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Message from the Board



January 1, 2018 Honorable Phil Scott Governor of Vermont Montpelier, Vermont

Left to Right: Devon Fuller, Julian Sbardella, Martin Manahan, Sam Guy, (missing from photo, Tom Lauzon)

Governor Scott,

It is indeed my pleasure and honor to submit the 83rd Annual Report of the Liquor Control Board for the fiscal year July 1, 2016 through June 30, 2017, in compliance with the provisions of Section 109, Title 7, Vermont Statutes Annotated.

During the preceeding twelve months, the Board has experienced significant changes with three new members being appointed, including a new Chair. The new Board continues to ensure the consistent operation of the Vermont Department of Liquor Control and its procedures in conformance with our mission. The success of the Department could not be realized without the dedicated group of employees and management that make up the Department as well as our devoted Agents. We continue to look to find ways to support them to increase revenues while encouraging public safety and the safe and responsible consumption of the beverage alcohol we sell and regulate.

I would like to take this opportunity to thank past chair Stephanie O'Brien for her unwavering dedication and loyalty during her tenure on the Board of Liquor Control. Her knowledge and passion for the Department will be greatly missed.

In closing, I hope you find the enclosed Annual Report informative, and trust you will be as proud of the success of The Department of Liquor Control as we are. The Department is a true asset to the State of Vermont contributing in a positive manner on a daily basis.

Respectfully submitted,

Martin Manahan, Chair Julien Sbardella, Member Thomas Lauzon, Member Samuel Guy, Member Devon Fuller, Member





Patrick T. Delaney Liquor Control Commissioner

Message from the Commissioner

I would like to welcome you to the 83rd edition of the Department of Liquor Control's (DLC) annual report. This report will provide a comprehensive overview of the Department's tangible outcomes for the past fiscal year. This overview is intended to educate the reader about the functions of the Department, our Board, senior management team, and the financial results of our organization for fiscal 2017. We are building on the expanded information platform that we instituted for the fiscal 2016 annual report.

Our organizational goals remained the same in fiscal 2017. Our primary business focus continued to be to create operational efficiencies, enhanced tax payer returns through increased profitability, case volume growth, and an improved competitive position with the state of New Hampshire. Our performance baseline was evaluated significantly on our ability to create a compelling and engaging shopping experience for our customers.

I was hired by the Board in February 2016 to bring a new perspective to operational capabilities of the DLC. With the partnership and support of Deputy Commissioner Gary Kessler and the Department's senior management team, 2017 was a year of unprecedented change. Virtually every aspect of our business model was reviewed and modified to improve our tangible performance levels, increase the return on investment to Vermont tax payers, improve our relationships with our agents and the Legislature, and to raise our customer service levels. I am pleased to share with you that these many changes gained traction in 2017. The results were new business growth, improved brand imaging and increased contribution to the general fund.

The information contained in this report will give you an informed understanding about why the DLC exists, how extensively we support and are integrated into the Vermont business community, and the many approaches that we have for educating consumers to make good decisions. I hope that the information presented also reinforces your understanding that the Department's primary mission is to promote socially responsible consumption behavior.

Thanks.

Patrick T. Delaney



Martin Manahan

Marty is the Director of Operations and Business Development for St. Albans City. Over the last several years he has been deeply involved in the revitalization of downtown St. Albans including a four million-dollar streetscape redevelopment, the development of a five-deck parking garage which services a newly built Downtown Hampton Inn and a forty thousand square foot State of Vermont office building. Marty has served on the St. Albans City Zoning Board; the Development Review Board; President of the City Council and Mayor of the City of St. Albans for six years, from 2006 through 2012. Marty is also a member of the Northwest Regional Development Board, the St. Albans City Downtown Board of Civil Authority and is a Justice of the Peace. He lives in St. Albans City with his wife Lisa and four children; Sean, Samantha, Isaac and Ian.

The Board

The DLC is governed by the Liquor Control Board (the Board) and a Commissioner. The composition of the DLC is described at 7 V.S.A. 5, § 101. The Board was created by state law in 1933. The Board consists of five members who are appointed by the governor and confirmed by two-thirds of the state Senate.

The duties of the Board are described under 7 V.S.A. 5, § 104. The Board's primary responsibility is to see that the laws relating to alcohol and tobacco are enforced and that the DLC collaborates with other law enforcement entities in the state. They act as a judicial board in hearing and adjudicating violations by its licensees and permittees. Board decisions are available on the DLC's website.

In addition, the Board supervises the opening and operation of local Agency stores involved in the sale and distribution of alcoholic beverages, supervises the financial transactions of the central office and the Agencies, makes rules and regulations regarding manufacture, sales, transport, labeling and advertising of malt or vinous alcoholic beverages, spirits and fortified wines, and adopts rules regarding intrastate transportation of such beverages.

Board Members



Julian Sbardella

Mr. Sbardella was appointed as a member of the Board on July 3, 2012 to finish an existing Board member's term and then was re-appointed on February 13, 2013. A native of Fair Haven, Vermont, Mr. Sbardella graduated from Fair Haven High School, then as a business major from Becker College in Worcester, MA. He has been involved with the liquor industry since 1960. From 1960-70 he was a licensee. In 1978, he became a Vermont liquor broker representing several brands. From 1996-2010, he became the Vermont supervisor for United Beverages, Inc., which later became Southern Wine & Spirits. Mr. Sbardella retired in 2010. His term expires in January 31, 2018.



Thomas J. Lauzon

Mr. Lauzon was appointed as a member of the Board on July 21, 2015. Mr. Lauzon is an accountant and developer and has had a long career in Vermont, including, as the mayor of Barre, Vermont, from 2006 to present. His term expires in January 31, 2020.



Devon Fuller

Governor Phil Scott appointed Devon Fuller a member of the Liquor Control Board August 20, 2017. Mr. Fuller moved with his family to Vermont from Western Massachusetts ten years ago. He has been publicly involved in his home of Brandon since moving there. He was on the local Neshobe school board for six years. Mr. Fuller is currently serving his 8th year on the select board. As of January 2017 Mr. Fuller became president of the Downtown Brandon Alliance, which is a 501c3 that is dedicated to Brandon's Designated Downtown program. Mr. Fuller is grateful to have the opportunity to further serve the citizens of Vermont and looks forward to working with the Department of Liquor Control and it's Board. His term expires in January, 2020.



Sam Guy

Governor Phil Scott appointed Sam Guy as a member of the Liquor Control Board in May, 2017. Sam is a native Vermonter who graduated from Peoples Academy in Morrisville and from Champlain College. He took over his family's business in 1985, growing it from a single dairy feed store to four retail stores specializing in pet food and supplies, equine, wild bird, lawn & garden products and wood pellets. His wife and two grown sons are also active in the business. Sam has always enjoyed serving on local boards in his community. His term expires in January, 2022.

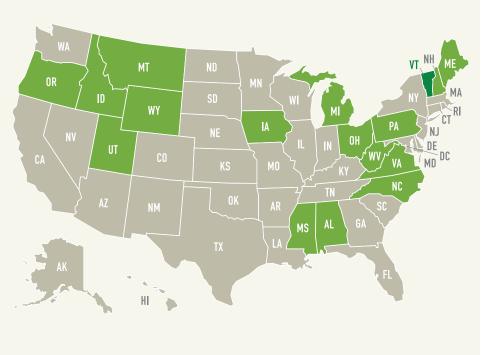


History of the Nation's Liquor Control States

Introduction

Following the repeal of Prohibition in 1933, Vermont became one of twenty-one jurisdictions nationwide that controlled the sale of alcoholic beverages within their own borders to permit local option on this controversial issue. Currently, seventeen states and jurisdictions have adopted forms of the "Control" model. These jurisdictions account for almost twenty-seven percent of the U.S. population.

These "Control States" or "Control Jurisdictions" established their own system of control over the wholesaling and/or retailing of alcoholic beverages. The control system has withstood the test of time because it is fundamentally sound. It is flexible enough to adapt and evolve to meet the changing demands of consumers as well as those involved in the supply chain.



About the DLC



Many control states and jurisdictions control retail sales whereby their citizens purchase liquor at a state liquor store or a designated agency outlet. Vermont owned and operated many of its own stores until 1996 when it transitioned completely to an agency system, as mandated by the legislature.

The DLC is the regulatory agency responsible for enforcing Vermont's alcohol and tobacco statutes and regulations. This includes licensing the sale of alcohol at bars and restaurants, the sale of beer, wine and tobacco at retail stores, and enforcing compliance with laws and regulations related to service to impaired persons and alcohol and tobacco sales to minors.

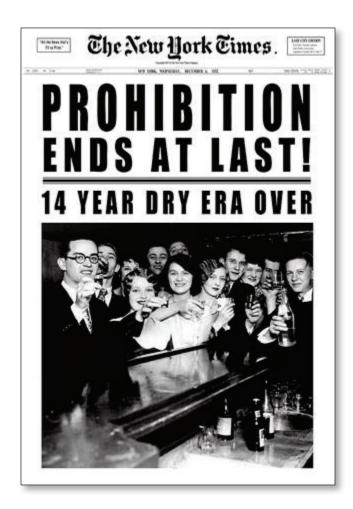
The DLC licenses the sale of beer and wine to private businesses but retains control over the sale of beverage alcohol (e.g., spirits such as whiskey, vodka, gin, tequila, etc.).

The DLC is responsible for purchasing, pricing and retailing of beverage alcohol and directly controls its sale and regulates all persons involved in the alcohol supply chain at any level in the state. As the exclusive seller of liquor, the DLC applies a 65-85% markup to the cost of products to establish retail shelf prices for liquor. This markup includes the required 25% state excise tax.

Vermont's system of liquor control provides benefits to all of Vermont's citizens. We believe Vermont has found the right balance between too much availability, which leads to increased consumption, and over-regulation, which inhibits good customer service.

Vermont is proud to be a control distribution jurisdiction and the DLC continues to evolve to optimize the benefits of the control jurisdiction, while improving service to our consumers.

The History and Future of the DLC



The DLC was created in 1933, when the 21st Amendment to the U.S. Constitution repealed the Volstead Act (Prohibition).

When Prohibition was repealed, the process of determining the method of regulation of alcohol beverages fell to the states and counties. In response, all states instituted some form of three-tier system of producers, wholesale distributors and retailers to promote moderation in consumption, prevent concentration of power and raise revenues through taxes. The DLC is tasked with issuing liquor licenses and permits, providing education, and the enforcement of state and federal laws relating to alcohol and tobacco.

The DLC is here to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement and education; and the Department strives to provide excellent customer service by operating efficient, convenient liquor Agency stores throughout. Our system of selling alcohol achieves a delicate balance between offering a great selection of products at reasonable pricing at 80 convenient locations around the state.

Studies prove that regulating sales reduces consumption, thereby limiting the physical and social damage caused by the misuse of alcohol. States with less alcohol regulation, in general, have more issues with alcohol abuse, higher prices, and less selection of products ducts than our state. Moderation and temperance in control states generally reduce social costs associated with alcohol consumption.

The control system itself continues to provide a regulatory environment that serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.

YESTERDAY...





... AND TODAY









2017: Year in Review

Legislative Synopsis



The DLC obtains its statutory authority from Title 7 of the Vermont Statutes Annotated. Title 7 was enacted into law at the end of Prohibition in 1933 and has been amended many times over the ensuing 84 years, but it has not been examined as a whole during that time period. In 2016, at the direction of the legislature, the Department worked with Legislative Council Damien Leonard to comprehensively redraft Title 7 to modernize it and organize it more logically. Both chambers of the legislature took significant amounts of time on this bill which ultimately was passed into law. These changes to Title 7 will aid both the DLC as well as the many thousands of Vermonters who work in the beverage alcohol industry as brewers, distillers, vintners, bar and restaurant owners, retailers, and servers.

• Break-open ticket legislation was passed that generally tightens up the law and gives DLC greater authority around what has been mostly unregulated gambling. The permissible age of teens who work with our investigators on tobacco compliance testing was changed to allow 16 year-olds to participate. This creates a longer lifespan in the position for these young people and eases the burden on our investigators to find and train new teenage children for this role.

DLC Happenings

- The DLC saw the retirement of several staff members after many years of service, including William "Bill" Goggins, Director of Enforcement and Licensing who retired after 25 years and Brent Leach, Retail Coordinator who retired after 26 years with the DLC.
- The DLC has continued to reduce "special order" products inlcuding returning some unsold products to the suppliers, and selling some high end products, including a bottle of Remy Martin Louis XIII Cognac that sold for over \$3,200.00.
- Skyler Genest was hired as Director of Compliance and Enforcement in August 2017 to replace the former director who retired.
- Kara Appleton was hired as Retail Coordinator in December 2017,



Commissioner Delaney and Deputy Commissioner Kessler attended the National Alcohol Beverage Control Association (NABCA) annual meeting in May.

The National Administrators Conference brought over 250 attendees from the control states and jurisdictions as well as other leaders and industry members.

Former U.S. Senator George Mitchell was the keynote speaker and he spoke about his experiences and the benefits of serving in the public sector. The conference was full of diverse workshops and committee meetings. These were designed to gain insight, develop new methods and techniques, and identify promising and demonstrated best practices that every jurisdiction could take advantage of as a means to accomplish their goals and better serve the general public.

Administrative



Patrick Delaney, Commissioner

Mr. Delaney was born and raised in Seattle, Washington. In 1982 he graduated from Washington State University with a Hotel and Restaurant Administration degree. His post-graduate career in the hospitality industry started at the Seattle Sheraton Hotel and Towers. In 1991, Patrick initiated a career change into the wine and spirits brokerage business. Over a 25-year career Mr. Delaney matriculated from on and off-premise sales, to partnership and ultimately majority ownership of Phoenix Wine and Spirits (PWS). PWS was the largest wine brokerage in Utah for a decade. Southern Wine and Spirits purchased his company in 2013 and employed Patrick as a portfolio manager until he accepted a position as commissioner of the DLC. Mr. Delaney moved to the great state of Vermont in February 2016 to embrace the challenge of leading the DLC to a brighter future.



Gary Kessler, Deputy Commissioner

In March of 2016, Gary Kessler of Fayston, Vermont accepted the position of deputy commissioner. He is a graduate of Hobart College and the Boston University School of Law. Mr. Kessler is also a graduate of Vermont's Public Manager Program and ANR's Leadership and Management Program. He has over 30 years of experience working in state government having most recently served as the director of the Compliance and Enforcement Division at the Vermont Agency of Natural Resources. Mr. Kessler worked as an environmental prosecutor at ANR, and spent ten years as a deputy state's attorney where he managed the Appellate Unit and the Departments' legislative activities. With his extensive experience in the operation of state government, he was brought on to complement the liquor industry and control state experience of Commissioner Delanev.



Theresa Barrows, Director of Marketing

Theresa was hired as director of marketing in November 2016. Ms. Barrows came to the DLC after 11 years at Green Mountain Coffee Roasters where she was marketing manager in the consumer direct division, leading the print catalog and digital media. Prior to that she spent many years in the ski and sporting goods industry at Rossignol, Nordica and Champion Jogbra in roles ranging from customer service and advertising to accessory product development and merchandising. Her broad marketing experience will guide the modernization of the DLC brand with the Agents and the consumer.



Kim Walker, Director of Retail Operations

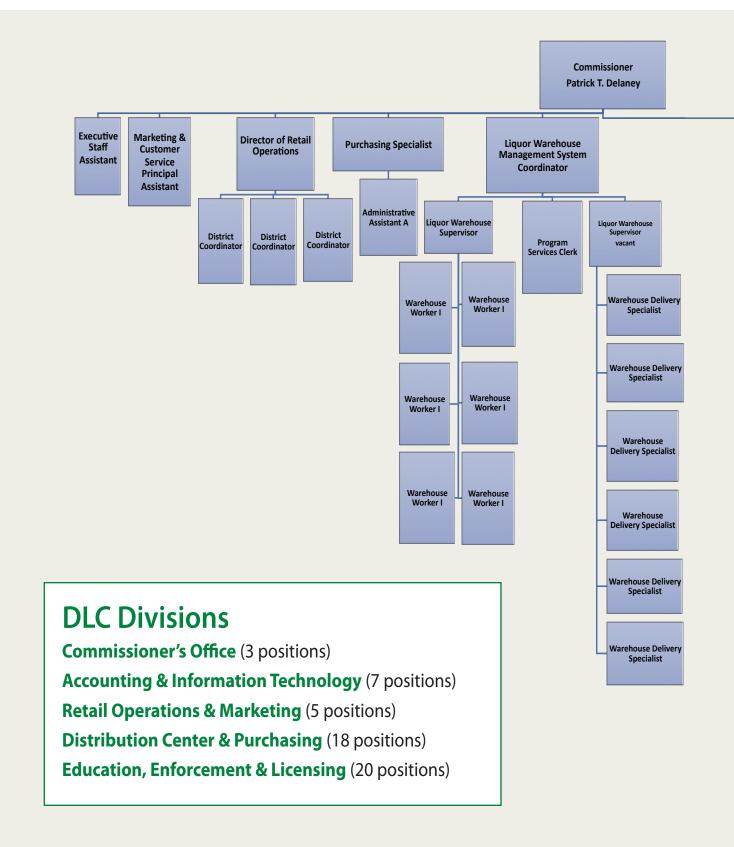
Kim was hired in November 2015 and comes to the DLC with over 20 years of retail management experience. Ms. Walker spent nearly 10 years at Ben & Jerry's in a number of roles, most notably in retail management, where she oversaw the openings of more than six locations across New England. She spent the past 10 years as the retail manager in a familyowned business, managing their clothing and shoe departments. Her vast retail management experience will lead the retail operation division of the DLC into the 21st century.

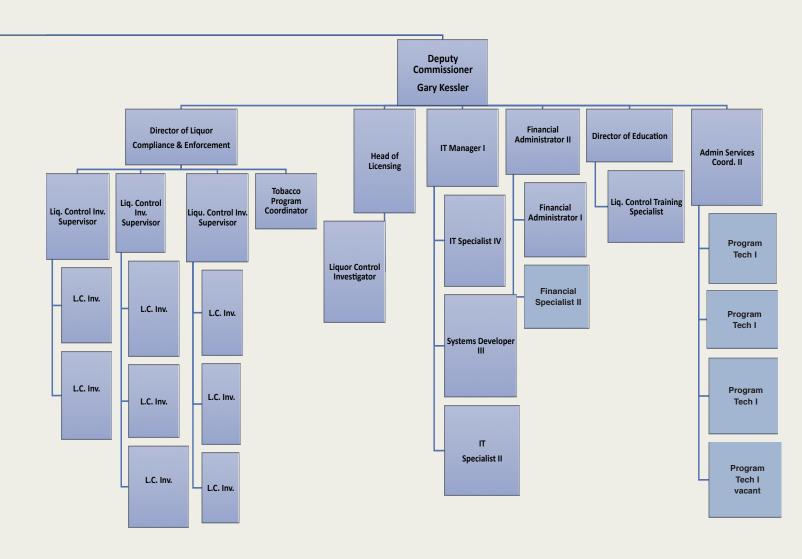


Skyler Genest, Director of Enforcement and Compliance.

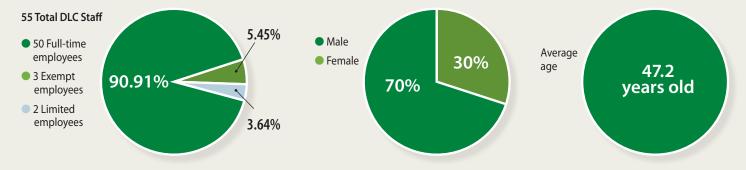
Skyler Genest was promoted to Director of Enforcement and Compliance in August of 2017 after four years as a DLC Investigator where he was responsible for the much of Lamoille County including the Town of Stowe. He started his career in law enforcement working at the University of Vermont Police Department where he was a patrol officer, a Sargent and an Investigator. Mr. Genest is a Staff Sargent in the Vermont Army National Guard and is trained as a military police officer. In 2010 he served in a combat role in Afghanistan where he worked with and trained members of the Afghan National Police. The Department has made significant changes to the Director's duties which will allow him to focus on compliance assistance and investigations and in so doing to spend time in the field working with the investigative staff.

DLC Employees





Employee Statistics



Information Technology



Left to Right: Mark Leopold, Lane Safford, Director Linda Vincent, Kaye Winter

The Information Technology division, comprised of four employees, is responsible for the maintenance and support of DLC specific systems. These include the central office system, the warehouse management system, agency registers, and interfaces to other state systems, financial institutions and cooperative industry organizations.

The primary goal of IT is to provide a secure operating environment that allows the Department to perform its major tasks efficiently and accurately.

The IT Division maintains the local user hardware and software (such as laptops, warehouse scanners, printers, mobile devices and software used by the Department for enforcement licensing, inventory warehousing and central office functions) in conjunction with the statewide services provided by ADS (such as networking, virtual

servers and Office 365 applications such as email). All agency hardware and interfaces are maintained by DLC IT.

As part of the Department's modernization plan, the DLC has been upgrading local systems on a scheduled basis while moving their software applications off local servers and into the State's virtual environment, thus reducing costs and providing a more secure and stable environment. The next phase of upgrades will focus on the Agencies by first replacing outdated DOS based registers with

more reliable Windows based registers. This project was kicked off in August 2017 and is underway.

Currently, the Agency registers are no longer under any maintenance warranty or support due to their age. In order to support these machines, DLC must search for parts on eBay and various electronics sites and rebuild machines as needed.





Highlights

- Kicked off the long awaited POS and Central Office System project using a Microsoft cloud-based platform Dynamics 365
- Created a process to provide email addresses for DLC licensees
- Developed an automated, cloud based process to assist in DLC investigations and compliance checks via an iPhone
- Worked on an automated Point of Delivery system to be rolled out in January of 2018
- Tested and selected a lighter weight, more portable system for DLC investigators
- Installed a Surface Hub for use by the DLC and Liquor Control Board to allow remote attendees at meetings
- Improved the warehouse picking process with tablets installed on picking machines
- Continued to improve and maintain the DLC and 802Spirits websites
- Provided an agency portal for Retail Operations which allows agents direct access to their information
- Rolled out a new password management system to DLC
- Built the platform for DLC Rare Spirits Sweepstakes and Raffle
- Rolled out the new VOIP system for DLC's office and warehouse phones
- Assisted in the procurement and test of forensic ID scanners for Enforcement



Education

The Education Division ensures that licensees, manufacturers and distributors have the proper training to meet state and federal requirements prior to receiving or renewing their license or permit.

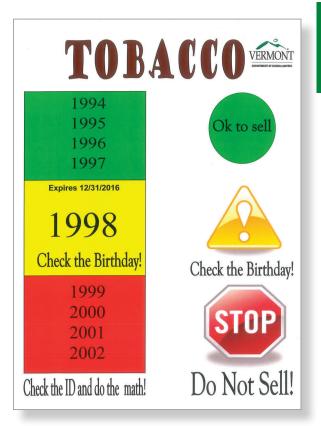
This fiscal year the Education Division went through a complete update of our online training programs. We updated our site to a system that is supported and can allow people to view it on mobile devices. We continue to experience some slight bumps, but we are addressing them as they come up. We are in contract negotiations for some technology support that will assist in working out our issues.

Under the DLC's rules, each licensee shall ensure that every employee who is involved in the preparation, sale, service, or solicitation of alcoholic beverages or the sale of tobacco products must complete a training program offered or approved by the DLC before the employee begins working in that capacity. Recertification is required every two years.

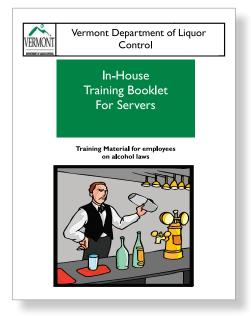
It is important to remember that the person making the sale or serving the alcoholic beverage or tobacco is ultimately responsible, and is therefore, on the front line in the effort to strengthen the public safety of Vermont residents and those visiting the state



Classroom training with Robert Labate.



Examples of print materials sent to establishments that serve or sell alcohol and tobacco products to the public.



Educational Training

The Education Division bring trainings and seminars to consumers, businesses, students, bartenders, parents and other interested parties to ensure alcohol and tobacco is sold and served in a safe and legal manner. These trainings are made available to restaurants, bars, clubs, hotels and Agency stores (and their staff), retailers who sell beer and wine, manufacturers and wholesale distributors.



Education team Melanie Gaiotti and Jennifer Fisher.

The two-person Education Division provides in-person and online training with regards to the statutes and regulations contained in V.S.A. Title 7. License-holders and all staff involved with selling alcohol must have current training and certification every two years.

Over 7,800 people were trained in Fiscal Year 2017 through in-person classes and online classes. The Division offers training classes several times throughout the year in various locations around the state.

1st Class Seminar: This class will certify an individual to serve alcohol for on-premises consumption at a bar, club, hotel, restaurant, manufacturer, catering event or bookstore/art gallery/museum/ library.

2nd Class Seminar: This class will certify an individual to sell alcohol and/or tobacco in a store.

Fiscal Year 2017 Training Seminar Numbers







Refusal Skills Training

In 2017, the Education Division again received a grant from National Alcohol Beverage Control Association (NABCA) to provide regional trainings on refusal skills for our servers and sellers. We offered these trainings in 2016 and they were very successful. We wanted to offer a hands-on experience to supplement our currently mandated trainings.

We were again able to contract with local teacher, trainer, and bar manager Robert Labate. Mr. Labate created a comprehensive 5-hour training on dealing with difficult customers in a way that supports

Vermont's laws and regulations, improving customer service and decreasing public safety issues. We held four trainings around the state. Approximately 50 people attended the trainings, which were held in South Burlington (2 classes), Rutland, and Killington.

Our educators have also been implementing this information into our in-person trainings and online trainings.

We are also excited to partner with the Enforcement Division on a Operation Saferide in the month of December.

Compliance & Enforcement



A recent reorganization of the Department of Liquor Control resulted in refocusing the Compliance and Enforcement work conducted by DLC under one newly appointed Director. Skyler Genest was hired as the new Director of the Compliance & Enforcement Division. Skyler joined DLC as an Investigator in 2013 and was chosen as Director from a strong pool of applicants for the position.

This new division, Compliance and Enforcement, allows the 14 Liquor Control Investigators to focus their investigative work where most needed and increase their collaborative partnerships with licensees to encourage compliance. More recently, Liquor Control Investigators have taken a proactive role in managing large events where alcohol is the focus. Additionally, collaboration with local law enforcement agencies have greatly increased the Division's reach and effectiveness in combating access of alcohol and tobacco to youths.

A new mobile application developed by the Compliance and Enforcement Division now allows DLC to collect and analyze data from the inspections conducted by Liquor Control Investigators. These inspections occur at permanent establishments licensed to sell and serve alcohol and tobacco, as well as temporary permitted locations such as special events, festivals and farmer's markets. DLC classifies on-premise locations where alcohol is sold and consumed (like bars and restaurants) as a 1st Class License. Locations where alcohol is sold for off-premise consumption (convenience or grocery stores) as a 2nd Class License.

The work of 14 field investigators resulted in:







The enforcement process is governed by 7 V.S.A. 19, **§§** 561 - 603.

Per 7 V.S.A. § 236, fines range from \$110 to \$2,500 depending on the case merits and the severity of the violation.

All complaints received in-person, by mail, phone, or online are investigated.

The Division conducted:









Highlights

Liquor Control Investigators are all fulltime sworn law enforcement officers with enforcement authority akin to the State Police. The 14 Investigators serve the public by preventing the misuse of alcohol and tobacco through enforcement and education. Under the new Division of Compliance and Enforcement, a clear focus on specific public safety issues dealing with Vermont's Alcohol and Tobacco laws have become priority. Investigators employ a myriad of techniques to address these public safety issues including licensee education, issuance of administrative tickets for observed violations, or when appropriate, making arrests for criminal activity. Most recently, The Compliance and Enforcement Division has instituted an Intelligence Based Policing model where their proactive enforcement efforts are data driven and evaluated for tangible success rates.



The Compliance and Enforcement Division conducts alcohol and tobacco compliance checks using underage individuals to purchase tobacco and alcohol from licensees. Each month the Division posts its compliance checks on the DLC website. The tobacco compliance checks are in partnership with the FDA to enforce the Tobacco Control Act and reduce tobacco use by minors.

In FY 2017, the Division conducted 574 alcohol compliance checks. Of these, 70 licensees illegally sold to underage

individuals and 504 licensees did not sell to underage individuals.

The Division conducted 885 tobacco compliance checks. Of these, 75 licensees illegally sold to underage individuals and 810 licensees refused to sell to underage individuals. Of important note, the tobacco compliance rate increased to 91.53% during FY 2017. FY 2016's compliance rate was 86.96%

The Department of Liquor Control was granted funding by the Department of Health to purchase and deploy sophisticated ID scanning equipment which quickly scans an ID and determines if it is authentic or fake. In a recent enforcement detail, Liquor Control Investigators seized over 400 fake or otherwise fraudulent IDs either directly or through partnered licensed establishments. Based on interviews with users these seized IDs cost them approximately \$100 each, meaning over \$40,000 in fake IDs were seized in one detail.



Licensing

The Licensing Division is responsible for all licenses and permits issued and renewed that involve the sale, service, manufacturing and distributing of alcohol in Vermont as well as the sale of tobacco products and tobacco paraphernalia sold in Vermont.

This licensing year, May 1, 2016 to April 30, 2017, there were 6,762 new licenses and permits issued and 7,106 were renewed. The total for both renewed and new licenses issued was 13,868.

1st class (on premise) and 2nd class (off premise) licenses issued must first be approved by the local control commissioners in the town that an applicant applies in. This process has brought in directly to the local communities \$238,965.00 in license fee revenue for the licensing year.

The Licensing Division initiates an investigation into each application to be certain that the applicant is eligible to hold a license. They determine if the applicant is trained and knowledgeable of current laws and regulations. Each applicant meets with a member of Licensing and a detailed description of the license premise is documented. The basic regulations and laws are reviewed so that the applicant is informed prior to being issued a license.

Highlights

- This year the Department of Liquor Control assumed the responsibility of licensing manufacturers and distributors of break-open tickets, commonly known as "pull tab" tickets. These break-open tickets are sold in clubs and bars to benefit non-profit entities. DLC licensing of these manufacturers and distributors gives the state the ability to monitor who is buying and utilizing the tickets so we can be certain that the intended non-profit is receiving the full amount of funds generated by the game.
- License fees have been changed to Application Fees.
- The Licensing Division has a newly created email database of all the current licensees. This will allow for greater ease of communication with the licensees and opens the potential for more electronic documentation in the future.





Licensing Statistics

2016 LICENSES	ISSUED R	RENEWED	FEE FOR Town/City	TOTAL COLLECTED
1st Class Restaurant License	129	1032	\$133,515.00	\$133,515.00
1st Class Club License	0	98	\$11,270.00	\$11,270.00
1st Class Hotel License	9	111	\$13,800.00	\$13,800.00
1st Class Kitchen	6	10	\$1,840.00	\$1,840.00
2nd Class License	79	1043	\$78,540.00	\$78,540.00
3rd Class Restaurant	37	598		\$692,380.00
3rd Class Restaurant - half year	42	183		\$122,700.00
3rd Class Hotel	2	83		\$92,600.00
3rd Class Hotel - half year	5	16		\$11,400.00
3rd Class Club	0	92		\$100,645.00
3rd Class Club - half year	0	4		\$2,200.00
3rd Class Kitchen	2	2		\$4,380.00
3rd Class Kitchen half year	0	4		\$2,150.00
Wholesale Dealer License	9	32		\$50,625.00
Wholesale Dealer Tasting Permit	8	0		\$200.00
Solicitor Permit	121	444		\$39,385.00
1st Class Boat License	0	3		\$690.00
3rd Class Boat License	0	1		\$1,095.00
3rd Class Boat License - half year	0	1		\$550.00
Manufacturer Vinous	5	43		\$13,680.00
Manufacturer Vinous-Tasting	201	0		\$5,025.00
Manufacturer-Malt	9	59		\$19,380.00
Manufacturer-Malt Tasting	136	0		\$3,400.00
Manufacturer-Spiritous Liquor	5	22		\$7,695.00
Special Events Permit	1048			\$36,680.00
Caterer's License	34	233		\$66,270.00
Commercial Cater	6	8		\$3,000.00
1st Class Dining Car	0	2		\$460.00
3rd Class Dining Car	0	2		\$2,095.00
Fourth Class Vinous	5	37		\$2,915.00
Fourth Class Spirits	4	19		\$1,595.00
Fourth Class Malt	10	34		\$3,060.00
Festival Permit	34	0		\$4,200.00
Tobacco license	63	924		\$9,490.00

2016 LICENSES ISSUED	RENEWED	FEE FOR TOTAL TOWN/CITY COLLECTED
Tobacco endorsement permit405	378	\$39,050.00
Fortified Wine Permits 4	9	\$1,300.00
Wine Tasting Permit558	0	\$13,950.00
Malt Tasting Permit281	0	\$3,400.00
Railroad Tasting Permit0	0	
Industrial Alcohol License1	22	\$5,020.00
Certificate of approval-Vinous24	282	\$299,370.00
Certificate of approval-Malt 5	74	\$194,425.00
Direct Ship to Consumer License-Vinous 52	396	\$147,270.00
Direct Ship to Consumer License-Malt 0	0	
Direct Ship to Retailer License 5	29	\$8,420.00
Education Sampling Event Permit17	0	\$4,190.00
Farmer's Market License-Vinous 6	20	\$1,760.00
Farmer's Market License-Malt2	2	\$270.00
Farmers's Market License-Spirit	9	\$1,650.00
Bottler	1	\$1,865.00
Art Gallery	0	\$3,740.00
Bookstore5	0	\$100.00
Library	0	\$720.00
Museum	0	\$180.00
Outside Consumption Permit-Permanent 114	742	\$17,120.00
Outside Consumption Permit -One-time 134	0	\$2,680.00
Cater Request Permit		\$57,780.00
Master Resort License	1	\$3,000.00
Second Retail Delivery Permit2	1	\$300.00
2016 Totals	7106	\$238,965.00 \$2,346,470.00
2015 Totals	6624	231,875.00 \$2,146,275.00
2014 Totals	6651	236,715.00 \$2,142,535.00
2013 Totals	6349	230,790.00 \$1,724,675.00
2012 Totals	5626	187,450.00 \$1,562,690.00
2011 Totals	5787	191,050.00 \$1,657,790.00
2010 Totals	6269	186,900.00 \$1,562,940.00



Purchasing

Purchasing oversees the procurement of 3,000+ different spirits. The Division reviews new products quarterly to determine which products will be carried on store shelves in Agency stores through a process called "listing."

The Division's listing process includes review by a committee of various data points such as bottle size, product segment, suggested retail price, competing products and total bottle sales in other control states.

"Delisting" is the process by which products with a low contribution margin (sales and profit margin) are removed from regular distribution. Many of these items will remain available to consumers through either limited distribution or the special-order process.

The Division works in conjunction with vendors to manage promotional and monthly sale items and closeouts and manage relations with 144 different national wholesalers and 19 Vermont suppliers.

Highlights

- 1,159 SKU's stocked
- 94 new products added including 19 Vermont-made products
- 3,002 Special order requests from Agents
- 370+ web requests from consumers
- Over \$1,100,000 million in Special Order sales

Top 10 Bottle Sales

1.	Tito's Handmade Vodka	750ML	75,553 bottles
2.	Jameson Irish Whiskey	750ML	54,832 bottles
3.	Jack Daniel's Old #7 Black	750ML	58,815 bottles
4.	Grey Goose Vodka	750ML	33,713 bottles
5.	Captain Morgan Spiced Rum	750ML	66,223 bottles
6.	Absolut Vodka	750ML	48,247 bottles
7.	Captain Morgan Spiced Rum	1.75L	30,222 bottles
8.	Tito's Handmade Vodka	1.75L	21,976 bottles
9.	Maker's Mark Bourbon Whiskey	750ML	31,557 bottles
10.	Crown Royal	750ML	32,512 bottles

During the 2017 legislative session, Act 83 relating to the modernization and reorganization of Title 7 became law. This was the first comprehensive rewrite of this chapter since the end of prohibition on alcohol in 1933. During the legislative process the DLC requested the legislature add a provision to the Bill which would allow the Department to conduct raffles for allocated products that are rare and unusual and in high demand. The goal of this request was twofold; to provide a fair and transparent mechanism for the distribution of these products, and to raise funds for a non-profit organization that would further the social responsibility mission of the Department. Act 83 became law and included 7 V.S.A. Section 5, which granted the Department the authority to conduct these raffles.

2017 Sweepstakes and Raffle

During 2017 the DLC conducted three sweepstakes and one raffle. The primary difference between the sweepstakes and the raffle is that entry into the sweepstakes was at no cost, while raffle entries were \$5.00 each.

The three sweepstakes had similar rules and allowed only Vermont residents twenty-one years and older to submit one entry for each product available. Entrants were permitted to win the opportunity to purchase only one bottle in each sweepstakes with the goal being to spread the bottles to the widest group of consumers and licensees (bars and restaurants). Both the sweepstakes and raffle had separate categories for consumers and licensees. In each case 75% of product was available for consumers and 25% was available for licensees. This 75/25 mirrors the Department's product sales ratio. There is also a desire on the part of the manufacturers to have licensees receive a portion of the bottles in that it allows a larger number of consumers the opportunity to try the product.

The first Departmental sweepstakes was held in January 2017, and was for the opportunity to purchase bottles from two exceptional collections of spirits. These included the Sazerac Antique Collection and the Van Winkle Bourbon Collection. In total, nine different products were available in this sweepstakes.

Rare and Highly Limited **Sweepstakes** and Raffle Results



Consumer participation in this first sweepstakes far exceeded expectations. The Department received media coverage and a great deal of positive feedback from participants about the sweepstakes and the transparent way this desirable product was distributed. The Department learned valuable lessons from this initial sweepstakes. In August the Department held the first Rare Scotch Sweepstakes which included two products. The Department solicited these two rare products from their distributors specifically for this sweepstakes. The participation was not at the same level as for our other sweepstakes, but it still provided an opportunity for Vermonters to obtain products that had not been available in the state previously. In October of 2017 the Department held a sweepstakes for the Sazerac Antique Collection. This collection of Bourbons and Ryes is seeing growing demand. The Department did consider a raffle for these products, but did not go that route in to better gauge demand for this collection on its own. Based on the favorable response it is expected that this product will be distributed via a raffle next year.

In December of 2017 the first raffle was held for the Van Winkle Bourbon Collection. These are very sought-after products that are highly allocated and often sell for ten times the suggested retail price in open state markets. There were five products in total that were available for the raffle. The additional product from January was a 23-year-old bottle of Pappy Van Winkle. This product was obtained because of a direct request from the Department to the distiller. The product was provided because the distiller appreciated the fair and transparent way

the Department had distributed the prior year's product. As with the sweepstakes this raffle was open only to Vermont residents twenty-one years old and over. The rules of the raffle allowed participants to enter as frequently as they wanted at a cost of \$5 per entry. Regardless of how many times someone entered they were limited to winning only an opportunity to purchase a single bottle.

From the Department's perspective the raffle was a success that far exceeded expectations for this first-time event. After fees, the raffle generated \$10,294 for Spectrum Youth and Family Services to support their efforts related to youth substance abuse prevention and treatment.

Feedback from raffle participants was very positive. Participants were happy to have the chance to win the opportunity to purchase this product in a fair and transparent way and many were supportive of Spectrum and entered to support that organization. The CEO of Sazerac (the distiller) Mark Brown, expressed his strong support of the raffle and the charity the proceeds benefited. He specifically cited the Department's efforts here and said, "what a very nice, best in class, way of handling Pappy – Thank you!" As a result, the Department has been able to obtain a very limited 25-year-old bottle of Pappy Van Winkle that retails for \$1800 as well as several additional 23-year- old bottles which will be used to further advance the Department's social responsibility mission.

Full details of this report can be found at 802spirits.com/sweepstakes

Made in Vermont

Vermont is home to a thriving spirits industry offering a wide variety of products from maple liqueurs to rums, gins and rye whiskey. Many of the products are winning national acclaim and international awards. Several distilleries have their own tasting rooms where their products may be sampled and purchased.

Appalachian Gap Distillery

88 Mainelli Road, Suite #1, Middlebury, VT 05753 (802) 989-7362

www.appalachiangap.com

Items Sold through the DLC: Mythic Gin, Papilio Agave & Maple Spirits, Ridgeline Whiskey, Kaffevan Coffee Liqueur, Snowfall White Whiskey, Mosquito Fleet Rum and Fractal Vodka

Boyden Valley Spirits

64 Vermont Route 104, Cambridge, VT 05444 (802) 644-8151

www.boydenvalley.com

Items Sold through the DLC: Vermont Ice Maple Crème, Vermont Ice Apple Crème

Caledonia Spirits

46 Buffalo Mountain Commons Dr., Hardwick, VT 05843 (802) 472-8000

www.caledoniaspirits.com

Items Sold through the DLC: Caledonia Spirits Elderberry Cordial, Barr Hill Vodka, Barr Hill Gin, Barr Hill Reserve Tom Cat

Dunc's Mill

622 Keyser Hill Road, St. Johnsbury, VT 05819 (802) 745-9486

www.duncsmill.com

Items Sold through the DLC: Dunc's Elderflower Rum, Dunc's Maple Rum, Dunc's Backwoods Reserve Rum

Elm Brook Distillery

250 Elm Brook Road, East Fairfield, VT 05448 (802) 782-5999

www.elmbrookfarm.com

Items Sold through the DLC: Literary Dog Vodka, Rail Dog Barrel Aged Maple Spirit

Flag Hill Farm

135 Ewing Road, Vershire, VT 05079 (802) 685-7724 www.flaghillfarm.com

Items Sold through the DLC: Pomme De Vie Vermont Apple

Green Mountain Distillers

171 Whiskey Run, Morristown, VT 05661 (802) 253-0064 www.greenmountaindistillers.com

Items Sold through the DLC: Green Mountain Organic Vodka -Lemon and Orange

Mad River Distillers

137 St. Paul Street, Burlington, VT 05401 (802) 489-5501

www.madriverdistillers.com

Items Sold through the DLC: Mad River Vanilla Rum, Mad River First Run Rum, Mad River Maple Rum, Mad River Bourbon, Mad River Rye Whiskey

Old Route Two Spirits

69 Pitman Road Barre, VT 05641 (802) 424-4864 www.oldroutetwo.com

Putney Mountain Winery

8 Bellows Falls Road, Putney, VT 05346 802-387-592 www.putneywine.com

Saxton's River Distillery

485 West River Road, Brattleboro, VT 05301 (802) 246-1128

www.saplingliqueur.com

Items Sold through the DLC: Sapling Vermont Maple Bourbon, Sapling Liqueur, Perc Coffee Liqueur, Sapling Vermont Maple Rye Whiskey

Silo Distillery

3 Artisans Way, Windsor, VT 05089 (802) 674-4220

www.silodistillery.com

Items Sold through the DLC: Silo Reserve Gin, Silo Elderberry Vodka, Silo Lavender Vodka, Silo Moonshine, Silo Gin, Silo Vodka, Silo Whiskey, Silo Bourbon

Smugglers' Notch Distillery

276 Main Street, Jeffersonville, VT 05464 (802) 309-3077

www.smugglersnotchdistillery.com

Items Sold through the DLC: Smugglers Notch Bourbon, Smugglers Notch Gin, Smugglers Notch Vodka, Smugglers Notch Rum, Smugglers Notch Hopped Gin, Litigation by Smugglers

Spirits of Old Bennington

1514 N. Bennington Rd., N. Bennington, VT 05257 (802) 468-7662 www.spiritsofoldbennington.com

Stonecutter Spirits

1197 Exchange Street, Middlebury, VT 05753 (802) 388-8000

www.stonecutterspirits.com

Items Sold through the DLC: Single Barrel Gin, Stonecutter Heritage Cask Whiskey

Vermont Distillers

7627 Vermont Route 9, West Marlboro, VT 05363 (802) 464-2003

www.vermontdistillers.com

Items Sold through the DLC: Metcalfe's Maple Cream Liqueur, Metcalfe's Vermont Maple Liqueur, Metcalfe's Raspberry Liqueur, Metcalfe's Blueberry Liqueur, Catamount Vodka

Vermont Spirits Distilling Company

5573 Woodstock Road, Quechee, VT 05001 (802) 281-6398

www.vermontspirits.com

Items Sold through the DLC:

Coppers Gin, Vermont Spirits White Vodka, Vermont Spirits Gold Vodka, Crimson Vodka, No. 14 Bourbon

WhistlePig Farm

1030 Palmer Road, Shoreham, VT 05770 (802) 897-7708 www.whistlepigwhiskey.com

Items Sold through the DLC: Whistlepig Whiskey, Whistlepig Old World, Whistlepig Boss Hog

Wild Hart Distillers

26 Sage CT Shelburne, VT 05482 (802) 489-5067 www.wildhartdistillery.com





Top Selling Vermont Products

Barr Hill Gin is produced by Caledonia Spirits, which is located on the banks of the Lamoille River in the Northeast Kingdom. Caldeonia Spirits grew from a bee apiary producing raw honey, to including a meadery, and later a distillery. White oak gathered in the Champlain Valley is used to make their barrels that they age their spirits in. Barr Hill Gin is made with pure grain spirits as a way to showcase the flavors of juniper berry and raw northern honey.

Smugglers' Notch Distillery® is owned by a father and son team, Ron and Jeremy Elliott. They inventoried their strengths, assessed various opportunities, and aligned their vision, which culminated in the decision to open a distillery. To create the best vodka, the finest grains and water must be used to impart a subtle, intriguing flavor. For Smugglers' Notch Vodka, the grains are sourced from Idaho, where the combination of light alluvial soil, cool nights, warm days, and snowmelt water creates a spectacular growing environment. The water for blending emanates from the Mount Mansfield watershed in northern Vermont.





Retail Operations

The Retail Operations Division is responsible for working with our 80 Agency stores to promote outstanding selection and customer service.



FY 2017 was a year of reinvigorating partnerships and change for Retail Operations.

Our first seasonal store located in Westmore, Vermont was opened on June 15, 2017.

- \$40,000 (June 15-October 15) in 33 square feet
- FY 2018 Projections (April 15-Nov 15) \$75,000

Agency Changes

- Danville-new owner Michael Chadburn
- Orleans- new owner Josh Olney
- · Enosburg- new location

Wallingford

• The DLC was shocked and saddened by the untimely passing of our Wallingford Agent, Evelyn Gould, in September.





Highlights

- Retail Operations continue to engage with our partners in Communication Committee meetings. These meetings are intended to receive feedback from our partners about upgrades/changes within our department. These meetings have been useful platforms to understand the frustrations of our Agents and to collaborate on potential solutions.
- Retail Operations held 3 Regional meetings (Burlington. Pittsfield and Montpelier) to discuss the modernization of the DLC. It was a great opportunity for our internal staff to communicate the changes we are intending to create at the DLC.
- Retail Operations completed a project for an Agency Portal. This Portal is a Sharepoint site for our Liquor Agency partners. The site will include; customer service training, DLC announcements, helpful links, documents and a DLC calendar. It hosts a secure subsite for each Agency which contains store specific information; sales, suggested planogram set, evaluation notes, etc.
- Retail Operations partnered with a company to create shelf set planograms for our three store classifications. We have created another category for Vermont Spirits and encouraged our partners to feature them outside the normal set and have received positive response.
- We continue to remove dead inventory and perform shelf resets at our partners locations.



Agency Stores

Gross Sales by Retail Location

STORE	AGENCY STORE	TOTAL BOTTLES SOLD	TOTAL RETAIL SALES	TOTAL LICENSEE SALES	STOF	RE AGENCY STORE NAME	TOTAL BOTTLES SOLD	TOTAL RETAIL SALES	TOTAL LICENSEE SALES
A 4	Winooski		4,349,362	2,259,808	A 22	Swanton		707,398	36,319
A 75	Barre Liquor		2,599,276	471,249	A 78	Hinesburg		690,283	38,526
A 71	Manchester		2,569,259	931,654	A 20	Northfield		656,215	53,086
A 73	Williston Rd, S. Burling	,	2,510,338	716,424	A 27	Richmond	•	653,864	69,346
A 65	Bennington		2,459,449	393,127	A 33	Bradford		621,152	104,387
A 61	Pearl Street Burlington		2,357,111	150,978	A 38	Bristol		614,204	48,737
A 72	Rutland City		2,271,232	600,485	A 6	Randolph	•	600,562	44,838
A 46	Battery Street		2,178,775	1,809,859	A 81	Johnson		580,618	58,292
A 63	Stowe		2,115,047	1,072,721	A 7	Hardwick		538,706	29,498
A 39	Shelburne		1,947,735	537,162	A 42	Derby Ctr		538,096	90,995
A 59				285,185	A 5			532,434	119,605
A 36	Middlebury		1,927,362	316,364	A 23	South Londonderry			
	Shelburne Rd, S. Burlin	-	1,827,985			_		524,875	54,450
A 67	Montpelier		1,645,287	438,017	A 76	Bondville	,	517,323	166,495
A 74	Rutland Town		1,585,777	254,840	A 58	West Rutland		469,137	14,541
A 26	Killington		1,549,994	991,608	A 44	Fairfax		463,136	288
A 53	Essex Ctr.		1,541,527	113,868	A 48	Pownal		448,809	42,163
A 60	Taft Corners	,	1,495,855	111,439	A 19	Orleans	,	432,510	62,849
A 68	St. Albans City	•	1,475,734	224,258	A 57	Proctorsville		407,769	153,404
A 14	Morrisville		1,441,093	208,180	A 30	Montgomery Ctr		389,266	187,714
A 24	Lyndonville		1,284,052	291,247	A 77	Chester		378,592	42,310
A 51	North Avenue Burlingto		1,277,711	170,098	A 13	Norwich		376,741	191,306
A 17	Waitsfield		1,230,269	412,828	A 66	Brattleboro		369,108	114,847
A 55	West Brattleboro		1,198,969	542,935	A 16	Bethel		366,376	54,844
A 21	Waterbury	76,160	1,191,598	161,140	A 37	Windsor	21,419	364,313	136,716
A 62	Essex Junction	89,119	1,135,079	55,976	A 9	Arlington	26,416	361,840	12,935
A 18	Colchester	66,544	1,074,107	291,312	A 40	Bellows Falls	30,360	341,677	108,773
A 50	Woodstock	50,165	1,068,626	568,467	A 79	White River Jct		295,251	28,716
A 15	Wilmington		1,034,228	617,191	A 2	Poultney	21,178	288,805	29,815
A 31	Milton		1,007,201	85,511	A 8	Alburg		265,468	12,719
A 47	Fair Haven	68,394	993,803	119,002	A 43	Jay	14,351	260,794	155,891
A 80	Ludlow		987,917	333,329	A 45	Sharon	17,157	239,099	43,174
A 70	Newport		954,128	271,771	A 56	Wallingford		200,730	37,279
A 69	St. Albans Town		911,529	63,863	A 3	Island Pond		181,980	36,961
A 35	Vergennes	45,304	884,680	225,668	A 64	Danville	7,814	164,365	31,492
A 28	Springfield	57,913	830,067	183,486	A 29	Rochester	10,986	158,727	15,951
A 41	West Dover	51,826	802,129	137,712	A 34	Stamford		157,369	8,986
A 32	Brandon	50,784	798,220	249,139	A 52	Harmonyville	10,546	154,437	11,799
A 49	St. Johnsbury		790,266	168,716	A 12	Richford	14,368	152,946	8,400
A 25	South Hero		781,126	103,354	A 1	East Poultney	5,326	84,134	11,236
A 10	Jeffersonville	42,574	721,398	197,037	A 54	*Westmore		33,325	688

*June Sales

Retail Location Highlights



Rutland Hannaford - 50 ml display



Derby updated their interior earlier this year.



Winooski designed thier own VT section.

Distribution Center Operations

Inventory at any given time is valued around \$6.6 million and represents about 55,000 cases.

Employees deliver to our 80 Agency stores on a bi-weekly or weekly basis throughout the state.

Responsible for the receiving, storage and distribution of all liquor within the state.

- 30,000-sq.-ft. Distribution Center
- 16 Employees
- Receive an average of 35 deliveries per week

Bailment

Most of the DLC's inventory is held in bailment, i.e. manufacturers ship product to the distribution center but retain ownership until the product is delivered to Agency stores. Once delivered, the DLC takes and retains ownership of the product until it is sold by Agency stores.

Looking Forward

The Division will begin implementing its "proof of delivery" method by adding new scanners for all delivery drivers. This more efficient system will replace the current, time-consuming method. These are scheduled for end of January.



In Memory **Stacey Hanchett** 1961-2017

Stacey Hanchett, the DLC's longest tenured employee of 37 years, passed away after a brief illness at the end of December. He was our warehouse Program Tech, arranging for truck

deliveries, releasing orders and arranging for special deliveries for our Retail Coordinators. He was the face of the warehouse, on the phone or when you entered the distribution center, Stacey was always ready to assist wherever it was needed. He was dependable and loyal and had a great sense of humor. He will be missed by all.



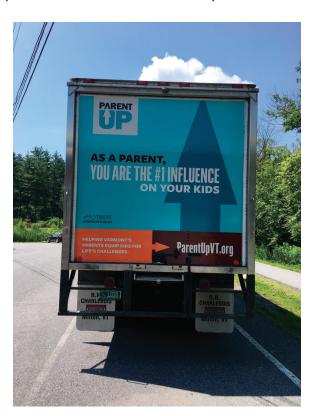
Highlights

We continue to implement items identified in a 2015 warehouse evaluation including:

• Replaced all liquid propane gas forklifts with electric, eliminating the need for fuel and making for a cleaner work environment.

Additionally:

• Partnered with the Vermont Department of Health to promote their ParentUp campaign with signage on the back door of six delivery trucks that drive Vermont roads weekdays.



Marketing

The Marketing Division is modernizing the image of the DLC by building relationships with Agents, licensees, and consumers through updated in-store communications, advertising and social media.

Highlights

- Another successful Marketing meeting was held in Burlington on November 7-8, 2017 and was an opportunity to bring together industry vendors, DLC staff, Agency store owners and licensees to collaborate on strategies to improve customer service, product availability and selection, and communication among stakeholders.
- The DLC, with its brokers and Agents, advertises through a variety of media throughout Vermont and in bordering states. With the enhancement of its 802Spirits magazine featuring monthly specials, hot picks, recipes and features an Agent and a licensee. Beginning in November 2016, the magazine is now printed monthly, in Vermont, and distributed to locations throughout the State, including Agency stores, Welcome Centers, rest areas, hotels, restaurants and tourist attractions. The distribution now extends into the border states of Northwestern Massachusetts and Northeastern New York. On average, the DLC prints about 12,000 copies of each issue and delivers to 400 locations.
- 802Spirits magazine is now available electronically on the 802Spirits' website and is linked to our 802Spirits Facebook page on a monthly basis.
- In support of modernizing the brand and creating a more cohesive look across Agencies we have introduced the use of logo banners and in-store signage.
- 802Spirits magazine lists only sale items and compares prices to our New Hampshire neighbor which allows our customers to see how competitive Vermont is on price. Our goal is to win back customers and encourage them to buy local in support of our Agents and the State of Vermont General Fund.
- In November 2017 an RFP was opened for the ad sales and production of the 802Spirits magazine. Three design companies placed a bid. After the full review and evaluation, McLean Communications, Inc. was selected for a three-year contract.
- Facebook is utilized for promoting ongoing tastings, events and rare spirit with increasing reach.

















New wall borders have been created to highlight the spirits section of the Agencies. Installation will begin in January.



New exterior store signs



New Enosburg location



Accounting

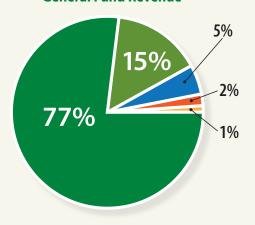
The Accounting Division is comprised of a three member team which is responsible for accurately and efficiently conducting all DLC financial affairs.

Responsibilities include:

overseeing the financial reporting and accuracy of all payrolls and expense reimbursment requests; share responsibility for tracking all DLC assets (except liquor) with the IT division; managing all non-liquor related contracts; producing monthly financial statements and annual reporting; ordering all DLC supplies; and working with the auditor's office to complete the annual independent audit and ensuring compliance with state-wide record retention policies.



General Fund Revenue



- Excise Tax
- Sales Tax
- Legislative Fees
- License Fees
- Violations

Where Does The Money Go?

Alcohol sales provide a source of revenue to the State General Fund. The revenues help fund state government operations and support government programs, including for the treatment, rehabilitation and prevention of alcoholism and chemical dependency. The DLC is a complete enterprise funded department and rather than taking from the General Fund, the DLC contributes tens of millions of dollars each year.

- 7 V.S.A. 9, § 231. Fees for licenses and permits; disposition of fees. (b)(1) "Third-class license fees: fifty-five percent (55%) shall go to the Enterprise Fund, and forty-five percent (45%) shall go to the General Fund and shall fund alcohol abuse prevention and treatment programs."
- 7 V.S.A. 19, § 590. Fines and costs. "Fines collected under this title shall be remitted to the General Fund."

FY 2017 General Fund Contribution: \$24,334,359

Since 2000, the DLC has contributed over \$294,000,000 to the General Fund.

Revenues, Expenses and Changes

	June 30, 2017	June 30, 2016	Delta
	Liquor Control Fund	Liquor Control Fund	%
ODEDATING DEVENUES	4	que en en en en	
OPERATING REVENUES Charges for sales and services	\$57,801,159	\$55,208,649	5%
Ticket sales	337,801,139	\$33,206,049	370
Rental income	_	_	
License fees	1,909,326	1,744,040	9%
Federal donated properties	-	-	570
Advertising revenues	_	_	
Other operating revenues	3,597,479	3,779,115	-5%
Total operating revenues	63,307,964	60,731,804	4%
OPERATING EXPENSES			
Cost of sales and services	46,964,775	45,209,618	4%
Claims expenses	40,904,773	45,209,016	470
Salaries and benefits	4,723,157	4,251,881	11%
Insurance premium expenses	16,243	33,385	-51%
Contractual services	234,779	1,109,289	-79%
Repairs and maintenance	43,766	90,801	-52%
Depreciation	205,835	204,409	1%
Rental expenses	43,078	68,724	-37%
Utilities and property management	387,088	349,335	11%
Non-capital equipment purchased	32,856	1,428,897	-98%
Promotions and advertising	57,987	61,011	-5%
Administration expenses	106,812	90,319	18%
Supplies and parts	149,342	154,958	-4%
Distribution and postage	44,433	34,775	28%
Travel.	28,262	35,133	-20%
Other operating expenses	7,710,247	6,539,391	18%
Total operating expenses	60,748,660	59,661,926	2%
Operating income (loss)	2,559,304	1,069,878	139%
NON OPERATING DEVENUES (EVENUES)			
NON-OPERATING REVENUES (EXPENSES)			
Federal grants	(1.720)	- 0.020	1220/
Gain on disposal of capital assets	(1,739)	8,029	-122%
Investment income		_	
Total non-operating revenues (expenses).	(1,739)	8,029	-122%
Income (loss) before other revenue, expenses, gains, losses and transfers	2,557,565	1,077,907	137%
Insurance recoveries	-	-	
Capital contributions	-	-	
Transfers in	-	-	
Transfers out	(955,000)	(1,208,417)	-21%
Changes in net position	1,602,565	-130,510	-1328%
Total net position, July 1	4,880,804	5,011,314	-3%
Total net position, June 30	\$6,483,369	\$4,880,804	33%
Net position check	6,483,369.00	4,880,804	

Where Does the Money Go?

2016 YTD	То	General Fund	Enterprise	All other Funds		
Revenue	Description	10000	50300		Grand Total	
400200	6%-7% Sales & Use tax	3,474,240			3,474,240	
400340	25% LQR Excise Tax	18,324,634			18,324,634	
400345	On Prem Direct Sales Tx	145,380			145,380	
422005	DLC Merchant Sales		21,299,895		21,299,895	
422015	DLC Credit Card Sales		33,902,329		33,902,329	
460030	Bottle Deposits Collected		586,885		586,885	
460035	Bottle Deposits Refunded		(444,121)		(444,121)	
422025	Special Purchase Incentive		3,578,197		3,578,197	
422030	Penalty/Relabel		114,206		114,206	
Directly related	d to Liquor Sales	21,944,255	59,037,392		80,867,440	
	MSA Tobacco Settlement fds			213,841	213,841	
405000	License Fees		1,736,455		1,736,455	
405380	GF Lic Fee portion	430,575			430,575	
415300						
415361	Late Fees	110			110	
417755	Conference Funds					
424315	Online Classroom			120,095	120,095	
426205	Copies		26		26	
427380	Tobacco Violations	14,060			14,060	
427390	Alcohol Violations	34,630			34,630	
430000	FDA Contract Reimb			303,751	303,751	
440000	Grants			15,000	15,000	
462500	Other Income			26,266	26,266	
480000	Gain (Loss) on disp of fx asse	t	(17,828)		(17,828)	
480001	Sale of Pallets			1,496	1,496	
480030	Auction Proceeds			28,261	28,261	
480500	Recoveries-General		462		462	
495000	PY Exp Reimb			9,116	9,116	
Other Income		479,375	1,719,115	717,826	2,702,475	
Gross Income		22,423,630	60,756,507	717,826	83,569,915	
523100	Commissions		6,404,311		6,404,311	
523110	Handling Fees		105,632		105,632	
523130	Liquor Purchase Expense		45,144,426		45,144,426	
523140	Breakage and other loss		66,405		66,405	
Cost of Goods	Sold		51,720,774		51,720,774	
Revenue less E	xpenses	22,423,630	9,035,732	717,826	31,849,141	
DLC Operating	Expenses					
DLC Administr	aton		3,195,994	19,331	3,215,325	
DLC Education	and Enforcement		2,288,139	495,510	2,783,649	
DLC Warehous	e		1,236,482	14,816	1,251,298	
Total Operatin	g		6,720,615	529,657	7,250,272	
BAA - Transfers	-	1,180,623	(1,180,623)			
Revenue less E	xpenses	23,604,253	1,134,494	188,169	24,598,869	

Where Does the Money Go?

2017 YTD		General Fund	Enterprise	All Other Funds		change from
Revenue	Description	10000	50300		Grand Total	2016
400200	6%-7% Sales & Use tax	3,544,908			3,544,908	0.02
400340	25% LQR Excise Tax	19,131,238			19,131,238	0.04
400345	On Prem Direct Sales Tx	158,388			158,388	0.09
422005	DLC Merchant Sales		21,357,646		21,357,646	0.00
422015	DLC Credit Card Sales		35,976,120		35,976,120	0.06
460030	Bottle Deposits Collected		613,384		613,384	0.05
460035	Bottle Deposits Refunded		(516,219)		(516,219)	0.16
422025	Special Purchase Incentive		3,364,030		3,364,030	(0.06)
422030	LQR Penalties		69,654		69,654	(0.39)
Directly related	to Liquor Sales	22,834,534	60,864,615		83,699,149	0.04
	MSA Tobacco Settlement fds				213,841	-
405000	License Fees		1,916,911		1,916,911	0.10
405380	GF Lic Fee portion	484,675			484,675	0.13
415000	·			1,800	1,800	
415361	Late Fees	180			180	0.64
424315	Online Classroom		173,797	26,189	199,986	0.67
426205	Copies		300	,	300	10.53
427380	Tobacco Violations	10,120			10,120	(0.28)
427390	Alcohol Violations	49,850			49,850	0.44
430000	FDA Contract Reimb			264,609	264,609	(0.13)
440000	Grants			15,000	15,000	_
462500	Other Income			20,418	0,418	(0.22)
480000	Gain (Loss) on disp of fx asset			1,739	1,739	(1.10)
480001				4,422	4,422	1.96
480030	Auction Proceeds			49,279	49,279	0.74
480500	Recoveries-General		10,115		10,115	20.89
490000				(392)	(392)	
495000	PY Exp Reimb			18,795	18,795	1.06
Other Income		544,825	2,102,863	613,961	3,261,649	0.21
Gross Income		23,379,359	62,967,478	613,961	86,960,798	0.04
523100	Commissions		6,661,309		6,661,309	0.04
523110	Handling Fees		122,251		122,251	0.16
523130	Liquor Purchase Expense		46,904,273		46,904,273	0.04
523140	Breakage and other loss		59,363		59,363	(0.11)
Cost of Goods S	-		53,747,196	-	53,747,196	0.04
Revenue less CO	OG	23,379,359	9,220,282	613,961	33,213,602	0.04
DLC Operating	Expenses					
DLC Administra	•			3,504,898	3,504,898	0.09
DLC Education	and Enforcement		2,245,713	610,138	2,855,851	0.03
DLC Warehouse			1,490,199	84,427	1,574,626	0.26
Total Operating	I		7,240,810	694,565	7,935,375	0.09
BAA - Transfers		955,000	(955,000)	-		
Revenue less Ex	rpenses	24,334,359	1,024,472	(80,604)	25,278,227	0.03

Vermont Agency Stores

Alburgh

Alburgh Beverage Mart 2 North Main Street • 796-3515 8 AM - 7 PM, Fri & Sat: 8 AM - 8 PM

Arlington

Heer Inc 3713 Route 7A • 375-6427 8 AM - 8 PM, Sun: 10 AM - 5 PM

Beverage Baron 411 N. Main Street • 479-9227

6AM - 9 PM Fri: 6AM - 10 PM Sat: 7 AM - 10 PM SUD: 7 AM - 9 PM

Bellows Falls

James Petro 97 Westminster Street • 463-4020

6 AM - 10 PM, Fri - Sat: 6 AM - 11 PM

Bennington

Bennington Beverage Outlet 125 Northside Drive • 442-4001 9 AM - 8 PM, Fri - Sat: 9 AM - 9 PM Sun-9AM-5PM

McCullough's Quik Stop 2069 Route 107 • 234 - 9365 5:30 AM - 9 PM , Sun: 7 AM - 9 PM

Bondville

7-Fleven 39 Route 30 • 297-0361 6 AM - 11 PM, 7 days

Bradford

Hannaford's 586 Lower Plain • 222-3370 9 AM - 9 PM, 7 days

Champlain Beverage Brandon 34 Conant Square • 247-6785 7 AM - 10 PM, Sun: 7 AM - 9 PM

Brattleboro

896 Putney Road • 257-4440

8 AM - 9 PM, Sun: 9 AM - 6 PM

Champlain Farms

3West Street • 643-2971 6AM-11PM, Sun: 7AM-10PM

Burlington

Bristol

Burlington Bay Market & Café 125 Battery Street • 864-0110 8AM-8PM.7 days

Pearl Street Beverage

240 Pearl Street • 658-1574 11 AM - 10:15 PM, Sun: Noon - 10 PM

802BWS

Ethan Allen Shopping Center, North Avenue • 863-6728 10 AM - 9 PM , Sun: 10 AM - 7 PM

Chester

Chester Sunoco 60 Main Street • 875-5555 6 AM - Midnight, 7 days

Colchester

Dick Mazza's General Store

777 W. Lake Shore Drive • 863-1808 7 AM - 9 PM, Sun: 10 AM - 4 PM

Danville

From Barrel to Bottle

11 Route 2 East • 684-3800 10 AM - 6 PM. Fri - Sat: 10 AM - 8 PM Sun: CLOSED

Derby Center Derby Village Store 483 Main Street • 766-8113 7 AM - 9 PM, 7 Days

East Poultney

East Poultney General Store 11 On the Green • 287-4042 7 AM - 7 PM Sun 9 AM - Noon (Closed Sundays in Feb. & March)

Enosburg Falls Beverage Gallery

341 Main Street • 933-4767 Mon - Sat: 9 AM - 8 PM, Sun: 10 AM - 5 PM

Essex Center Essex Discount Bev. 76 Center Road • 879-8951 6 AM - 10 PM, Fri - Sat: 6 AM - 11 PM Sun: 6 AM - 10 PM

Five Corners Variety 39 Park Street • 879-7101 Sun-Thu: 7 AM - 9 PM Fri-Sat-7 AM - 10 PM

Fairfax

Minor's Country Store 874 Main Street • 849-6838 Fri: 6 AM - 9 PM, Sat: 7 AM - 10 PM Sun: 7:30 AM - 9 PM

Fair Haven

Liberty Market 7 Liberty Street • 265-3820 8:30 AM - 9 PM, 7 days

Hardwick

Tops Market 82 Route 15 West • 472-6504 9 AM - 9 PM, Sun: 9 AM - 8 PM

Harmonyville Harmonyville Store

1412 Route 30 • 365-9417 6:30 AM - 7 PM . Sat: 7 AM - 7 PM . Sun: 8 AM - 2 PM

Hinesburg

116Wine & Spirits 22 Commerce Street #4 • 482-4010 9 AM - 7 PM, Fri - Sat: - 9 AM - 9 PM Sun: 11 AM-4 PM

Island Pond Kingdom Market

12 Railroad Street •723-5464 7 ам - 7 рм, 7 days

Jay Country Store 1077VT-242 • 988-4040 6 AM - 8 PM, Wed - Thurs: 6 AM - 9 PM

Fri - Sat: 6 AM - 10 PM

Jeffersonville Jeffersonville Country Store

21 Mill Street • 644-6300 9:30 AM - 7:30 PM, Fri - Sat: 9:30 AM -8 PM , Sun: 10 AM - 6 PM

Johnson

Johnson's Sterling Market 131 Lower Main Street • 635-9001 7 AM - 8 PM, Sun: 7 AM - 7 PM

Killington

Cordially Yours Killington Deli and Marketplace 2868 Route 4 • 747 - 4407 9 AM - 7 PM, 7 days

Londonderry Jelley's Mobil

2102 Main Street • 824-4556 7 AM - 8 PM, Fri - Sat : 7 AM - 9 PM

Ludlow

Brewfest Beverage Co. 199 Main Street • 228-4261 10 ам - 8рм, Fri - Sat: 10ам - 9 рм

Lyndonville

Lyndonville Redemption 406 Broad Street • 626-8348 7 AM - 10 PM, 7 days

Manchester

Manchester Discount Beverage 380 Depot Street • 362-4075 8 AM - 9 PM, Sun: 8 AM - 7 PM

Middlebury

Hannaford's Food & Pharmacy 260 Court Street #6 • 388-2102 9AM-9PM, Fri-Sat:9AM-10PM

Milton

Middle Road Market 69 Middle Road • 893-4844 6 AM - 9:30 PM, Sun: 7 AM - 9 PM

Montgomery Center Sylvester's Market 20 Main Street • 326-4561

7 AM - 9 PM SUD: 8 AM - 6 PM Montpelier

Yankee Wine & Spirits 126 Main Street • 223-2331

9AM - 7:30 PM, Fri & Sat: 9AM - 9PM Sun: 11 AM - 5 PM

Morrisville

Tomlinson's Store, Inc. 81 Bridge Street • 888-3120 6AM-9PM, Sun: 7AM-7PM

Newport

Azur's Mini Mart and 33 Railroad Square • 334-8195 7 ам - 9 рм, Fri - Sat: 7 ам - 10 рм, Sun-8am-6pm

Northfield

Convenience Plus Redemption & Deli 438 North Main Street • 485-6300 6 AM - Midnight, Sun: 6 AM - 10 PM

Norwich

Norwich Wines and Spirits 289 Main Street • 649-1970 9 AM - 6 PM, Fri: 9 AM - 7 PM. Sat: 9 AM - 6 PM, Sun: closed

Orleans

Olnev's General Store 72 Main Street •754-6365 6AM-8PM, Sun:7AM-4PM

Poultney

Full Belly Deli & Beverage 206 Main Street • 884-8082 10 AM - 9 PM, Sun: 10 AM - 8 PM

Pownal

Dwyer's State Line Beer & Wine 7324 Route 7 • 823-7912 9 AM - 8 PM . Fri - Sat · 9 AM - 9 PM

Sun: 9 AM - 7 PM **Proctorsville**

Singleton's Store 356 Main Street • 226-7666 8 AM - 7 PM, EVERY DAY

Randolph

M&M Beverage 6 Salisbury Street • 728-9912 7 AM - 10 PM, Sun: 8 AM - 8 PM

Richford

Wetherby's Quick Stop 75 Main Street • 848-3550 6AM-7PM.7days

Richmond

Richmond Market & Beverage 56 Railroad Street • 434-4550 Mon-Sat-7 AM-8 PM

Sun: 7 AM - 7 PM Mac's Market

67 North Main Street • 767-3181 7 ам - 8 рм, Sun: 7 ам - 6 рм

Rutland City

Tops Market 12 North Main Street • 747-4908 9 AM - 9 PM, Sun: 9 AM - 6 PM

Rutland Town

Hannaford's Food & Pharmacy 318 South Main Street • 775-0820 9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM

St. Albans City Beverage Mart 211 Lake Street • 527-7437

6:30 AM - 10 PM . 7 days St. Albans Town

Colonial Mart 191 Swanton Road • 527-7179 6AM-10PM, Fri:6AM-11PM Sat: 7 AM - 10 PM, Sun: 8 AM - 10 PM

St. Johnsbury

Price Chopper 857 Memorial Drive • 748-1109 9 ам - 7 рм, Fri - Sat: 9 ам - 6 рм Sun-9AM-6PM

Sharon

Sharon Trading Post 5038 Route 14 • 763-7404 7 ам - 9 рм, Sat: 7:30 ам - 9 рм Sun-8am-8pm

Shelburne Route 7 Liquor & Deli 2659 Shelburne Road • 985-3246 6 AM - 10 PM, Thu - Fri: 6 AM - 11 PM Sat: 7 AM - 11 PM, Sun: 7 AM - 10 PM

South Burlington

Fri - Sat: 9 AM - 10:30 PM.

Gracey's 26 Hinesburg Road, Unit#1 9AM-8:30PM, Thur: 9AM-9:30PM,

Sun: 11AM - 8 PM

Simon's Store 974 Shelburne Road • 862-8011

6 AM - 12 PM, 7 days South Hero

Keeler's Bay Variety 500 Rt. 2 • 372-4465 6 AM - 9 PM, Fri: 6 AM - 9:30 PM Sat: 7 AM - 9:30 PM, Sun: 9 AM - 6 PM

Springfield

Joe's Discount Reverage 355 River Street • 885-3555 9AM - 7 PM. THE-THUR 9AM - 8 PM Fri-Sat: 9AM-9PM, Sun: 10AM-5PM

Stamford

Billmont's Country Store 544 Main Road • 694-1512 8 AM - 8 PM, Sun: 9 AM - 5 PM

Stowe

Stowe Beverage 1880 Mountain Road •253-4525 9am-9pm, Sun: 11am-6pm

Swanton

Northside Reverage & Spirits 75 First Street • 868-5139 9 AM - 9 PM EVERY DAY

Vergennes Wine & Beverage Inc. 211 Main Street • 877-6312 9AM - 7 PM SUD: 11 AM - 5 PM

Waitsfield

Mehuron's Market 5121 Main Street • 496-3700 8 AM - 8 PM, Sun: 8 AM - 6 PM

Waterbury

Crossroads Beverage & Deli 52 North Main Street • 244-5062 6 AM - 10 PM, Sat - Sun: 7 AM - 10 PM

West Brattlehoro **Brattleboro Discount Beverages** 157 Marlhoro Road • 254-4950 7 AM - 10 PM, Fri - Sat: 7 AM - Midnight

Sun: 8 AM - 10 PM West Dover

7-Fleven 197 Route 100 • 464-0592 6 AM - 12 AM . 7 days

Westmore*

Willoughby Lake Store 2003 VT-5A • 525-3300 7 AM - 9 PM, 7 days

West Rutland

294 Main Street • 438-5530 9 AM - 9 PM, Sun: 9 AM - 5 PM

White River Junction Jake's Market & Deli 521 North Hartland Road • 698-8601

6 AM — 9 PM, 7 days

Williston Hannaford's Food & Pharmacy 78 Marshall Avenue, Taft Corners 878-0032 9 AM - 9 PM, Fri - Sat: 9 AM - 10 PM

Sun: 9 AM - 9 PM

Wilmington Ratu's Liquor & Market 34 West Main Street • 464-2252 Sun-Wed: 10:30 AM - 7PM Thur-Sat: 10:30 AM - 9PM

Windsor

Windsor Wine & Spirits The Windsor House, 54 Main Street 674-2775 • 10 AM - 6 PM, Closed Sundays

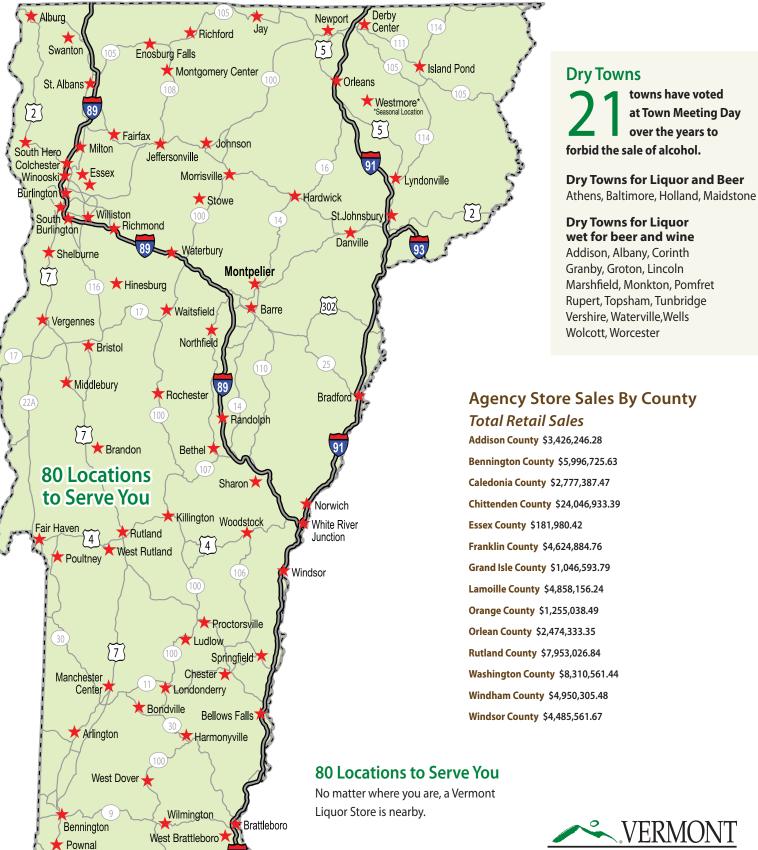
Winooski Beverage Warehouse 1East Street • 655-3701 10 AM - 9 PM. Fri - Sat · 10 AM - 10 PM

Sun: 11 AM - 6 PM Woodstock

Sun: 10 AM - 6 PM

Woodstock Discount Beverage 512 East Woodstock Road • 457-1326 9 AM - 9 PM Fri - Sat · 9 AM - 10 PM

* Seasonal Store





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