virginia General House of Delegates is up for election. All statewide offices are also open. Add to this fact that 39% of the General Assembly has served less than five years and 74% has served less than 12 years, and we have some serious education to do over the coming months. We cannot assume that the next House members or the next Governor will be as supportive of the independent craft beer industry as has the previous leadership.

In fact, as was mentioned last year, since the Virginia General Assembly manages legislation through a committee structure and the leadership of those committees is based upon a seniority system, there is going to be a tremendous amount of movement in committee leadership this year. The Speaker of the House Bill Howell just announced his retirement and the House elected Delegate Kirk Cox to become the next Speaker. His former role, Houser Majority Leader, has been filled by Delegate Todd Gilbert. The Guild must be aware that ABC issues are currently led by Delegate Barry Knight, ABC subcommittee chair in the House; Delegate Todd Gilbert, House General Laws Chair; and Senator Bryce Reeves, Senate Chair for the Committee on Rehabilitation and Social Service, and, pending the outcome of the fall election (Senator Reeves is running for Lt. Governor), there may be all new leaders in place working on our core issues.



Governor McAuliffe and Secretary Basil Gooden @ 2017 VA Craft Beer Caucus

In closing, the Guild will continue to face challenges in government affairs. We will have to expand our education of new members of the General Assembly about the unique aspects of the independent craft beer industry. We will have to continue to develop our productive relationship with the other tiers and the next Governor. The Guild has a strong government affairs program in place and is prepared to face all challenges.

To join the VCBG government affairs committee, please contact Member Services at barnold@vacraftbrewersguild.com.