



Report to the Virginia General Assembly

Virginia Alcoholic Beverage Control Licensing Fee Study

November 8, 2017

Prepared by the Virginia Department of Alcoholic Beverage Control



COMMONWEALTH of VIRGINIA

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November 8, 2017

Members of the General Assembly,

During the 2017 Session, the General Assembly adopted budgetary language directing the Virginia Department of Alcoholic Beverage Control to examine its current regulatory and licensing fee structure. Pursuant to paragraph D. of Item 386 of Chapter 836:

The Department of Alcoholic Beverage Control shall conduct a review of its current application and licensing fees as established in the Code of Virginia, with regard to the adequacy of the current fee structure in covering the actual cost of regulating the alcoholic beverage industry in the Commonwealth. In conducting its review, the department shall consider the actual costs involved in issuing a license, regulating that license, and adjudicating violations against a license, as well as the actual cost of collecting all fees. The department shall provide its findings and any recommendations to the Secretary of Public Safety and Homeland Security, the Chairmen of the House Committees on General Laws and Appropriations, and the Chairmen of the Senate Committees on Rehabilitation and Social Services and Finance by November 1, 2017.

Pursuant to this stipulation, enclosed please find the Virginia Department of Alcoholic Beverage Control's study of the adequacy of its current fee structure in covering the actual costs of administering and enforcing the licensee community.

Respectfully submitted,

Travis G. Hill
COO, Secretary to the ABC Board

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Executive Summary

Paragraph D. of Item 386 of Chapter 836 of the 2017 Budget Bill (HB 1500) stipulates:

The Department of Alcoholic Beverage Control shall conduct a review of its current application and licensing fees as established in the Code of Virginia, with regard to the adequacy of the current fee structure in covering the actual cost of regulating the alcoholic beverage industry in the Commonwealth. In conducting its review, the department shall consider the actual costs involved in issuing a license, regulating that license, and adjudicating violations against a license, as well as the actual cost of collecting all fees. The department shall provide its findings and any recommendations to the Secretary of Public Safety and Homeland Security, the Chairmen of the House Committees on General Laws and Appropriations, and the Chairmen of the Senate Committees on Rehabilitation and Social Services and Finance by November 1, 2017.

As required by this budgetary language, the Virginia Department of Alcoholic Beverage Control (Virginia ABC) reviewed previous efforts to increase Virginia ABC license and permit revenue, previous General Assembly actions, financial data, other Virginia state agencies' treatment of licenses and permits, determined the actual costs for the issuance of licenses and the regulation of licenses by the Virginia ABC's Enforcement division, the actual costs of adjudicating violations against a license by the Hearings & Appeals division, and the costs of compliance activities performed by the agency's Tax Management and Education programs. The report also examines the costs of fee collections. This information is discussed in the sections that follow this report summary.

Analysis of information collected indicates that \$14.5 million in revenue is generated by financial penalties and licensing, application and permit fees. The current amount of enterprise funds provided in the Appropriations Act for enforcement activities is \$18 million. Virginia ABC also determined that the operating costs for Virginia ABC's existing law enforcement, hearings, and compliance activities is approximately \$22.6 million. Based on Virginia ABC calculations, fee revenues fall short of operating expenses by roughly \$8.1 million and fall short of funding the appropriations amount by \$3.5 million. It is important to note that the total operating expenditures do not include indirect costs or the items for which Virginia ABC collects no revenue (e.g. grain alcohol permit issuance and maintenance).

In developing the recommendations contained in this report, Virginia ABC solicited input from various industry stakeholders to determine their views on current enforcement levels, fees and how any additional revenues should be utilized in the agency. Stakeholders are of the opinion that additional enforcement resources, specifically more special agents, are a benefit to the alcohol beverage industry. The alcohol beverage industry has seen explosive growth in recent years in regard to the number of licenses being issued and new participants in its various tiers. Additional licensees and more complex enforcement situations are straining existing resources, making it more difficult to have access to special agents. Additionally, the overall number of special agents at Virginia ABC has decreased over the years due to budget reductions.

Stakeholders were open to a discussion about fee adjustments, but expressed a strong and unified voice that revenues should be utilized to fund Virginia ABC enforcement efforts. Stakeholders recommended that Virginia ABC consider adjusting the agency's application fees to a rate more reflective of the amount of work involved in an application investigation as well as taking an incremental approach to adjusting licensing fees, first adjusting those licenses that generate the greatest work for enforcement agents and then reviewing other licenses for future adjustments. Adjusting application fees from \$65 to \$195 and other application fees charged by Virginia ABC from \$15 to \$45, and increasing the Wine

Shipper's, Beer Shipper's, and Wine and Beer Shipper's Licenses from \$95 to \$230 is anticipated to produce an additional \$1.9 million in revenue. This additional revenue coupled with an increase in Enforcement's appropriation amount will greatly improve Virginia ABC's enforcement capabilities. Virginia ABC's stakeholders have also recommended that other fees be reviewed over the coming year.

1 Background

License fees have existed since the origination of the Alcoholic Beverage Control Act and the creation of Virginia ABC in 1934. These 10 original license types have grown to well over 100 licenses in 2017.

Nearly all fees for Virginia ABC applications, licenses, and permits are established in Title 4.1 of the Code of Virginia. When re-codification occurred in the early 1990's, the re-codification effort did not include examination of license types offered and their associated fees.

In nearly all cases, the fee is a flat fee that does not vary regardless of location, size of establishment or region of the state. Initial applicants must pay an application fee when they file, however, these fees are a one-time fixed fee. Once approved, a licensee will only pay a regular annual fee for each subsequent year. Virginia ABC does not auction permits; apply surcharges; charge different fees based on population, or impose broker charges, and does not apply warehouse fees or charge fees for brands of beer or wine sold in the state.

Virginia ABC is an "enterprise" agency, meaning that it does not receive funding from the General Fund. Rather, it must earn enough revenue to cover the agency's operating expenses as well as the required annual profit transfer dictated in the Commonwealth's budget. The Enforcement division has a separate appropriation established in the Commonwealth's biannual budget. The raising of this limit is imperative if any adjustments to licensing fees are to be considered. The Enforcement division's appropriation amount remained relatively stagnant over the last 5 years. Without additional enforcement funding, Virginia ABC has had to both curtail enforcement positions and activities as well as shift activities previously funded by the enforcement appropriation to other divisions within the agency.

1.1 Prior Virginia ABC Document Review

The last comprehensive review of the costs of administering and enforcing alcohol laws occurred in 1994-1995. Even then, there was an average deficit of nearly \$2.25M between the amount of fees collected versus the costs incurred to administer and enforce the licensee community. In fiscal year (FY) 1994, the total for licensing and permitting fees collected by Virginia ABC was \$6.3 million. However, the expenses for the licensing and regulatory services provided by the Enforcement division, the violations processed by Hearings & Appeals and some other ancillary costs in FY 1994 were \$8.4 million. Therefore, the discrepancy between the total fees collected and service costs incurred in FY 1994 was \$2.1 million. Likewise, that same effort also examined the discrepancy between the \$6.6 million in fees collected for licenses and permits in FY 1995 and the \$8.9 million in costs for Enforcement, Hearings & Appeals, and other ancillary costs for FY 1995. The discrepancy between the fee collections and service costs in FY 2015 approached \$2.4 million.

The proposed solution at the time was to increase the cost of all of Virginia ABC's licenses and permits. Specifically, after calculating each license and permit's existing revenue stream, the effort recommended increasing each license and permit by 50 percent. After calculating the revised revenue stream for each license and permit, the additional revenue was estimated to generate \$9.3 million. When compared to the original fee collections of \$6.1 million in FY 1994 and \$6.6 million in FY 1995, the revenue generated by this proposed license and permit fee increase would have added \$3.2 million in FY 1994 and \$2.7 million in FY 1995 to cover Virginia ABC's existing service costs. Ultimately, no license or permit fee increase was adopted based on this effort.

1.2 Last ABC Fee Increase

Although Virginia ABC's 1994-1995 recommended licensing and permitting fee increases did not result in any actual license or permit fee increase, the General Assembly did increase Virginia ABC's application, licensing, and permitting fees during the 2004 Session. These fee increases were a component of Part 5 of Chapter 4 the Appropriation Act in Special Session I of the Acts of Assembly of 2004.

Noting that the license privilege fee had not been increased since 1990 and that the license application fee had not been increased since 1987, the General Assembly increased the agency's application, licensing, and permitting fees overall by 30 percent. However, the actual increase in fees ranged in value from a low of 28.6 percent to a high of 40.0 percent. Separately, the General Assembly budget language reclassified the previously labeled state license "taxes" as "fees." That action permitted the budgetary revenue increase to take place without suggesting the imposition of new taxes, but simply application and renewal fees for Virginia ABC's licensees and permittees.

The 2004 General Assembly's increase in the application, licensing, and permitting fees was enacted with limited notice to Virginia ABC's stakeholders, licensees, and permittees. It appears that the proposal to increase application, licensing, and permitting fees was not discussed publicly prior to the introduction of the Conference Committee report on May 7, 2004. With an effective date of July 1, 2004, stakeholders, licensees, and permittees had roughly two months to absorb the fee increases. It is important to note that since the Enforcement appropriation was not addressed in this bill, the revenue generated by these fee increases did not go toward the costs of regulating the alcohol beverage industry.

Except for three license fees (the Wine Shipper's, Beer Shipper's, and Wine and Beer Shipper's Licenses) that were increased in FY 2010 and the legislative creation of new licenses and permits, the vast majority of Virginia ABC's application, licensing, and permitting fees have not changed since they were increased by the General Assembly in 2004.

2 Findings

2.1 Financial Data Analysis

- Appropriation of enterprise funds for the Enforcement and Regulation of Alcohol Beverage Control Laws in Item 386 of the Appropriation Act is \$18 million.
- Costs for Enforcement, Hearings & Appeals, Tax Management, Education, and Law Enforcement Support provided by other divisions totaled \$22.6 million
- Revenue collections for application, licensing, and permitting fees totaled \$14.5 million
- Direct operating costs exceeded the appropriation by \$4.6 million and the fees collected by \$8.1 million

See Figure 1. below for a breakdown of revenue collected from alcohol law administration and enforcement for the past two fiscal years.

Figure 1. ABC revenue from the administration and enforcement of alcohol laws

	FY2016 Revenue
Application Fees	\$525,402
Licensing Fees	\$12.6 million
Permit Fees	\$153,838
Non-payment penalties	\$108,645
Violation penalties	\$708,050
Label Approval Fees	\$463,980
TOTAL	\$14.5 million

**Virginia ABC collects the malt beverage and wine liter taxes. However, with the exception of 12% of the wine liter tax, none of the revenue is kept by Virginia ABC. It is transferred directly to the general fund and is not available for the administration or enforcement of alcohol laws. None of the 12% which is equivalent to \$4.3M is earmarked for enforcement operations.*

To see details on the license fee amount by Virginia ABC license and permit type, please refer to the attached Appendices.

In contrast to the amounts collected during FY 2016, Virginia ABC's operating expenditures far exceeded the amount of revenue collected from alcohol administration and regulation efforts. See Figure 2. below for a detailed breakdown of costs associated with the administration and enforcement of alcohol laws.

Figure 2. Operating costs for the administration and enforcement of alcohol laws.

	FY2016 Operating Costs
Issuance & regulation of licenses and permits	\$17.7 million
Violation adjudication	\$1.4 million
Wholesaler tax processing	\$759,519
Education and prevention services	\$101,115
Support costs	\$2.6 million
TOTAL	\$22.6 million

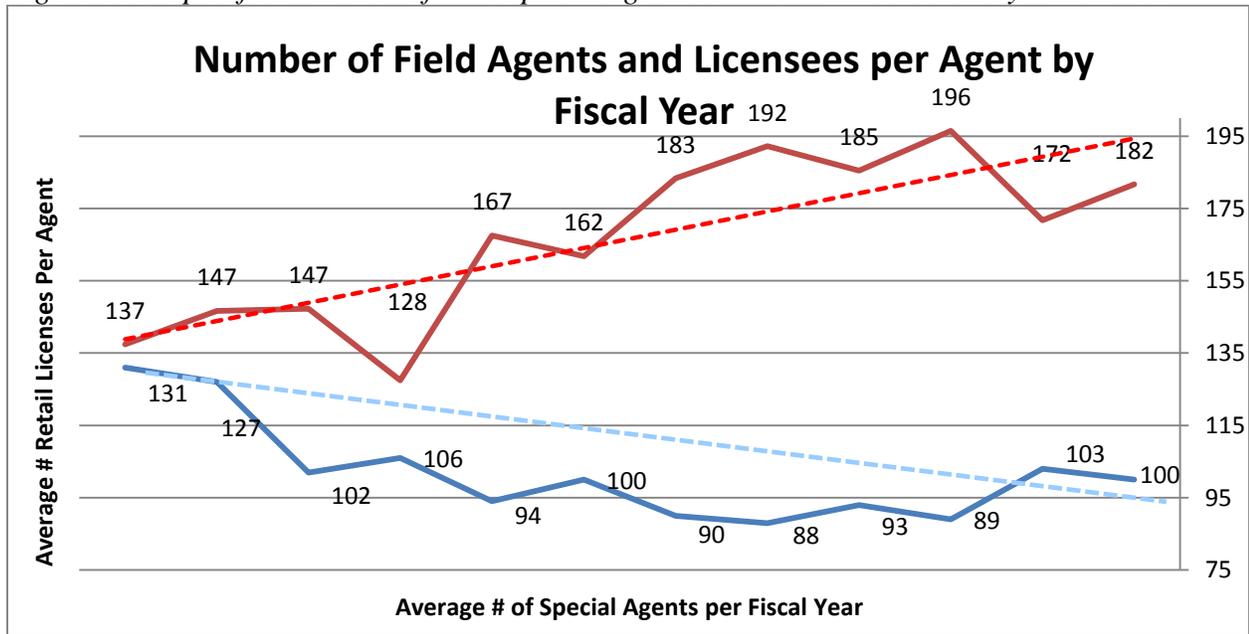
**Support costs include the rental of Enforcement’s nine regional offices and their utilities, the personnel costs for tax auditor positions, and the payment of Enforcement’s cell phone costs.*

Compared to the \$14.5 million collected from application, licensing, and permitting fees and penalties, it is readily apparent that revenue collected by Enforcement activities fall short both of the appropriation provided for such activities as well as the actual costs associated with the activities.

In an effort to ensure alcohol law enforcement efforts received the highest level of funding possible, other components of the administration and enforcement of alcohol laws, such as processing of beer and wine wholesaler taxes and education/prevention efforts were moved out of the Enforcement division, and were funded as part of other agency operations. While Virginia ABC has taken measures to cover enforcement expenditures beyond the revenue collected, the growing discrepancy creates a drain on agency resources and makes it difficult to provide the regulatory services requested by the industry.

The reason stakeholders expressed opposition to any revenue increases unless those revenues support Virginia ABC’s enforcement operations is that the number of licensees per agent has been increasing for some time. The lack of revenue makes it difficult for the Virginia ABC Enforcement division to hire more agents, resulting in a nearly 200 licensee to 1 agent ratio. This ratio is significantly more than a single agent can adequately service, thus resulting in a lower level of service than would be expected or desired.

Figure 3. Graph of the number of ABC special agents to ABC Retail licenses by Fiscal Year



However, with the additional special agents, the number of licensees per special agent could be reduced by about 18 percent. This percentage reduction in the number of licensees per special agent would provide more capability to meet public safety standards such as annual inspections of mixed beverage licensees and biannual inspections of other licensees. Reducing the number of licensees per special agent could also provide greater technical assistance to the agency’s licensee, permittee, and stakeholder community.

By increasing the Enforcement appropriation and producing additional revenue through the increase of licensing fees, a greater level of enforcement could be expected.

2.2 Support Charges

- Virginia ABC did not include other support costs such as services provided by Human Resources and information technology development
- Additional support costs could have added as much as \$5.1 million to its direct operating costs.

There were other additional support charges that Virginia ABC could have included that would have increased the agency’s operating deficiency. These charges included expenses for the Office of the Attorney General, building maintenance costs for Virginia ABC’s headquarters, information technology support, human resource expenses, and public information costs.

2.3 No Fees Charged

Contributing to the agency’s deficit, there are a number of services for which Virginia ABC imposes no charge. These services include:

- franchise designation filings
- tax exempt items

- household permit
- sacramental wine permit
- industrial permit
- personal alcohol importation permit
- keg permit
- in-state delivery permit
- continuity of operations permit
- sight-seeing carrier permit
- culinary walking tour permit
- 190-proof grain alcohol permit
- special transportation – industrial alcohol permit
- still permit
- wine auction permit
- secured party or receiver permit
- estate/judicial permit
- foreclosure/auction permit
- additional winery storage permit
- remote winery privileges

Due to the manual nature of much of the work performed, there is a significant cost associated with the processing of the services listed above which drives up the administration costs each year. Franchise designations alone account for an estimated \$73,000 in costs without any revenue collected. Processing wholesaler net tax liability adds \$43,000 in cost annually.

It is estimated that the Tax Management unit devotes nearly 55 percent of its efforts to services for which customers pay no charge.

The Enforcement division's compliance special agents also have responsibility for approving remote privileges for farm wineries. While the actual license fees associated with these winery licenses are programmed for the costs of license issuance and regulation, these wineries can request the establishment of tasting rooms and up to five remote locations per day. For the most recently completed year, Enforcement division's compliance special agents approved 2,500 remote location requests. Since approval of these remote location requests typically requires an average of 30 minutes, the total time required by the compliance special agents for this service is 1,250 hours. Using average hourly wages for the special agents and compliance special agents, this time equates to an additional \$89,388 in special agent costs.

2.4 Actual Costs for Issuance and Regulation of a License

In order to determine the actual costs for the issuance and the regulation of a license by Virginia ABC's Enforcement division, it is important to understand how the agency's law enforcement officers record information about their daily activities. As a component of their daily duties, these law enforcement officers are required to detail the hours they spend on a variety of tasks using an Officer Daily Log. The Officer Daily Log records how much time each law enforcement officer has spent on the regulation of existing licenses, the issuance of new licenses or permits, the adjudication of charges against a license,

and various administrative tasks. Enforcement's special agents work with 19,190 retail licenses and 3,022 manufacturers, wholesalers, and shippers licenses and permits annually.

Using the information contained in the Officer Daily Logs, Enforcement division staff compiled the total time for each task and larger category of activity for each division and special unit and subsequently developed percentages of the total hours spent on each class of activities for the year. For instance, Enforcement's special agents spent 81 percent of their time on License Regulation, 16 percent of their time on License Issuance, and 3 percent of their time on License Adjudication.

2.5 Actual Costs for Hearing Various Cases

- Underage buyer (284 cases) and late MBAR (49 cases) are the most common license violations
- Administrative hearings handle more serious violations or license objections

The actual costs for the adjudication of a license violation by Hearings & Appeals consisted of the number of hours required to complete a necessary hearings activity multiplied by the divisional staff's hourly rate. This discrete cost was then added to the costs of other discrete activities performed by other staff members to determine the cost of a hearing. There were a number of examples of hearings that can illustrate the activities that must be completed, including underage buyer and mixed beverage annual review cases, which represent the largest number of Virginia ABC's cases, and a general administrative hearing, which could involve objections to the issuance of a license or any other form of violation that may be brought against a licensee.

In FY2016, \$708,050 in civil penalties was collected at an average of \$2,593.59 per case. It is in the best interest of Virginia ABC and the licensee to resolve the issue(s) as early in the process as possible; therefore an enhanced focus is placed on consent settlements or offers in compromise. A little over 56 percent of hearings cases were settled via these methods in FY2016.

As cases progress through the Hearings & Appeals process they consume more resources on behalf of the agency and the licensee. This is due in part to the separation of duties by Virginia ABC staff between phases of the process requiring more finite resources to be assigned to the case. In many instances no additional costs are recovered whether the case is settled immediately or whether it progresses all the way through an appeal to the ABC Board.

In the 2017 General Assembly session, penalties were increased on a number of violations and Virginia ABC was given the authority to recover costs in aggravating circumstances up to \$10,000. This enhanced penalty should be particularly helpful in situations where forensic accountants must be employed to investigate mixed beverage ratio violations.

2.5.1 Underage Buyer Case.

During FY 2016, Hearings & Appeals processed 284 underage buyer (UAB) cases. Resolving these cases included staff members processing 184 consent decrees offered by the divisional staff, 48 offers in compromise proposed by the affected licensees, and 42 administrative hearings. These administrative hearings addressed 276 single UAB charges. In addition, 10 of these administrative hearings resulted in

an appeal. Ultimately, the total cost of the consent decrees, offers in compromise, hearings, and subsequent appeals of UAB cases to the division totaled \$26,137.

2.5.2 Late Mixed Beverage Annual Review Case.

In FY 2016, 49 mixed beverage annual review (MBAR) cases were processed by Hearings & Appeals. While late MBAR cases were not as numerous as UAB cases, these cases included many of the same steps as the UAB cases. Staff members processed 19 consent decrees offered by the divisional staff, four offers in compromise proposed by licensees, and 22 administrative hearings. These administrative hearings addressed 45 single late MBAR charges. Four of the administrative hearings were appealed. Summed, the total costs for Hearings & Appeals to process the consent decrees, offers in compromise, hearings, and later appeals of MBAR cases would be about \$6,087.

2.5.3 Administrative Hearing

Many administrative hearings involve issues such as objections to the issuance of a license or more significant violations that may be brought against a license than a UAB or late MBAR case. Administrative hearings may require as much as four hours of staff time to evaluate the reasons for the opposition to the issuance of a license or to assess the validity of any significant charges against a licensee. However, if an appeal is lodged, the cost of that appeal for Hearings & Appeals increases. In 2016, there were a total of 14 appeals in application and disciplinary cases. These appeals would also require Virginia ABC's Board review and consideration. In total, then, an administrative hearing's longer staff preparation times and appeals could cost Hearings & Appeals as much as \$9,015.

2.5.4 Franchise Cases

Franchise cases require a significant amount of resources from the Hearings & Appeals division and can serve as a drain on resources. From both the resource and time perspective, franchise cases serve as the most costly of cases heard by Virginia ABC. Currently, no filing fees are collected nor fees imposed for transcripts of motions or hearings or for copies of tax management filings.

Virginia ABC has plans to try and compress the discovery period through required disclosures and control the time frame from hearing to decision. This change should help streamline the process and aid in bringing a swifter resolution to these cases thus freeing limited resources earlier.

2.6 Costs of Collection

- Cost of collecting the renewal of license and permit fees is nearly \$60,000 per year
- ABC has 19,190 active retail licenses and 3,022 manufacturers, wholesalers, and shippers licenses and permits
- Nearly all file on time – only 5 percent of licensees (1,111) do not file on time

2.6.1 Collection of License and Permit Fees.

Virginia ABC currently has 19,190 active retail licenses and 3,022 manufacturers, wholesalers, and shippers licenses and permits. Pursuant to the provisions of § 4.1-231 of the Code of Virginia, these licenses and permits have origination fees and annual renewal fees associated with their issuance, which range in value from about \$100 to \$4,300. When originally issued, licenses and permits are billed for

one full year. The majority of licensees and permittees make the appropriate payment on time. However, second notices are sent to about 5 percent (1,111) of Virginia ABC's licensees and permittees. If a licensee's or permittee's payment has not been received by the 15th of the month in which the license will expire, then a non-payment penalty of either \$25.00 or 10 percent of the original license or permit fee due, whichever amount is larger, is imposed. No additional billings to licensees or permittees are issued after the second notice. Licensees or permittee have up to 75 days after the expiration date to renew their license or permit but will be subject to a second non-payment penalty is equal to \$100.00 or 25 percent of the original license or permit fee due, whichever amount is larger.

After 75 days has passed, a licensee or permittee must re-apply for a new license or permit. In determining the total costs of collection for license and permit fees, LRM reported total mailings of 42,488, which included one license or permit renewal notice, the printing of one new license or permit, and the issuance of the second notices to that 5 percent of Virginia ABC's 19,190 licensees and 3,022 compliance licensees or permittees who did not file their original payments on time. The postage cost for these mailings was \$20,819. The Mail Room's labor cost for stuffing envelopes was estimated to be \$551, and the cost of the actual mailing envelopes was \$8,385. LRM's cost for the bill notice paper was \$1,525, and the cost of the license paper was \$1,143. LRM staff also reported that one administrative person spent about 75 percent of her time on billing and renewals. The cost for that administrative support person was \$39,571. Consequently, the total annual cost of collecting license and permit fees was estimated to be \$71,994

It is important to note, that many of these manual tasks will be eliminated as part of the implementation of a new licensing system.

2.6.2 Collection of Malt Beverage Taxes

Virginia ABC is responsible for the collection of wine and beer excise taxes. Currently, the average annual payment made by the 230 active beer wholesalers is \$186,960. Tax Management estimates that 8 percent of beer wholesalers do not file on time or fail to report. Using the average annual tax payment made by beer wholesalers, these missing or late payments could cost Virginia ABC timely collection of about \$3.4 million. Pursuant to §4.1-332, beer wholesalers who do not file on time or not at all are subject to a civil penalty of 5 percent for every month or fraction thereof that the submission is late or unfiled. This civil penalty is capped at 25 percent. For FY 2016, the total malt beverage tax collected by Tax Management was \$43,181,973.

2.6.3 Collection of Wine Liter Taxes from Wholesalers and Farm Wineries

Currently, the average annual payment made by the 650 active wine wholesalers and farm wineries is \$65,138. Tax Management estimates that 11 percent of wine wholesalers and farm wineries do not file on time or fail to report. Using the average annual tax payment made by these wine wholesalers and farm wineries, missing or late payments could cost Virginia ABC the timely collection of about \$4.7 million. There is currently no statutorily imposed penalty for late filing of a monthly wine tax report. A recommendation in this report is that Virginia ABC pursues a legislative change to employ a similar civil penalty to wine wholesalers and farm wineries who file their excise taxes late or not at all as Virginia ABC applies to beer wholesalers who file excise taxes late or not at all. This civil penalty would be 5 percent for each month or fraction thereof that the submission is late or unfiled. This civil penalty would be capped at 25 percent. For FY 2016, the total wine liter tax collected by Tax Management was \$36,208,113. Virginia ABC is permitted to keep 12% of the tax collected to cover operational expenses, however it is not earmarked for enforcement operations.

2.6.4 Collection of Product Approval Payments

Currently, Tax Management levies a cost of \$30 for each label approved for beer or wine. To ensure the approval of a label, the product must conform to all federal guidelines and the producer must submit paperwork to Tax Management detailing the merchandise to be sold, the requested branding label, and other information. In FY 2016, Tax Management approved 15,466 labels, generating \$463,980 in revenue. It should be noted that the \$30 fee for each label approved by Tax Management has not been increased since 1999, or 18 years ago.

2.7 Efficiency & Effectiveness Efforts

Virginia ABC continues to focus on ways to reduce costs, achieve efficiencies and provide a high-level of customer service. These steps include the use of Virginia ABC's website to deliver training for licensees and permittees, attempting to reduce the continuances that cause delays in the adjudication of license violations, and a number of efforts by Enforcement to address customer service issues.

2.7.1 Enforcement Customer Service Efforts.

Virginia ABC's Law Enforcement division has undertaken a number of steps to improve customer service and reduce costs for Virginia ABC. A robust in-service training academy has been developed to ensure its special agents continue to surpass the minimum standards for law enforcement training in the Commonwealth. The Bureau earned its initial law enforcement accreditation in FY 2016 from the Virginia Law Enforcement Professional Standards Commission, an achievement earned by fewer than 100 law enforcement agencies in the Commonwealth. Accreditation demonstrates Virginia ABC Enforcement's ongoing culture of professionalism and accountability. Through use of the training program and in obtaining accreditation, Virginia ABC Enforcement ensures its personnel are dedicated to delivering the highest standards of service to Virginia ABC's licensees, permittees, and stakeholders. In the last year, the Enforcement division has also adopted a data driven methodology to reallocate special agents to those regions with increasing workloads. In addition, a number of existing part-time positions have been eliminated to create full-time positions in its License and Records Management Section (LRM) to enhance customer service levels. A number of savings have been produced by better controlling supplies and equipment for the special agents and transferring vehicles to other divisions to eliminate the need for Virginia ABC to purchase vehicles.

2.7.2 Reduction in the Number of Continuances in License Violation Cases

Prior to FY 2015, over 33 percent of the initial hearings necessary to adjudicate license or permit violations were continued. The number of continuances requested in the adjudication of license or permit violations added 15 days to the resolution of these cases. By the end of that fiscal year, the continuances requested in license and permit violation cases had been reduced by 10 percent. By end of the following year, due to the concern given in reducing the number of continuances, only 4 percent of scheduled hearings to adjudicate license or permit violations were continued. As the number of multiple hearings has been reduced, the level of customer service has increased. Based upon responses provided by the attorneys representing many of the licensees or permittees involved in disciplinary hearings, they have reported that the reduction in the number of continuances has put all attorneys on equal footing and resolved more cases in less time than was previously possible. This focus on reducing continuances and focusing on settling more cases earlier in the process will continue as part of Virginia ABC's transition to an Authority.

2.7.3 Server, Seller and Manager Training.

As part of the agency's mission of public safety the Virginia ABC Education & Prevention unit provides training for licensees and permittees on seller/server best practices and how to keep from running afoul of alcohol beverage laws and regulations. In an effort to reach more individuals as well as minimizing expenses, this training recently became available online through the Commonwealth of Virginia's KnowledgeCenter platform. The Education section has reported that in the six months the on-line training has been available, more servers, sellers and business managers have completed the on-line versions of the training than have requested classroom training. Making the training available online has allowed special agents to spend additional time in the field and reduced facility rental costs.

3 Benchmarking

3.1 Other Virginia State Agency Licensing Approaches

Virginia ABC staff conducted research about how other Virginia state agencies address their licensing or permitting functions, whether the licenses or permits charged by those agencies appeared in the Code of Virginia, and whether the licensing or permitting fees charged by those agencies were sufficient to address their costs of operation. These state agencies included: the Virginia Marine Resources Commission, the Department of Professional and Occupational Regulation, the Department of Health Professions, and the Department of Motor Vehicles.

3.1.1 Virginia Marine Resources Commission

While the vast majority of the licenses and permits issued by the Virginia Marine Resources Commission (VMRC) appear in the Code of Virginia, under certain circumstances VMRC may establish fees by regulation. These fees either allow for the combination of licenses or permits outlined in the Code of Virginia or the creation of a fee for a new device. Despite whether established in the Code of Virginia or through regulation, VMRC may periodically increase these fees. Pursuant to subsection 4 of § 28.2-201,

“Beginning July 1, 2004, and not more frequently than every three years thereafter, [VMRC may] increase fees for tidal fisheries licenses and permits that are authorized under this title or by regulation. Any fee increase for licenses and permits shall be capped at \$5 or a percentage equal to the increase in the Consumer Price Index calculated from the time the fee was last set or adjusted, whichever is greater.”

3.1.2 Department of Professional and Occupational Regulation

The trend at the Department of Professional and Occupational Regulation (DPOR) has been to move fee language from the Code of Virginia into regulation. A “Callahan Act” agency (§54.1-113), DPOR is supported entirely by fee revenue and periodically adjusts its fees, but must ensure that fees do not generate substantial revenue beyond its needs. These fees must be kept within plus or minus 10 percent of the agency’s costs of operation. Obtaining fee increases requires an average of three years through the Administrative Process Act, due to fee increases not being considered exempt actions, even when required to fund agency operations pursuant to the Code of Virginia. Although the agency has only had a few programs go into a deficit posture for a short time, DPOR maintains sufficient balances to cover these lapses. DPOR has earned an amount of trust through their accuracy in establishing fees and often do not receive opposition when a fee is removed from the Code of Virginia and re-established and maintained in regulation.

3.1.3 Department of Health Professions

The Department of Health Professions (DHP) has no license or permit fees outlined in the Code of Virginia. Instead, all licenses and facility permits are set by regulations adopted by the applicable health regulatory board. As another “Callahan Act” agency, DHP, like DPOR, is required to fund all of its regulatory activities through fees raised from certification, licensure, and renewals. While DHP must also keep its fees within plus or minus 10 percent of the agency’s costs of operation, DHP stated that if the agency followed the 10 percent rule literally, the agency would be constantly adjusting fees up and down. Consequently, DHP staff reported that the Department of Planning and Budget has permitted the agency and its health regulatory boards to calculate revenue and expenditures two or three biennia into the future in order to determine whether DHP’s current fees will be adequate or excessive for covering

its expenses. DHP staff agreed that when a health regulatory board requires a fee increase, it is likely to require two years or longer proceeding through the Administrative Process Act, so DHP must work to anticipate needed funding. However, a fee reduction is exempt from the Administrative Process Act and can be achieved very quickly. Consequently, the agency has always adopted a one-time reduction in renewal fees to benefit the licensees that contributed to the surplus rather than new applicants. Adopting a one-time fee reduction also means that the original fee returned after the affected renewal cycle. DHP provided the allocation methodology it uses to project health regulatory board costs.

3.1.4 Department of Motor Vehicles

In contrast to other state agencies and Virginia ABC, many of the Department of Motor Vehicles (DMV) fees have been established in the Appropriation Act. Some of these fees have later been codified, but a few concerning minimum titling transaction fees and minimum driver's license fees remain in the Appropriation Act. In fact, a \$10 late fee for registration renewals exists solely within the Appropriation Act. It should be noted that most of the language concerning DMV fees contained in the Appropriation Act was established to assist DMV in collecting more revenue for the agency's operations.

While many of the other state agencies contacted by Virginia ABC provided information on the different ways to generate the revenue necessary for their operations, whether it be using general fund support, obtaining revenue from an appropriation act, or generating revenue through regulatory fees on licensees, what was demonstrated by all of the contacted agencies was the need to work with their stakeholders to find solutions to those agencies' need for additional revenue. Given that Virginia ABC relies heavily upon application, licensing and permitting revenue to support its operations, if Virginia ABC is to explore the possibility of a regulatory approach to its licenses and permits like those operated by DPOR and DHP, or the development of statutory language permitting periodic adjustments to license and permit fees like the statute for VMRC, Virginia ABC will need to work with its stakeholders to address possible solutions to the need for additional revenue to support its operating costs.

3.2 Other State Information

Looking beyond Virginia state agency comparables, benchmarking research was expanded to include other control and open states.

As with nearly all comparisons against other states, either control or open, there is not one single approach and it varies widely among states. When compared to other states it appears that Virginia ABC's license and permit fee structure are very clear and straight forward. For instance, in Virginia most licenses are either a fixed price or determined based on the volume of product or the number of patrons or members. Consequently, the same fee is charged for the same sized establishment or business whether that establishment or business operates in Alexandria, Richmond, Roanoke, or Virginia Beach. Many other states, however, base their charges either on the number of events held, the number of registers used in a licensee's business, changes in sales or purchase volumes, the measurement of a business's sales floor, or the population of the locality in which the establishment or business is located. Some states also charge fees for brokers or the companies that have warehouses.

Virginia ABC’s approach to licenses and permits does not include many charges applied by other states. Virginia ABC does not auction permits; apply surcharges; charge different fees based on population, or impose broker charges, and does not apply warehouse fees or charge fees for brands of beer or wine sold in the state.

In regards to license fee amounts, research shows that many states charge significantly more than Virginia does for certain licenses or permits. In New Hampshire, the charges imposed for cases distributed by “liquor and wine vendors” are significantly greater than Virginia’s wholesaler costs. In New Hampshire, these costs range in value from \$300 for sales of less 1,000 cases per year to \$12,000 for sales of 50,000 or more cases. In Virginia, wine wholesalers are charged \$185 for selling 30,000 gallons of wine or less, \$930 for selling more than 30,000 gallons of wine but less than 150,000 gallons of wine, \$1,430 for selling more than 150,000 gallons of wine but less than 300,000 gallons of wine and \$1,860 for selling more than 300,000 of wine. Ohio charges \$3,125 in permit fees for distributors versus \$450 to \$3,725 in Virginia.

Figure 4. Comparison of popular fees amongst control states directly surrounding Virginia.

	Virginia	West Virginia	North Carolina	Pennsylvania
Application Fee	\$65	\$1,500	\$1,000	\$700
Renewal Fee	N/A	N/A	\$1,000	\$30
Mixed Beverage License	\$560-\$1,430	\$1,150 -\$2,650	\$1,000/yr	\$700/2 yr
Distillery License	\$450-3,725	\$1,500	\$300	\$2,700/yr
Brewery license	\$350-\$4,300	\$1,500	\$300	\$1,425/2 yr

**Virginia does not charge a separate renewal fee. After a license’s initial year, it can just be renewed for the full value of its annual license fee with no additional charge.*

In Mississippi the charge for a distiller’s permit is \$9,025 and the charge for manufacturing wine is \$3,625, in Florida the cost of distiller’s licenses is a flat \$4,000 and the cost of brewery licenses is a flat \$3,000, and in Pennsylvania a distiller’s permit costs \$2,700. In addition, distributors for beer, wine, and liquor in Florida pay \$4,000 and distributors of beer and wine pay \$1,250. Ohio charges \$2,344 in fees for permitting the operation of mixed beverage restaurants in addition to \$500 for the permission to sell liquor on Sundays, and in Maryland every restaurant is charged a \$2,500 application fee and a \$600 surcharge. Ohio also charges \$1,875 for fine arts museums and community arts centers.

In New Hampshire, many of the license fees for social clubs are based on the number of events they hold during the year rather than the number of members. The state’s off-premises licensees are charged fees based on the number of registers they use. For instance, a beer retailer would pay \$480 for one register, \$660 for either two or three registers, and \$876 for four or more registers. In Mississippi, there are initial permit costs for retailers, wine retailers, clubs, and caterers, but these permittees also pay additional sums based upon their total purchases. For example, the initial on-premises retailer’s permit costs \$925, but the retailer also pays an additional \$450 on purchases exceeding \$5,000 and for each additional \$5,000 or fractional purchase. In Montana, different license fees are assessed depending on whether the establishment or club is located in a county or city. Montana also charges new application fees for restaurants of between \$5,000 and \$20,000 depending upon their seating. Florida and Iowa base charges on the population. In Florida, on premise licenses selling beer, wine, and liquor can be charged \$624 to \$1,820 depending on the population of the county. Iowa also charges fees based upon the retail square footage of a business in addition to population. Georgia, Florida, New Hampshire and



Montana charge fees for vendor representatives. These fees include charges based on flat fees, the number of a vendor's employees, and per vendor representative. New Hampshire and Montana also charge fees to businesses that operate a warehouse, and Florida charges a fee for each brand of alcoholic beverage registered for sale in the state by any wholesaler.

In contrast to Virginia, where there are no limits to the number of licenses that can be issued, in a number of states licenses are auctioned. While very few states auction all licenses and permits, Arizona, Indiana, Michigan, and Wisconsin all auction some licenses. In these states, interested parties are instructed to contact license brokers or localities to apply for licenses due to license quotas. For instance, while license fees are established for bars, beer and wine bars, and liquor stores, Arizona reports that those licenses are purchased on the open market through a broker or agent or lottery. In Indiana, many licenses are bought by lottery and prospective licensees bid to secure the most lucrative licenses – those allowing restaurants to serve beer, wine, and liquor.

In other states, localities are either in control of licensing or are entitled to add significant fees to state charges. In Wyoming, localities control alcoholic beverage licensing and regulation. Each locality establishes its own requirements and license fees. Consequently, some localities only specify the fees for licenses while other localities request significant information and have more substantial fees. Localities in Colorado receive significant revenue for application fees, renewals, and some other licenses. For instance, the application fee for a license costs up to \$1,000 in local fees in addition to the state charge of \$1,550. Consequently the total charge for a license is about \$2,550.

While it is clear from the material presented that many states have regulations and fees for licenses and permits that are often unique to the individual state, it appears that the uniformity of Virginia ABC's regulatory program and its lack of surcharges, its lack of different charges for cities and counties or populations makes for a regulatory program with more certainty for its licensees, permittees, and stakeholders.

4 Recommendations

4.1 Recommendation for 2018 - Increase Application Fees & Certain Licenses & Continue Studying All Licenses over the Next Year

It is Virginia ABC's recommendation to:

- Increase its application fees from \$65 to \$195, increase other application fees charged for banquet, tasting, mixed beverage special events, and mixed beverage club event licenses from \$15 to \$45, This action should produce \$1.6 million in additional revenue.
 - **This will require a legislative change.**
- Adjust the license fee for licenses that have greater regulatory demands than are currently covered by the existing fee
 - Wine, Beer and Wine & Beer Shipper's licenses would be increased from \$95 to \$230
 - Increasing those shipper and other licenses is anticipated to produce roughly \$220,000 in additional revenue.
 - **This will require a legislative change.**
- Additionally, it is recommended that a civil penalty in the amount of five percent for failure to pay the proper excise tax for wine wholesalers and farm wineries. This civil penalty applies to the amount owed, if not paid in full, and adds this same penalty for each additional month or fraction thereof until the amount is paid. The civil penalty is capped at 25 percent. Additional civil penalties apply for the willful intent to file a fraudulent return.
 - **This will require a legislative change.**
- Increase the Enforcement appropriation for 2019-2020 by \$1.9M
 - **This will require a legislative change**
- Finally, Virginia ABC recommends taking a holistic review of all license types offered and identifying whether there are opportunities to consolidate some of them. Following this review, license fee values can be recalibrated.

Consequently, the total amount of revenue generated by these actions would equal \$1.9 million, or about 23 percent of the \$8.1 million difference between the agency's direct costs and the current revenue generated by Virginia ABC's fee collections. Virginia ABC's stakeholders would also support continuing an examination of the other licenses issued by Virginia ABC over the following year. Furthermore, because Virginia ABC's transfers to the general fund have increased by about 290 percent since 2007, the agency's stakeholders expressed opposition to any revenue increases unless those revenue increases supported Virginia ABC's enforcement operations.

4.2 Items for Future Consideration

1. Increase Application, License, and Permit Fees by CPI Index - With the exception of three license fees (the Wine Shipper's, Beer Shipper's, and Wine and Beer Shipper's Licenses) that were increased in FY 2010, and the legislative creation of new licenses and permits, the vast majority of Virginia ABC's application, licensing, and permitting fees have not changed since they were increased by the adoption of Chapter 4, Special Session I, of the Acts of Assembly of 2004. Consequently, the last time the majority of Virginia ABC's application, licensing, and permitting fees were increased was 13 years ago. Adjusting Virginia ABC's existing licenses and permits, according to the CPI could address a significant portion of the discrepancy between the direct operating costs for Enforcement, Hearings & Appeals, Tax Management, and Education and the amount of revenue currently generated by application, licensing, and permitting collections. Applying changes in the CPI to all of Virginia ABC's licenses and permits, regardless whether they were last increased in 2004 or created since, could generate \$3.7 million, or about 46 percent of the \$8.1 million difference between the agency's direct costs and the current revenue generated by Virginia ABC's fee collections. On average, changes in the CPI would increase fees by 25 percent. While the CPI produces \$3.7 million in additional revenue, it would remain imperative for Virginia ABC to achieve additional efficiencies in addressing the remaining \$4.4 million discrepancy between the agency's direct costs and the revenue collections.
2. Eliminating "free" services for the industrial and/or grain alcohol permit - Charging a small fee for industrial and/or grain alcohol permits will help offset the resources spent on processing and administering these permits. Virginia ABC could examine increasing the industrial permit fee. The fee is generally used to permit the use of alcohol for facility cleaning and is found in regulation. However, it is uncertain when or if these fees had last been updated. For instance, the General Assembly did not increase this fee in 2004. The current industrial permit fee is \$5 or \$10, based on the type of alcohol used. For this \$5 or \$10 fee, the permit holder can use as many industrial alcohol suppliers as they choose. One potential solution is to increase the permit to \$25. Currently, Tax Management processes 250 industrial alcohol permits a year. Assuming the same number of current permits, this recommendation could produce \$6,250.
3. Examine policy to increase the fee charged by Tax Management for label approvals - Currently, Tax Management charges \$30 for a label approval. Tax Management approved 15,466 labels in FY 2016. The recommendation is to increase the charge to \$40. If the recommendation were adopted, it could yield an additional \$154,660. Changes in the CPI for the past 18 years would indicate a label approval charge of \$45, which would equal a 50 percent increase.
4. Implement filing fees of \$100 per action - Filing fees are normal costs in a legal proceeding where each party often pays for its own court reporters. This mirrors treatment in Virginia circuit courts; where filing fees average \$100 per action.
5. Penalty for late payments - Virginia ABC may want to consider establishing time constraints for the payment of consent agreements, penalties, and other settlement types. After the due date, civil penalties could be charged similar to the provisions permitting Virginia ABC to impose a civil penalty on other late filings.

6. Charge for permits issued by enforcement - Virginia ABC may wish to consider whether fees should be established for permits and activities for which no charge is now imposed by the Enforcement division. Enforcement currently issues numerous permits for which no charge is imposed, and in many of these cases, obtains no information about these licensees. These permits include those issued to sight-seeing carriers transporting individuals to wineries, breweries, and other licensees for a fee and the culinary walking tour companies charging fees for licensed establishments that serve alcoholic beverages. Other permits include the culinary permit, the number of which has been growing as firms seek to infuse alcohol into products for which it is new ingredient, and the grain alcohol permit, for which no fee is charged to 600 existing licenses. Virginia ABC could examine the introduction of a reasonable fee for such permits. A similar fee might be examined for the approval of remote locations to offset the estimated \$89,388 in costs associated with approving these remote licenses by compliance special agents. If such a recommendation were established by the end of the end of the next biennium on June 30, 2020, it could generate additional funding to support the Enforcement division's work required in issuing these permits.

7. Examine license fee structure - Virginia ABC could examine the possibility of continuing the examination of license and permit fees to determine those licenses and permits that create burdens on the agency, whether other categories of licenses or permits should be created, and whether any other changes to the structure of licenses or permits are possible.

8. Evaluate changes in Code to allow for periodic fee increases - Virginia ABC should study pursuing language similar to the fee increase language found within the statutes governing the Virginia Marine Resources Commission (VMRC). This language, found in § 28.2-201, states,

“Beginning July 1, 2004, and not more frequently than every three years thereafter, increase fees for tidal fisheries licenses and permits that are authorized under this title or by regulation promulgated pursuant to Article 2 (§ 28.2-209 et. seq) of this chapter. Any fee increase for such licenses and permits shall be capped at \$5 or a percentage equal to the increase in the Consumer Price Index calculated from the time the fee was last set or adjusted, whichever is greater.”

Very few fees have changed since the General Assembly last updated Virginia ABC's application, license, and permit fees 13 years ago. Consequently, Virginia ABC is currently operating in FY 2017 using license and permit fees unchanged since FY 2004. Using language similar to the VMRC provision would provide the agency the chance to periodically assess its licenses and permits. The use of the VMRC language would reassure stakeholders that Virginia ABC could not increase its license and permit fees annually, but rather on a known periodic basis. Given that future increases in the CPI are unknown, using a \$5 increase in the agency's licenses and permits indicates that Virginia ABC could expect an estimated \$276,000 three years into the future.

9. Move fees to regulations - Given that Virginia ABC relies upon application, licensing, and permitting fee revenue to support its operations, Virginia ABC could pursue regulation of those licenses administratively rather than in the Code of Virginia. Administrative regulation is the method by which the Department of Professional and Occupational Regulation (DPOR) and the

Department of Health Professions (DHP) regulate numerous businesses and health care providers. The regulated businesses and health care providers are secure in the knowledge that DPOR and DHP are required by statute to maintain reasonable certification, licensing, and renewal fees, and that those fees must be within plus or minus 10 percent of their regulatory costs of operation. Fee increases are not exempt from the Administrative Process Act, so the agencies also cannot change fees without significant effort. Similar to those agencies, Virginia ABC's fees exceeded its costs of regulation, one-time renewal discounts could be offered to existing licensees. Any statutory language developed based on this recommendation should be broad enough to survive time and inflationary pressures.

Retail Licenses

License	License Type	Description	Facility/Location	Source	Seating /Members	Local Tax/Fee	State Tax/Fee	App Fee
Beer	On Premises	Beer may be sold and served only in dining rooms and designated rooms specially approved by Virginia ABC on the premises for each type of business.	Restaurant, hotel, tax-exempt private club, food concessions at coliseum and stadium, resort complex.	COV 4.1-208.A (6)(e)(a)(f)(g) COV 4.1-231.A (3)(e) COV 4.1-233.A (2)(d)		Town or County - \$75 City - \$250	\$145.00	\$65.00
Wine and Beer	On Premises	Wine and beer may be sold and served only in dining rooms and designated rooms specially approved by Virginia ABC on the premises for each type of business.	Restaurant, hotel, hotel-limited service, tax-exempt private club, food concessions at coliseum and stadium, resort complex.	COV 4.1-209.A (f)(g)(h) COV 4.1-233.A (4)(4)		Town or county - \$37.50 City - \$50	\$300.00	\$65.00
Wine and Beer	On Premises	Licensee to sell wine and beer, either with or without meals, only in dining areas and other designated areas of such restaurants, or in dining areas, private guest rooms, and other designated areas of such hotels or clubs, for consumption only in such rooms and areas.	Hotel	COV 4.1-209.A (1)(a) COV 4.1-231.A (4)(a) COV 4.1-233.A (4)(4)		Town or county - \$37.50 City - \$50	\$145.00	\$65.00
Mixed Beverage	On Premises	Mixed beverages may be sold and served only in the dining rooms and designated rooms specially approved by Virginia ABC on the premises for each type of business. Please note: Wine and beer on-premise privileges are required to apply for a mixed beverage on-premise license. Both privileges may be applied for simultaneously.	Restaurant, hotel, resort complex	COV 4.1-210.A (1) COV 4.1-231.A (5)(a)(i) COV 4.1-233.A (5)(a)(i)	1-100	\$200.00	\$560.00	\$65.00
				COV 4.1-210.A (1) COV 4.1-231.A (5)(a)(ii) COV 4.1-233.A (5)(a)(ii)	101-150	\$350.00	\$975.00	\$65.00
				COV 4.1-210.A (1) COV 4.1-231.A (5)(a)(iii) COV 4.1-233.A (5)(a)(iii)	151+	\$500.00	\$1,430.00	\$65.00
			Tax-exempt private club	COV 4.1-210.A (1) COV 4.1-231.A (5)(b)(i) COV 4.1-233.A (5)(b)	200 or less	\$350.00	\$750.00	\$65.00
				COV 4.1-210.A (1) COV 4.1-231.A (5)(b)(ii) COV 4.1-233.A (5)(b)	201-500	\$350.00	\$1,860.00	\$65.00
				COV 4.1-210.A (1) COV 4.1-231.A (5)(b)(iii) COV 4.1-233.A (5)(b)	501+	\$350.00	\$2,765.00	\$65.00
				COV 4.1-210.A (1)		\$0.00	\$500.00	\$65.00
Mixed Beverage, Limited	On Premises	Licensee to sell and serve dessert wines as defined by Board regulation and no more than six varieties of liqueurs, which liqueurs shall be combined with coffee or other nonalcoholic beverages, for consumption in dining areas of the restaurant. Sale of wine or liqueur-based drinks, together with the sale of any other alcoholic beverages, cannot exceed 10 percent of the total annual gross sales of all food and alcoholic beverages.	Restaurant	COV 4.1-210.A (12) COV 4.1-231.A (5)(l)(i) COV 4.1-233.A (5)(j)(i)	1-100	\$100.00	\$460.00	\$65.00
				COV 4.1-210.A (12) COV 4.1-231.A (5)(l)(ii) COV 4.1-233.A (5)(j)(ii)	101-150	\$250.00	\$875.00	\$65.00

License	License Type	Description	Facility/Location	Source	Seating /Members	Local Tax/Fee	State Tax/Fee	App Fee
		Please note: Wine and beer on-premises privileges are required to apply for a limited mixed beverage on-premises license. Both privileges may be applied for simultaneously.		COV 4.1-210.A (12) COV 4.1-231.A (5)(l)(iii) COV 4.1-233.A (5)(j)(iii)	151 or more	\$400.00	\$1,330.00	\$65.00
Caterer Mixed Beverage	On Premises	Licensee to sell and serve alcoholic beverages for on-premises consumption. The annual gross receipts from the sale of food cooked and prepared for service and nonalcoholic beverages served at gatherings and events referred to in this subdivision shall amount to at least 45 percent of the gross receipts from the sale of mixed beverages and food.	Business of providing food and beverages to others for service at private gatherings or at special events	COV 4.1-210.A (2) COV 4.1-231.A (5)(c) COV 4.1-233.A (5)(c)		\$500.00	\$1,860.00	\$65.00
Caterer Limited, Mixed Beverage	On Premises	Licensee to sell and serve alcoholic beverages for on-premises consumption. The annual gross receipts from the sale of food cooked and prepared for service and nonalcoholic beverages served at gatherings and events referred to in this subdivision shall amount to at least 45 percent of the gross receipts from the sale of mixed beverages and food.	Business of providing food and beverages to others for service at private gatherings or at special events, not to exceed 12 gatherings or events per year.	COV 4.1-210.A (3) COV 4.1-231.A (5)(d) COV 4.1-233.A (5)(d)		\$100.00	\$500.00	\$65.00
Combined Restaurant/Caterer, Mixed Beverage	On Premises	Wine and beer on-premises privileges are required to apply for a mixed beverage on-premises license. Both privileges may be applied for simultaneously. For the restaurant portion, mixed beverages may be sold and served only in the dining rooms and designated rooms specially approved by Virginia ABC on the premises for each type of business. For the caterer portion, includes wine, beer and mixed beverage privileges.	Restaurant/Caterer	COV 4.1-210.A (17) COV 4.1-231.A (5)(a)(i)(ii)(iii)(c) COV 4.1-233.A (5)(j)(i)(ii)(iii)(c)	1-100	\$700.00	\$2,420.00	\$65.00
					101-150	\$850.00	\$2,835.00	\$65.00
					151+	\$1,000.00	\$3,290.00	\$65.00
Beer	Off Premise	Licensee to sell beer in closed containers for off-premises consumption.		COV 4.1-208.A (7) COV 4.1-231.A (3)(f)		\$0.00	\$120.00	\$65.00
Wine and Beer	Off Premise	Licensee to sell wine and beer in closed containers for off-premises consumption.		COV 4.1-209.A (2) COV 4.1-231.A (4)(c)		\$0.00	\$230.00	\$65.00
Beer	Off and On Premise	Licensee to sell beer in closed containers for off and on premises consumption.	Hotels, restaurants, clubs and grocery stores	COV 4.1-208.A (9) COV 4.1-231.A (3)(g)		\$0.00	\$300.00	\$65.00
Wine and Beer	Off and On Premise	Licensee to sell wine and beer in closed containers for off and on-premises consumption.	Hotels, restaurants and clubs	COV 4.1-209.A (5) COV 4.1-231.A (4)(d)		\$0.00	\$600.00	\$65.00

License	Location / Transportation	Facility Description	License Type	Beverage Type	License Authorization	Source(s)	Renwal	State Tax/Fee	Local Tax/Fee	App Fee
Amphitheater	Prince William County City of Virginia Beach	Food concession at outdoor performing arts facility with seating for more than 20,000 people	On Premise	Mixed Drinks	Licensee to sell alcoholic beverages during the performance of any event, in paper, plastic or similar disposable containers to patrons within all seating areas, concourses, walkways, concession areas, or similar facilities, for on-premises consumption.	COV 4.1-210.A (8) COV 4.1-231.A (5)(i) COV 4.1-233.A (5)(g)	Annual	\$560.00	\$300.00	\$65.00
	City of Alexandria City of Portsmouth	Food concession at outdoor performing arts facility with seating for more than 5,000 people	On Premise	Mixed Drinks	Licensee to serve alcoholic beverages during the performance of any event, in paper, plastic or similar disposable containers to patrons within all seating areas, concourses, walkways, concession areas, or similar facilities, for on-premises consumption.	COV 4.1-210.A (9) COV 4.1-231.A (5)(i) COV 4.1-233.A (5)(g)	Annual	\$560.00	\$300.00	\$65.00
Art Instruction Studio		Commercial establishment providing all required supplies and instruction in creating a work of art during a studio instructional session	On Premise	Wine and Beer	Licensee to serve, at no charge, no more than 2 five ounce glasses of wine or one 12 ounce glass of beer on the premises of the of the art instruction studio regularly occupied and utilized as such.	COV 4.1-206 (14) COV 4.1-231.A (1)(m) COV 4.1-233.A (1)(l)	Annual	\$100.00	\$20.00	\$65.00
Banquet, Annual		Designated areas (or an alternative for an outdoor area in the event of inclement weather) or rooms to be used by a non-Profit fraternal, patriotic, or charitable membership organization, exempt from state and federal taxation, holding banquets exclusively for their members and their guests. Not required if held at a hotel, restaurant, or club that already has a retail wine and beer license.	On Premise	Wine and Beer	Organization to serve wine and beer, during no more than 12 banquets per calendar year, in rooms or areas approved by the Board for the occasion for on-premises consumption in such rooms or areas.	COV 4.1-209 (9) COV 4.1-231.A (4)(h) COV 4.1-233.A (4)(f)	Annual	\$150.00	\$15.00	\$65.00
Banquet, Annual		Designated areas or rooms to be used by a non-Profit fraternal, patriotic, or charitable membership organization, exempt from state and federal taxation, holding banquets exclusively for their members and their guests.	On Premise	Mixed Drinks	Organization to serve mixed beverages, during no more than 12 banquets per calendar year, in rooms or areas approved by the Board for the occasion for on-premises consumption in such rooms or areas.	COV 4.1-210.A (11) COV 4.1-231.A (5)(k) COV 4.1-233.A (5)(i)	Annual	\$500.00	\$75.00	\$65.00
Banquet Facility		Volunteer fire and/or volunteer emergency medical services agency station OR A location occupied and under the control of the volunteer fire department or volunteer emergency medical services agency while the privileges of its license are being exercised.	On Premise	Alcoholic Beverage	Licensee to serve, at no charge, legally acquired alcoholic beverages on the premises of the licensee by any person, and bona fide members and guests thereof, otherwise eligible for a banquet license	COV 4.1-206.A (4) COV 4.1-231.A (1)(c)	Annual	\$150.00	\$0.00	\$65.00
Bed and Breakfast		A guest house or small hotel offering sleeping accommodations and a morning meal.	On Premise	Alcoholic Beverage	(i)serve alcoholic beverages in dining areas, private guest rooms and other designated areas to persons to whom overnight lodging is being provided, with or without meals, for on-premises consumption only in such rooms and areas, and without regard to the amount of gross receipts from the sale of food prepared and consumed on the premises and (ii) permit the consumption of lawfully acquired alcoholic beverages by persons to whom overnight lodging is being provided in (a) bedrooms or private guest rooms or (b) other designated areas of the bed and breakfast establishment. "Other designated areas" includes outdoor dining areas, whether or not contiguous to the licensed premises, provided that such outdoor dining areas are under the control of the licensee and approved by the Board	COV 4.1-206 (5) COV 4.1-231.A (1)(d) COV 4.1-233.A (1)(c)	Annual	\$35.00	\$40.00	\$65.00
Carrier	Airplane	Air carriers of passengers on regular schedules in foreign, interstate or intrastate commerce, anywhere in or over the Commonwealth while in transit and in designated rooms of establishments of such carriers at airports in the Commonwealth	On Premise	Wine and Beer or Beer	Licensee to sell wine and beer for consumption by passengers. Appoint an authorized representative to load wine and beer onto the same airplanes and to transport and store wine and beer at or in close proximity to the airport Store inventory of wine and beer in designated locations, from which, it will be delivered onto airplanes of the air carrier and any such licensed express carrier.	COV 4.1-209.A (1)(d) COV 4.1-231.A (4)(a)	Annual	\$750.00	\$0.00	\$65.00

License	Location / Transportation	Facility Description	License Type	Beverage Type	License Authorization	Source(s)	Renwal	State Tax/Fee	Local Tax/Fee	App Fee
				Mixed Beverage	Licensee to sell and serve mixed beverages anywhere in the Commonwealth to passengers while in transit aboard any such common carrier, and in designated rooms of establishments of air carriers at airports in the Commonwealth. Appoint an authorized representative to load distilled spirits onto the same airplanes and to transport and store distilled spirits at or in close proximity to the airport. Store inventory of distilled spirits in designated locations, from which, it will be delivered onto airplanes of the air carrier and any such licensed express carrier.	COV 4.1-210.A (6) COV 4.1-231.A (5)(h)(iii)	Annual	\$1,475.00	\$0.00	\$65.00
	Boat	Sight-seeing boats, or special or charter boats	On Premise	Wine and Beer	Licensee to sell wine and beer, either with or without meals, on such boats operated by them for on-premises consumption when carrying passengers.	COV 4.1-209.A (1)(c) COV 4.1-231.A (1)(k)	Annual	\$300.00	\$0.00	\$65.00
				Beer	Licensee to sell beer, either with or without meals, on such boats operated by them for on-premises consumption when carrying passengers.	COV 4.1-209.A (1)(c) COV 4.1-231.A (3)(e)	Annual	\$145.00	\$0.00	\$65.00
				Mixed Beverage	Licensee to sell and serve mixed beverages anywhere in the Commonwealth to passengers while in transit aboard any such common carrier.	COV 4.1-210.A (6) COV 4.1-231.A (5)(h)(ii)	Annual	\$560.00	\$0.00	\$65.00
	Train	Dining cars, buffet cars, and club cars of trains	On Premise	Wine and Beer	Licensee to sell wine and beer, either with or without meals, in the dining cars, buffet cars, and club cars so operated by them, for on-premises consumption when carrying passengers.	COV 4.1-209.A (1)(b) COV 4.1-231.A (1)(k)	Annual	\$300.00	\$0.00	\$65.00
				Beer	Licensee to sell beer, either with or without meals, in the dining cars, buffet cars, and club cars so operated by them, for on-premises consumption when carrying passengers.	COV 4.1-209.A (1)(b) COV 4.1-231.A (3)(e)	Annual	\$145.00	\$0.00	\$65.00
				Mixed Beverage	Licensee to sell and serve mixed beverages anywhere in the Commonwealth to passengers while in transit aboard any such common carrier.	COV 4.1-210.A (6) COV 4.1-231.A (5)(h)(i)	Annual	\$190.00	\$0.00	\$65.00
Day Spa		Commercial establishments offering both massage therapy and barbering or cosmetology services, licensed in accordance to COV 54.1.	On Premise	Alcoholic Beverage	Licensee to permit the consumption of lawfully acquired or serve, at no charge, no more than more than two five-ounce glasses of wine or one 12-ounce glass of beer on the premises of the licensee by any bona fide customer of the day spa.	COV 4.1-206 (9) COV 4.1-231.A (1)(h) COV 4.1-233.A (1)(g)	Annual	\$100.00	\$20.00	\$65.00
Equine Sporting Event		Organizations holding equestrian, hunt and steeplechase events		Alcoholic Beverage	Licensee to permit the consumption, at no charge, of lawfully acquired alcoholic beverages on the premises of the licensee, regularly occupied and utilized for equestrian, hunt and steeplechase events, by patrons thereof during such event. No more than 4 events can occur in a year.	COV 4.1-206 (8) COV 4.1-231.A (1)(f) COV 4.1-233.A (1)(f)	Annual	\$130.00	\$10.00	\$65.00
Gourmet Oyster House		Commercial marina and permitted by the Department of Health to serve oysters and other fresh seafood for consumption on the premises and offers to the public events for the purpose of featuring and educating the consuming public about local oysters and other seafood products	On Premise and Off Premise	Wine and Beer	Licensee to give samples of no more than 2 ounces of wine per person and no more than 4 ounces of beer per person. Sell wine and beer in designated rooms and outdoor areas approved by the Board for consumption in such approved areas. Sell wine and beer in closed containers for off-premises consumption. Allow farm wineries, wineries, and breweries to participate in tastings held by licensees authorized to conduct tastings, including the pouring of samples to any person to whom alcoholic beverages may be lawfully sold.	COV 4.1-209.A (12) COV 4.1-231.A (5)(k) COV 4.1-233.A (4)(g)	Annual	\$230.00	County or Town - \$37.50 City - \$150	\$65.00
Motor Car Sporting Event Facility		Motor car sporting event facility	On Premise	Alcoholic Beverage	Licensee to permit the consumption of lawfully acquired alcoholic beverages, free of charge, on the premises of the licensee by patrons thereof during such events in areas designated by the Board that are regularly occupied and utilized for motor car sporting events.	COV 4.1-206 (10) COV 4.1-231.A (1)(g) COV 4.1-233.A (1)(h)	Annual	\$130.00	\$10.00	\$65.00
Motor Sports Facility, Annual		Food concession at outdoor motor sports facility hosting NASCAR national touring race.	On Premise	Mixed Beverage	Licensee to sell mixed beverages, in paper, plastic, or similar disposable containers during scheduled events, as well as events or performances immediately subsequent thereto, to patrons in all dining facilities, seating areas, viewing areas, walkways, concession areas or similar facilities, for on-premises consumption.	COV 4.1-210.A (13) COV 4.1-231.A (5)(m) COV 4.1-233.A (5)(k)	Annual	\$560.00	\$300.00	\$65.00
Museum		Nonprofit museums exempt from taxation under § 501(c)(3) of the Internal Revenue Code	On Premise	Alcoholic Beverage	Licensee to permit consumption of and serve, without charge, alcoholic beverages on the premises of the museum, regularly occupied and utilized as such, to any bona fide member and guests thereof.	COV 4.1-206 (7) COV 4.1-231.A (1)(c) COV 4.1-233.A (1)(d)	Annual	\$190.00	\$10.00	\$65.00

License	Location / Transportation	Facility Description	License Type	Beverage Type	License Authorization	Source(s)	Renwal	State Tax/Fee	Local Tax/Fee	App Fee
Performing Arts Facility, Annual		A multi-use performance space that is owned by a owned by a governmental entity, occupied by a for-profit entity under a bona fide lease, the original term of which was for more than one year's duration; and has been rehabilitated in accordance with historic preservation standards, and is intended for use by various types of the performing arts, including dance, music and theatre.	On Premise	Mixed Beverage	Corporations or associations operating a performing arts facility to authorize the sale, on the dates of performances or events, of alcoholic beverages for on-premises consumption in areas upon the licensed premises approved by the Board.	COV 4.1-210.A (14) COV 4.1-231.A (5)(n) COV 4.1-233.A (5)(l)	Annual	\$560.00	\$300.00	\$65.00
Shipper, Wine and Beer		Winery, farm winery, brewery, off-premises retail business	Off Premises	Wine and Beer	The sale and shipment into or within the Commonwealth of no more than two cases of wine or two cases of beer per month to any person in the Commonwealth to whom alcoholic beverages may be lawfully sold for personal consumption and not for resale.	COV 4.1-209.1 COV 4.1-231.A (4)(g) COV 4.1-233.A (4)(e)	Annual	\$95.00	\$10.00	\$65.00
Special Event, Annual		Nonprofit corporation or association operating either a performing arts facility or an art education and exhibition facility, a nonprofit corporation or association chartered by Congress for the preservation of sites, buildings and objects significant in American history and culture, or persons operating an agricultural event and entertainment park or similar facility that has a minimum of 50,000 square feet of indoor exhibit space and equine and other livestock show areas, which includes barns, pavilions, or other structures equipped with roofs, exterior walls, and open or closed-door access. The operator must either own the location of the event or lease it for more than a year's duration.	On Premise	Wine, Beer and Mixed Beverages	Licensee to sell alcoholic beverages during scheduled events and performances for on-premises consumption in areas upon the licensed premises approved by the Board.	COV 4.1-210.A (5) COV 4.1-231.A (5)(g) COV 4.1-233.A (5)(e)	Annual	\$560.00	\$10/day	\$65.00

Banquet Licenses

License	Beverage	Description	Venue	Source	Timeframe	Additional Day Fee	App Fee	State Tax/Fee	Local Tax/Fee
Banquet	Beer, Wine, Mixed Beverages	Issued to Individuals (representing themselves or a group/company) for private events where alcohol is provided at no charge to guests. Also known as a "one-day" license. Authorizes complimentary beer, wine or mixed beverages; guests may bring their own alcohol; and beer and/or wine sales (not for profit).	Wedding receptions, retirement parties, company parties, etc	COV 4.1-209.A (6) COV 4.1-231.A (4)(e)	1 Day	\$ 40.00	\$ 15.00	\$ 40.00	\$5.00
Banquet Special Event	Wine and Beer	Issued to duly organized, nonprofit corporations and associations raising money for athletic, charitable, educational, political or religious purposes.	Nonprofit events such as festivals, concerts, auctions or other similar fundraising events (including political fundraisers)	COV 4.1-209.A (6) COV 4.1-231.A (4)(e) COV 4.1-233.A (4)(c)	1 Day	\$ 40.00	\$ 15.00	\$ 40.00	\$5.00
Mixed Beverage Special Event	Mixed Beverages	Issued to duly organized, nonprofit corporations and associations raising money for athletic, charitable, educational, political or religious purposes.	Nonprofit events such as festivals, concerts, auctions or other similar fundraising events (including political fundraisers).	COV 4.1-210.A (4) COV 4.1-231.A (4)(e) COV 4.1-231.A (5)(e)	1 Day	\$ 45.00	\$ 15.00	\$ 45.00	\$0.00
Banquet/Mixed Beverage Special Event	Beer, Wine, Mixed Beverages	Issued to duly organized, nonprofit corporations and associations raising money for athletic, charitable, educational, political or religious purposes	Nonprofit events such as festivals, concerts, auctions or other similar fundraising events (including political fundraisers).	COV 4.1-210.A (11) COV 4.1-231.A (5)(e) COV 4.1-233.A (4)(c)	1 Day	\$ 85.00	\$ 30.00	\$ 85.00	\$5.00
Mixed Beverage Club Event	Mixed Beverages	Issued to a private club that already holds a beer, or wine and beer club license in order to sell and serve mixed beverages on premises in approved areas to members and guests. It may be granted up to 12 times per calendar year. A separate license is required for each day of each club event. Authorizes on-premises sale and consumption of mixed beverages by club members or guests in approved areas on the club premises.	VFW, Elks, American Legion or similar type clubs already holding a beer, or wine and beer license that wish to sell and serve mixed beverages	COV 4.1-210.A (7) COV 4.1-231.A (5)(f)	1 Day	\$ 35.00	\$ 15.00	\$ 35.00	\$0.00

License	Beverage	Description	Venue	Source	Timeframe	Additional Day Fee	App Fee	State Tax/Fee	Local Tax/Fee
Manufacturer's Multi-day Event	Wine and Beer	Issued to manufacturers of beer or wine (whether licensed in the Commonwealth or not) to obtain a banquet license for a special event lasting two–three consecutive days, provided that such event is (1) at a place approved by Virginia ABC and (2) conducted for the purposes of educating the consuming public about malt beverage or wine products. Events held for more than three days require another application. May be granted up to four times per year.	Craft beer or wine festivals	COV 4.1-231.A (4)(e) COV 4.1-233.A (4)(c)	2 or 3 Day		\$ 15.00	\$ 100.00	\$20.00
Tasting		Licensee to sell or give samples of alcoholic beverages of the type specified in the license in designated areas at events held by the licensee. A separate license shall be required for each day of each tasting event. Samples of alcoholic beverages given or sold by a licensee shall not exceed two ounces per person of each product tasted, provided that (i) in the case of wine or beer, no more than four products shall be offered or (ii) in the case of spirits, no more than two products shall be offered. Tasting licenses for mixed beverages shall only be issued for events to be held in localities which have approved the sale of mixed beverages	Cooking classes or community education events	COV 4.1-206.A (6) COV 4.1-221.1 COV 4.1-231.A (1)(e)	1 Day	\$ 40.00	\$ 15.00	\$ 40.00	\$5.00

Beer Industry Licenses

License	Description	Source	UOM (Case/ Barrel)	Local Tax/Fee	State Tax/Fee	App Fee
Bottler	Acquire, bottle, sell and deliver or ship beer to wholesale beer licensees for resale, boat owners sailing for ports in a foreign country or another state, and/or persons outside the commonwealth for resale outside the commonwealth.	COV 4.1-208.A (3) COV 4.1-233.A (2)(b)		\$500.00	\$1,430.00	\$65.00
Importer	Sell and deliver or ship beer into the Commonwealth, in closed containers, to persons in the Commonwealth licensed to sell beer at wholesale for the purpose of resale.	COV 4.1-208.A (5)		\$0.00	\$370.00	\$65.00
Shipper	Sell and ship into or within the Commonwealth no more than two cases of beer per month to any person in the Commonwealth to whom alcoholic beverages may be lawfully sold for personal consumption and not for resale.	COV 4.1-209.1 COV 4.1-231.A (3)(h) COV 4.1-233.A (2)(e)		\$10.00	\$95.00	\$65.00
Wholesaler	Acquire and receive deliveries and shipments of beer and to sell and deliver or ship the beer from one or more premises identified in the license, in closed containers to persons licensed to sell such beer at wholesale or retail for the purpose of resale, boat owners sailing for ports of call in a foreign country or another state, and/or persons outside the Commonwealth for resale outside the Commonwealth.	COV 4.1-208.A (4) COV 4.1-233.A (2)(c)	<=300,000	County or Town - \$75 City - \$250	\$930.00	\$65.00
		COV 4.1-208.A (4) COV 4.1-233.A (2)(c)	300,001 - 600,000		\$1,430.00	\$65.00
		COV 4.1-208.A (4) COV 4.1-233.A (2)(c)	>=600,001		\$4,300.00	\$65.00
Brewery	Manufacture beer and sell and deliver or ship it, in closed containers to, Licensed Beer Wholesalers, Licensed Beer Retailers reselling within a theme or amusement park owned and operated by the brewery or a parent, subsidiary or a company under	COV 4.1-208.A (1) COV 4.1-233.A (2)(a)	<=500	\$250.00	\$350.00	\$65.00
		COV 4.1-208.A (1) COV 4.1-233.A (2)(a)	501-10,000	\$1,000.00	\$2,150.00	\$65.00

License	Description	Source	UOM (Case/ Barrel)	Local Tax/Fee	State Tax/Fee	App Fee
	<p>common control of such brewery and/or persons outside the Commonwealth for resale outside the Commonwealth.</p> <p>Sell at retail the brands of beer that the brewery owns at premises described in the brewery license for on-premises consumption and in closed containers for off-premises consumption.</p> <p>Operate a facility designed for and utilized exclusively for the education of persons in the manufacture of beer, including sampling by such individuals of beer products, within a theme or amusement park located upon the premises occupied by such brewery, or upon property of such person contiguous to such premises.</p> <p>offer samples of the brewery's products to individuals visiting the licensed premises, for consumption on the premises and only to individuals to whom such products may be lawfully sold.</p>	<p>COV 4.1-208.A (1)</p> <p>COV 4.1-233.A (2)(a)</p>	≥ 10,001	\$1,000.00	\$4,300.00	\$65.00
Brewery, Limited	<p>Are treated as breweries except that they do not manufacture more than 15,000 barrels of beer per calendar year, are located on a farm in the Commonwealth on land zoned agricultural and owned or leased by such brewery or its owner, and agricultural products, including barley, other grains, hops, or fruit, used by such brewery in the manufacture of its beer are grown on the farm.</p>	<p>COV 4.1-208.A (2)</p> <p>COV 4.1-233.A (2)(a)</p>	≤500	\$250.00	\$350.00	\$65.00
		<p>COV 4.1-208.A (2)</p> <p>COV 4.1-233.A (2)(a)</p>	501–10,000	\$1,000.00	\$2,150.00	\$65.00
		<p>COV 4.1-208.A (2)</p> <p>COV 4.1-233.A (2)(a)</p>	≥ 10,001	\$1,000.00	\$4,300.00	\$65.00
Brewery, Retail Off-Premises	Brewery License to sell beer at the place of business designated in the brewery license, in closed containers which shall include growlers and other reusable containers, for off-premises consumption.	<p>COV 4.1-208.A (8)</p> <p>COV 4.1-231.A (3)(f)</p>		\$0.00	\$120.00	\$65.00
Brewery, Retail Off-Premises Limited	Brewery Licensee to sell beer in closed containers for off-premises consumption.	<p>COV 4.1-208.A (7)</p> <p>COV 4.1-231.A (3)(f)</p>		\$0.00	\$120.00	\$65.00

Wine Industry Licenses

License	Description	Source	UOM (Gallons)	Local Tax/Fee	State Tax/Fee	App Fee
Farm Winery - Class A	<p>Licensee to manufacture wine containing 21 percent or less of alcohol by volume and to sell, deliver or ship the wine, in accordance with Board regulations, in closed containers to VA ABC, licensed wine wholesalers, and persons outside the Commonwealth. Also acquire and receive deliveries and shipments of wine and sell and deliver or ship it, to the VA ABC, licensed wine wholesalers, or persons outside the Commonwealth. Operate a contract winemaking facility on the premises and store wine in bonded warehouses located on or off the licensed premises upon permits issued by the Board.</p> <p>Class A Wineries have 51 percent of the fruits or agricultural products used by the owner or lessee to manufacture the wine shall be grown or produced on such farm and no more than 25 percent of the fruits, fruit juices or other agricultural products shall be grown or produced outside the Commonwealth.</p>	COV 4.1-207 (5) COV 4.1-219.A COV 4.1-231.A (2)(e) COV 4.1-233.A (3)(c)		\$50.00	\$190.00	\$65.00
Farm Winery - Class B	<p>Licensee to manufacture wine containing 21 percent or less of alcohol by volume and to sell, deliver or ship the wine, in accordance with Board regulations, in closed containers to VA ABC, licensed wine wholesalers, and persons outside the Commonwealth. Also acquire and receive deliveries and shipments of wine and sell and deliver or ship it, to the VA ABC, licensed wine wholesalers, or persons outside the Commonwealth. Operate a contract winemaking facility on the premises and store wine in bonded warehouses located on or off the licensed premises upon permits issued by the Board.</p> <p>75 percent of the fruits or agricultural products used by the owner or lessee to manufacture the wine shall be grown or produced in the Commonwealth and no more than 25 percent of the fruits, fruit juices or other agricultural products shall be grown or produced outside the Commonwealth. No Class B farm winery license shall be Licensee must have operated under an existing Virginia farm winery license for at least seven years.</p>	COV 4.1-207 (5) COV 4.1-219.B COV 4.1-231.A (2)(e) COV 4.1-233.A (3)(c)		\$50.00	\$3,725.00	\$65.00
Fruit Distiller	<p>Licensee to manufacture any alcoholic beverages made from fruit or fruit juices, and to sell and deliver or ship the same, in closed containers, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth.</p>	COV 4.1-206.A (3) COV 4.1-231.A (1)(b) COV 4.1-233.A (1)(b)		\$1,500.00	\$3,725.00	\$65.00
Internet Wine Retailer	<p>Persons located within or outside the Commonwealth to sell and ship wine, in accordance with § 4.1-209.1 and Board regulations, in closed containers to persons in the Commonwealth to whom wine may be lawfully sold for off-premises consumption.</p>	COV 4.1-207 (6) COV 4.1-231.A (2)(g)			\$150.00	\$65.00

License	Description	Source	UOM (Gallons)	Local	State	App
				Tax/Fee	Tax/Fee	Fee
Wine and Beer Shipper	The sale and shipment into or within the Commonwealth of no more than two cases of wine or two cases of beer per month to any person in the Commonwealth to whom alcoholic beverages may be lawfully sold for personal consumption and not for resale.	COV 4.1-209.1 COV 4.1-231.A (4)(g) COV 4.1-233.A (4)(e)		\$10.00	\$95.00	\$65.00
Wine Importer	Persons located within or outside the Commonwealth to sell and deliver or ship wine, in closed containers, to persons in the Commonwealth licensed to sell wine at wholesale for the purpose of resale, and to persons outside the Commonwealth for resale outside the Commonwealth.	COV 4.1-207 (3) COV 4.1-231.A (2)(c)		\$0.00	\$370.00	\$65.00
Wine Shipper	The sale and shipment into or within the Commonwealth of no more than two cases of wine per month to any person in the Commonwealth to whom alcoholic beverages may be lawfully sold for personal consumption and not for resale.	COV 4.1-209.1 COV 4.1-231.A (2)(f) COV 4.1-233.A (3)(d)		\$10.00	\$95.00	\$65.00
Wine Wholesaler	Acquire and receive deliveries and shipments of wine and to sell and deliver or ship the wine from one or more premises identified in the license, in closed containers, to persons licensed to sell such wine in the Commonwealth, persons outside the Commonwealth for resale outside the Commonwealth, religious congregations for use only for sacramental purposes, and boat owners sailing for ports of call in a foreign country or another state. The tax/fee is to be paid for each location.	COV 4.1-207 (2) 4.1-231.A (2)(b)(1)(2) COV 4.1-233.A (3)(b)	<=30,000	\$50.00	\$185.00	\$65.00
			30,001 - 150,000	\$50.00	\$930.00	\$65.00
			150,001-300,000	\$50.00	\$1,430.00	\$65.00
			>=300,001	\$50.00	\$1,860.00	\$65.00
Winery	Manufacture wine and to sell and deliver or ship the wine, in closed containers, to licensed wholesalers for resale and to persons outside the Commonwealth for resale outside the Commonwealth. In addition, such license shall Operate distilling equipment on the premises of the licensee in the manufacture of spirits from fruit or fruit juices only, which shall be used only for the fortification of wine produced by the licensee. Operate a contract winemaking facility on the premises of the licensee. Store wine in bonded warehouses on or off the licensed premises upon permit issued by the Board.	COV 4.1-207 (1) 4.1-231.A (2)(a) COV 4.1-233.A (3)(a)	<=5,000	\$50.00	\$189.00	\$65.00
			>=5,001	\$50.00	\$3,725.00	\$65.00
Winery, Retail Off Premises	Authorizes existing winery licensees to sell wine at the place of business designated in the winery license, in closed containers, for off-premises consumption.	COV 4.1-207 (4)		\$0.00	\$145.00	\$65.00

Distillers Industry Licenses

License	Description	Source	UOM (Gallons)	Local Tax/Fee	Tax/Fee	App Fee
Distillers	Licensee to manufacture alcoholic beverages other than wine and beer, and to sell and deliver or ship the same, in closed containers, to the Board and to persons outside the Commonwealth for resale outside the Commonwealth.	COV 4.1-206.A (1) COV 4.1-231.A (1)(a) COV 4.1-233.A (1)(a)	<=5,000	\$0.00	\$450.00	\$65.00
			5,001-36,000	\$750.00	\$2,500.00	\$65.00
			>=36,001	\$1,000.00	\$3,725.00	\$65.00

Other Industry Licenses

License	Description	Source	Local Tax/Fee	State Tax/Fee	App Fee
Fulfillment Warehouse	<p>Receives, stores, packs and ships wine and beer orders for holders of shipper's licenses.</p> <p>Authorize associations as defined in § 13.1-313 with a place of business located in the Commonwealth to (i) receive deliveries and shipments of wine or beer owned by holders of wine or beer shipper's licenses, (ii) store such wine or beer on behalf of the owner, and (iii) pick, pack, and ship such wine or beer as directed by the owner, all in accordance with Board regulations. No wholesale wine or wholesale beer licensee, whether licensed in the Commonwealth or not, or any person under common control of such licensee, shall acquire or hold any financial interest, direct or indirect, in the business for which any fulfillment warehouse license is issued.</p>	COV 4.1-209.A (10)	\$0.00	\$120.00	\$65.00
Gourmet Brewing Shop	<p>An establishment that sells ingredients for making wine and brewing beer (including packaging) and rents facilities for manufacturing, fermenting and bottling such wine or beer. Licensee to sell to any person to whom wine or beer may be lawfully sold, ingredients for making wine or brewing beer, including packaging, and to rent to such persons facilities for manufacturing, fermenting, and bottling such wine or beer, for off-premises consumption in accordance with subdivision 6 of § 4.1-200.</p>	COV 4.1-209.A (8) COV 4.1-233.A (4)(d)	\$150.00	\$230.00	\$65.00
Marketing Portal	<p>Agricultural cooperative associations solicit and receive wine and beer orders via the internet.</p> <p>Agricultural cooperative associations organized under the provisions of the Agricultural Cooperative Association Act, with a place of business located in the Commonwealth, to solicit and receive orders for wine or beer through the use of the Internet from persons in the Commonwealth to whom wine or beer may be lawfully sold, on behalf of holders of wine or beer shipper's licenses. Upon receipt of an order for wine or beer, the licensee shall forward it to a holder of a wine or beer shipper's license for fulfillment. Marketing portal licensees may also accept payment on behalf of the shipper.</p>	COV 4.1-209.A (11)	\$0.00	\$150.00	\$65.00

Permits

Permit	Description	Source	Beverage	UOM	Tax/Fee	App Fee
Import Personal Alcohol (Customs)	Any person to transport lawfully purchased alcoholic beverages, in excess of one gallon or four liters of alcoholic beverages within, into or through the Commonwealth.	COV 4.1-212.A (4)			\$0.00	\$0.00
Keg	Off-premises sale of authorized alcoholic beverages in a keg by holders of Beer Off-Premises; Beer On-Premises and Off-Premises; Wine and Beer Off-Premises; and Wine and Beer On-Premises and Off-Premises licenses.	COV 4.1-212.A (12) COV 4.1-230.E			\$0.00	\$65.00
In-State Delivery	Qualified in-state licensees to deliver authorized brands of beer, wine and farm wine in closed containers to consumers within the Commonwealth for personal consumption	COV 4.1-212.1.A & C-E			\$0.00	\$0.00
Out-Of-State Delivery	Qualified non-Virginia licensees to deliver authorized brands of beer, wine and farm wine in closed containers to consumers within the Commonwealth for personal consumption	COV 4.1-212.1.B & C-E			\$120.00	\$65.00
Continuation of Operations (COOP)	Confers the privileges of any licenses held by the previous owner to the extent determined by Virginia ABC and valid for a period of 120 days or longer, as necessary, pending completion of the processing of the permittee's license application.	COV 4.1-212.A (9)(16)			\$0.00	\$0.00
Solicitor Salesman	Required for all authorized representatives of out-of-state wine and beer wholesalers; persons having interest in the manufacture, distribution or sale of distilled spirits; persons wishing to solicit distilled spirits to mixed beverage licensees; and third-party companies representing any of the above. Note: The initial permit fee is prorated based on month of approval.	COV 4.1-212.A (1)(2) COV 4.1-230.E	Wine and Beer		\$165.00	
			Distilled Spirits		\$390.00	
			Wine and Beer and Distilled Spirits		\$555.00	
Solicitor Tasting	Allows authorized representatives under contract with manufacturers or wholesalers to conduct tastings of wine, beer or spirits at on-premises licensed hotels, restaurants and clubs.	COV 4.1-212.A (15)			\$50.00	
Grain Alcohol / Culinary	Issued for using alcoholic beverages in the preparation of food products	COV 4.1-212.A (3) COV 4.1-119.E			\$0.00	
Purchase Industrial Alcohol	Allows permittee to purchase industrial alcohol to be used for scientific, medicinal and mechanical purposes, and in the treatment of patients. Some specific uses which fall under these general categories are: sterilizing solutions, antiseptics, compounding prescriptions, and preparation of specimens.	3VAC5-70-60	Industrial Alcohol	< 110 Gallons / year	\$5.00	
				> 110 Gallons / year	\$10.00	

Special Transportation - Industrial Alcohol	Allows for the import, shipment and transport of alcohol, for industrial purposes within the Commonwealth.	COV 4.1-310.A		5.0% of the delivered cost to the place designated by the permittee	\$0.00	
Out of Bond	Release of alcoholic beverages not under United States custom bonds or internal revenue bonds, stored in Virginia ABC-approved warehouses, for delivery to Virginia ABC or to persons entitled to receive them within or outside of the Commonwealth.	COV 4.1-212.A (13) COV 4.1-230.E			\$260.00	
Sacramental Wine	Allows the purchase of wine by a religious congregation for sacramental purposes.	COV 4.1-207 (2)(iii) 3VAC5-70-30	Wine		\$0.00	
Sightseeing Carrier	Allows transportation companies transporting passengers to a winery, brewery, or restaurant, to collect the licensee's tasking fees from tour participants and hand them over to the licensee.	COV 4.1-212.A (17)	Wine and Beer			
One-Time Sale	Allows the one-time sale of alcohol that is part of a person's estate to a licensee in the Commonwealth or to persons outside the Commonwealth for resale.	COV 4.1-212.A (10)				
Distiller's Permit	Allows a person to keep, store or possess any still or distilling apparatus in the Commonwealth.	COV 4.1-212.A (5)				
Walking Tour						