

State of Vermont Liquor Control Board



Sixty-Eighth Annual Report

Year Ending June 30, 2002

HIGHLIGHTS OF OPERATIONS
FISCAL YEAR ENDING JUNE 30, 2002

REVENUE CREDITED TO GENERAL FUND:

State Liquor Tax	\$ 10,658,132.88
License Fees Remitted	442,120.64
Tobacco Violations Remitted	24,650.00
Liquor Violations Remitted	50,200.00
Legislative Transfer to General	\$ 250,644.00
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TOTAL TO GENERAL FUND: \$ 11,425,747.52

FUNDS GENERATED FROM OPERATIONS:

License Fees & Adult ID Cards	\$ 168,444.36
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LETTER OF TRANSMITTAL

January 1, 2003

Honorable James H. Douglas
Governor of Vermont
Montpelier, Vermont

Dear Governor Douglas:

In compliance with the provisions of section 109, Title 7, Vermont Statutes Annotated Revision of 1959, we have the honor to submit herewith the Sixty-Eighth Annual Report of the Liquor Control Board for the fiscal year July 1, 2001 through June 30, 2002.

Respectfully,

Daniel J. O'Brien, Chairman
Lloyd A. Kelley, Jr., Member
David B. Shaffe, Member

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
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ANNUAL COMPARISONS

ANNUAL COMPARISONS

	Year Ended June 30, 2002	Year Ended June 30, 2001
Total State Tax Collected	10,658,132.88	\$10,230,656.76
Receipts from Licenses:		
Credited to State Treasurer	442,120.64	426,761.24
Receipts from Licenses Retained	168,419.36	164,603.76
Adult ID Cards	25.00	15.00
Interest	0.00	2,489.53
Transfer to General Fund	250,644.00	327,000.00
Total Receipts to State Treasurer Collected by Dept. of Liquor Control	\$11,519,341.88	\$11,151,526.29
Malt & Vinous Beverage Tax Collected by Commissioner of Taxes	\$4,620,029.60	\$4,843,009.00
Total Receipts to State Treasurer	\$16,139,371.48	\$15,994,535.29
Receipts to Cities & Towns from Beer and Wine Licenses Issued	\$200,250.00	\$207,650.00
Total Revenue to State and Local Governmental Units	\$16,339,621.48	\$16,202,185.29

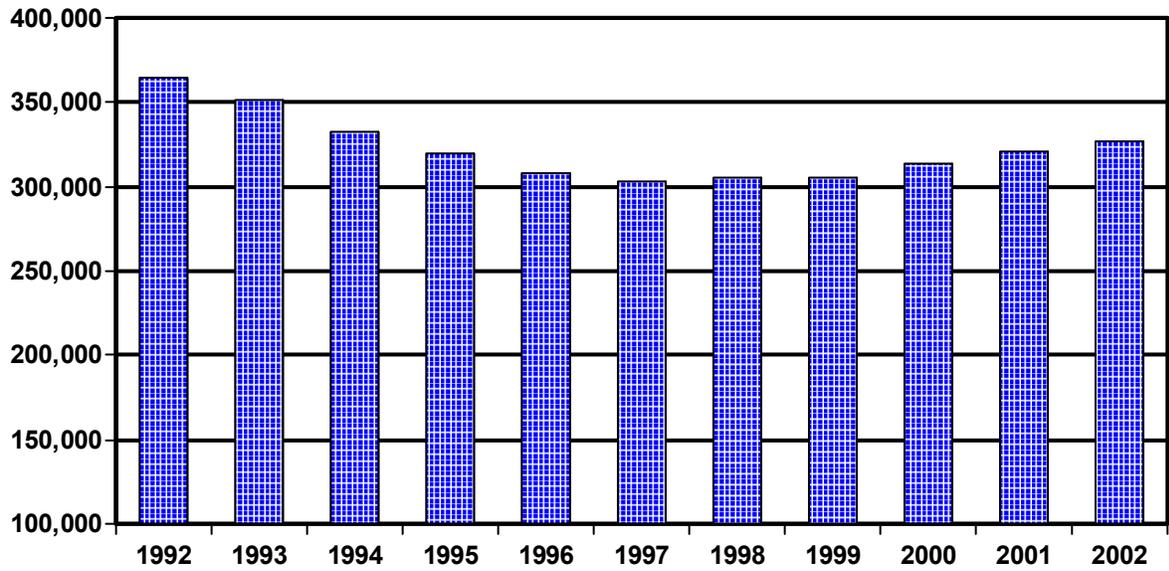
SALES COMPARISONS

Gross Liquor Sales (Includes Tax)	\$42,637,890.70	\$40,958,999.75
Total Cases Spirituous Liquor Sold	309,426	302,711
Total Cases Fortified Wines Sold	17,222	17,607
Total Cases Alcohol Sold	43	56
Total Cases Sold	326,691	320,374

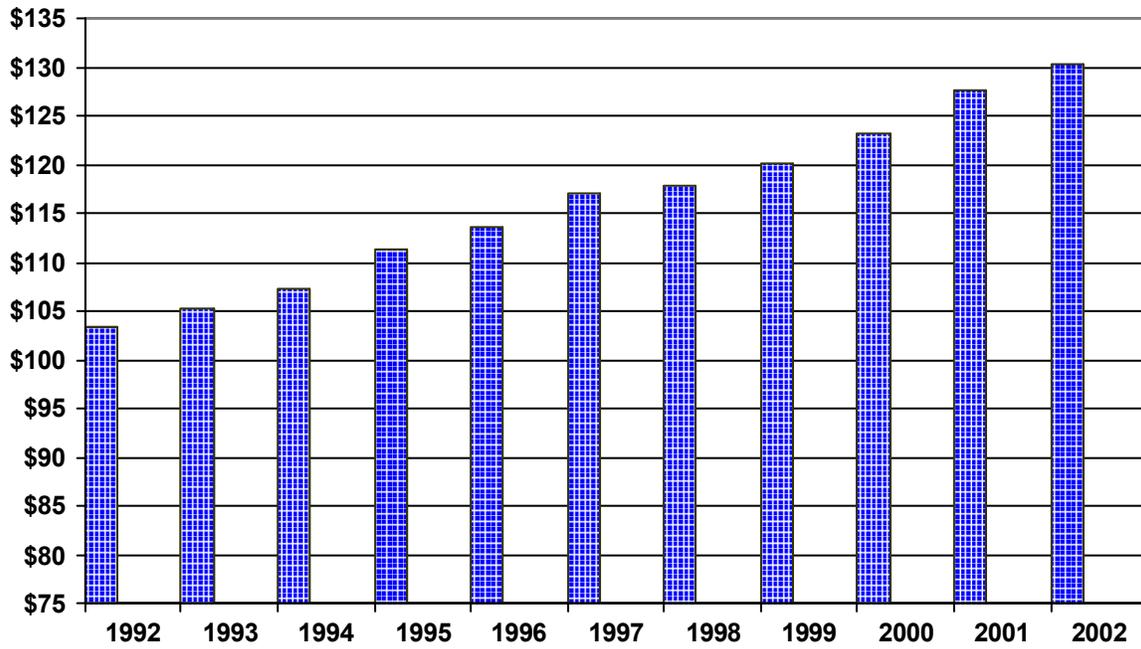
**COMPARISON OF CASES SOLD AND SALES DOLLARS
IN FISCAL YEARS 1992 - 2002**

<u>YEAR</u>	<u>CASES SOLD</u>	<u>AVG. CASE PRICE</u>	<u>SALES DOLLARS</u>
1992	364,643	\$103.47	\$37,730,454
1993	351,344	\$105.26	\$36,983,222
1994	333,087	\$107.26	\$35,727,441
1995	320,084	\$111.41	\$35,659,130
1996	307,523	\$113.59	\$34,931,651
1997	302,593	\$116.96	\$35,390,069
1998	305,031	\$117.95	\$35,979,833
1999	305,125	\$120.05	\$36,630,780
2000	313,274	\$123.11	\$38,567,203
2001	320,374	\$127.65	\$40,896,816
2002	326,691	\$130.27	\$42,559,547

TOTAL CASES SOLD FISCAL YEARS 1992-2002



AVERAGE RETAIL PRICE PER CASE FISCAL YEARS 1992-2002



VERMONT STATE TAX ON LIQUOR
MALT AND VINOUS BEVERAGES

On all sales of MALT BEVERAGES, the alcoholic content of which is not more than six percent by volume at sixty degrees Fahrenheit, a tax of twenty-six and one half cents per gallon or its equivalent is paid to the Commissioner of Taxes by Wholesale Dealers and Bottlers.

On all sales of VINOUS BEVERAGES the alcoholic content of which is not more than sixteen percent by volume at sixty degrees Fahrenheit, a tax of fifty-five cents per gallon or its equivalent is paid to the Commissioner of Taxes by Wholesale Dealers and Bottlers.

Effective May 1, 1933, the original tax was \$1.00 per 31 gallon barrel which approximates \$0.0323 per gallon. Since that time, the rate of tax has changed as follows:

June	1, 1934	\$.0325 per gallon
January	1, 1936	.05 per gallon
May	1, 1937	.10 per gallon
May	12, 1949	.15 per gallon
August	1, 1957	.20 per gallon
June	1, 1968	.25 per gallon
May	1, 1976	.50 per gallon
July	1, 1981	.55 per gallon

The history of changes in the tax rate on SPIRITUOUS LIQUORS, and FORTIFIED WINES, as of May 1, 1935, is as follows:

		<u>Spirituous Liquors</u>	<u>Fortified Wines</u>
(Original tax)		\$.10 per pt.	\$.10 per pt.
May	1, 1937	.23 per pt.	.12 1/2 pt.
May	1, 1939	.25 per pt.	No Change
May	1, 1945	.35 per pt.	No Change
May	1, 1947	.45 per pt.	No Change
August	1, 1957	5.10 per gal.	1.20 per gal.
June	1, 1969	5.60 per gal.	1.40 per gal.
February	12, 1974	24% on Retail Sales	
July	1, 1981	25% on Retail Sales	

FINANCIAL STATEMENTS

VERMONT DEPARTMENT OF LIQUOR CONTROL
COMPARATIVE BALANCE SHEET
EXHIBIT A

ASSETS

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
CURRENT ASSETS		
Cash On Hand	\$1,141,039.45	\$634,427.18
Cash In Transit	1,183,743.13	0.00
Petty Cash, Imprest Funds	5,700.00	5,700.00
Inventory Clearing	3,055.17	4,248.09
Accounts Receivable	155,868.58	112,356.49
Inventories		
Outlets	3,257,839.15	3,609,985.59
Warehouse	<u>257,605.52</u>	<u>130,228.99</u>
	<u>\$6,004,851.00</u>	<u>\$4,496,946.34</u>
 FIXED ASSETS: (Less Depreciation)		
Equipment: Furniture & Fixtures	378,638.36	352,058.10
Warehouse & Office Building Improvements	<u>0.00</u>	<u>30,464.84</u>
	<u>\$378,638.36</u>	<u>\$382,522.94</u>
TOTAL ASSETS	<u><u>\$6,383,489.36</u></u>	<u><u>\$4,879,469.28</u></u>

LIABILITIES AND RETAINED EARNINGS

CURRENT LIABILITIES		
Accounts Payable:		
Liquor	\$5,603,836.10	\$3,779,079.85
Sundry	180,727.97	178,659.62
General Fund Tax Payable	245,660.59	173,330.84
Vouchers Payable	0.00	103,809.10
Accrued Salaries & Benefits	170,384.20	183,299.08
State Treasurer-Cash Fund Advance	<u>5,700.00</u>	<u>5,700.00</u>
	<u>\$6,206,308.86</u>	<u>\$4,423,878.49</u>
 RETAINED EARNINGS	 \$455,590.79	 \$952,205.05
NET INCOME AFTER LEGIS. TRANSFER	<u>(278,410.29)</u>	<u>(496,614.26)</u>
 TOTAL LIABILITIES & RETAINED EARNINGS	 <u><u>\$6,383,489.36</u></u>	 <u><u>\$4,879,469.28</u></u>

VERMONT DEPARTMENT OF LIQUOR CONTROL
COMPARATIVE STATEMENT OF OPERATIONS
EXHIBIT B

	F/Y 2002	%	F/Y 2001	%
Gross Sales:	\$42,637,890.70	100.00	\$40,958,999.75	100.00
Tax	10,658,132.88	25.00	10,230,656.76	24.98
Net Sales	<u>\$31,979,757.82</u>	<u>75.00</u>	<u>\$30,728,342.99</u>	<u>75.02</u>
Cost of Goods Sold	\$26,154,903.13	61.34	\$24,777,016.29	60.49
Gross Income on Sales	\$5,824,854.69	13.66	\$5,951,326.70	14.53
Operating Expenses:				
Outlet Operations	\$3,517,336.24	8.25	\$3,280,446.10	8.01
Warehouse & Distribution	860,758.73	2.02	825,902.00	2.02
General Administration	1,310,011.61	3.07	1,136,423.12	2.77
Total Operating Expenses	<u>\$5,688,106.58</u>	<u>13.34</u>	<u>\$5,242,771.22</u>	<u>12.80</u>
Gross Operating Income	\$136,748.11	0.32	\$708,555.48	1.73
Other Income:				
Miscellaneous	\$150.58	0.00	\$781.16	0.00
Gain/Loss Disposal Equip.	294.56	0.00	(500,720.32)	(1.22)
License Fees Collected	610,540.00	1.43	591,365.00	1.44
Tobacco Violations Collected	24,650.00	0.06	50,550.00	0.12
Liquor Violations Collected	50,200.00	0.12	71,150.00	0.17
Adult ID Cards	25.00	0.00	15.00	0.00
Interest	0.00	0.00	2,489.53	0.01
Non Refunded Bottle Fund	129,867.15	0.30	129,538.20	0.32
Special Purchase Allowance	827,649.47	1.94	682,350.21	1.67
Penalties/Refund Labels	12,695.00	0.03	7,483.00	0.02
Total Other Income	<u>\$1,656,071.76</u>	<u>3.88</u>	<u>\$1,035,001.78</u>	<u>2.53</u>
Other Expenses:				
Casualty Loss	11,837.61	0.03	\$847.86	0.00
Uncollected Checks	0.00	0.00	3,105.25	0.01
Total Other Expenses	<u>\$11,837.61</u>	<u>0.03</u>	<u>\$3,953.11</u>	<u>0.01</u>
Net Operating Income	\$1,780,982.26	4.18	\$1,739,604.15	4.25
Non-Operating Deductions:				
Education, Licensing & Enf.	\$1,291,777.91	3.03	\$1,360,757.17	3.32
Lic Fees Remitted St. Treas.	442,120.64	1.04	426,761.24	1.04
Tobacco Violations Remitted	24,650.00	0.06	50,550.00	0.12
Liquor Violations Remitted	50,200.00	0.12	71,150.00	0.17
Net Non-Operating Ded.	<u>\$1,808,748.55</u>	<u>4.24</u>	<u>\$1,909,218.41</u>	<u>4.66</u>
Net Department Income	(\$27,766.29)	(0.07)	(\$169,614.26)	(0.41)
Less: Transfer to Gen. Fund	\$250,644.00	0.59	\$327,000.00	0.80
Profit/Loss for Period	<u><u>(\$278,410.29)</u></u>	<u><u>(0.65)</u></u>	<u><u>(\$496,614.26)</u></u>	<u><u>(1.21)</u></u>

COMPARISON OF SALES, REVENUE AND CASES SOLD
YEARLY COMPARISON
YEAR TO DATE
JUNE 30, 2001 & JUNE 30, 2002

	<u>2002</u>	<u>2001</u>	<u>INC/DEC</u>	<u>%INC/DEC</u>
Total Sales	\$42,637,890.70	\$40,958,999.75	\$1,678,890.95	4.10%
State Tax	\$10,658,132.88	\$10,230,656.76	\$427,476.12	4.18%
Malt & Vinous Tax	\$4,620,029.60	\$4,843,009.00	-\$222,979.40	-4.60%
Cases Sold:				
Liquor	309,426	302,711	6,715	2.22%
Wines/Vermouth	17,222	17,607	-385	-2.19%
Total Cases	<u>326,648</u>	<u>320,318</u>	<u>6,330</u>	<u>1.98%</u>
Alcohol	43	56	-13	-23.21%

SCHEDULE SHOWING TOTAL MONTHLY SALES
FISCAL YEAR 2002

<u>2001</u>	<u>VALUE</u>	<u>CASES</u>
JULY	\$3,657,232.95	28,973
AUGUST	3,824,844.55	29,702
SEPTEMBER	3,335,498.80	26,190
OCTOBER	3,403,115.25	26,696
NOVEMBER	3,448,290.75	26,536
DECEMBER	5,246,489.90	38,621
<u>2002</u>		
JANUARY	\$3,250,560.10	24,563
FEBRUARY	3,287,398.25	24,531
MARCH	3,365,792.45	25,440
APRIL	2,847,264.40	21,990
MAY	3,515,651.00	27,308
JUNE	3,377,408.45	26,141

**DETAIL OF OUTLET OPERATIONS
FOR FISCAL YEAR ENDING JUNE 30, 2002**

	Sales Total	Tax	Net Sales	Cost of Goods Sold	Gross Income	Outlet Expense	Other Expense
A 1 Poultney	218,080	54,356	163,723	135,448	32,496	21,502	10,210
A 2 Barton	155,148	38,369	116,779	96,716	23,043	16,022	7,207
A 3 Island Pond	115,218	28,777	86,441	69,976	18,700	12,268	5,405
A 4 Winooski	2,223,677	556,355	1,667,323	1,347,052	363,474	167,177	104,498
A 5 Londonderry	422,732	105,516	317,217	260,177	65,233	37,092	19,819
A 6 Randolph	395,683	99,121	296,563	240,537	63,722	32,619	18,617
A 7 Hardwick	335,711	84,199	251,512	205,452	52,598	29,193	15,815
A 8 Alburg	216,367	54,356	162,011	142,912	23,320	23,111	10,210
A 9 Arlington	299,660	74,607	225,053	188,021	42,826	28,176	14,013
A10 Jeffersonville	352,443	88,463	263,980	216,130	54,720	30,527	16,616
A11 Canaan	68,655	17,053	51,602	44,217	8,708	8,593	3,203
A12 Richford	122,353	30,909	91,444	74,999	18,845	13,440	5,805
A13 Norwich	425,050	106,581	318,469	263,723	63,022	36,999	20,019
A14 Morrisville	736,843	184,386	552,458	452,610	114,165	58,391	34,633
A15 Wilmington	513,583	127,898	385,685	316,167	79,451	42,541	24,023
A16 Bethel	234,856	58,620	176,236	142,919	37,870	21,338	11,010
A17 Waitsfield	720,311	180,122	540,188	445,740	108,435	60,076	33,832
A18 Colchester	572,066	142,819	429,247	354,131	86,206	48,199	26,825
A19 Orleans	185,230	45,830	139,400	114,355	28,605	18,298	8,608
A20 Northfield	345,878	86,331	259,547	210,844	55,407	29,558	16,215
A21 Waterbury	526,312	131,095	395,217	325,509	79,888	44,738	24,623
A22 Swanton	352,680	88,463	264,218	216,059	55,028	31,019	16,616
A23 Enosburg Falls	309,206	77,804	231,402	191,396	46,048	27,823	14,614
A24 Lyndonville	736,327	184,386	551,941	445,287	120,972	56,487	34,633
A25 So. Hero	400,799	100,186	300,612	249,868	58,524	36,045	18,818
A26 Killington	1,123,938	281,375	842,564	688,284	176,129	85,405	52,850
A27 Richmond	257,764	63,949	193,815	158,678	40,103	24,590	12,011
A28 Springfield	727,116	182,254	544,862	442,499	116,515	57,416	34,232
A30 Montgomery	128,911	31,974	96,937	79,957	19,463	13,524	6,006
A31 Milton	443,067	110,845	332,222	267,003	73,827	37,796	20,820
A32 Brandon	347,652	87,397	260,255	212,332	54,710	30,482	16,415
A33 Bradford	376,445	93,792	282,654	227,040	62,897	31,666	17,617
A34 Stamford	200,359	50,093	150,266	123,495	30,661	19,746	9,409
A35 Vergennes	558,464	139,622	418,842	350,463	79,221	47,756	26,225
A36 Shelburne Rd.	395,298	99,121	296,177	236,294	67,580	31,540	18,617
A37 Windsor	274,003	68,212	205,791	166,007	45,081	24,191	12,812
A38 Bristol	347,022	86,331	260,691	211,910	55,486	30,316	16,215
A39 Shelburne	959,233	239,808	719,425	585,166	152,881	76,493	45,042

**DETAIL OF OUTLET OPERATIONS
FOR FISCAL YEAR ENDING JUNE 30, 2002**

	Sales		Net	Cost of	Gross	Outlet	Other
	Total	Tax	Sales	Goods Sold	Income	Expense	Expense
A40 Rockingham	260,376	65,015	195,361	158,844	41,566	23,467	12,211
A41 West Dover	650,604	163,069	487,534	392,019	108,178	52,745	30,629
A42 Derby Ctr.	332,526	83,133	249,392	203,971	51,878	29,604	15,615
A43 North Troy	102,744	25,580	77,165	62,961	16,189	11,351	4,805
A44 Fairfax	203,767	51,159	152,608	124,240	32,340	19,778	9,609
A45 Sharon	153,164	38,369	114,795	92,724	25,051	15,351	7,207
A46 Shelburne Rd	962,720	240,874	721,846	580,004	160,547	75,326	45,243
A47 Fair Haven	683,049	170,530	512,519	420,210	105,551	54,320	32,030
A48 Pownal	589,129	147,082	442,047	371,792	81,677	50,862	27,626
A49 St Johnsbury	605,529	151,345	454,184	373,764	92,173	49,947	28,427
A50 Woodstock	684,470	171,596	512,874	417,538	108,661	54,601	32,230
A51 North Ave	534,925	133,227	401,698	329,558	82,487	44,261	25,024
A52 Townshend	161,865	40,501	121,364	97,053	27,457	16,035	7,607
A53 Essex Ctr	733,340	183,320	550,020	452,214	112,042	58,401	34,432
A54 Chelsea	90,129	22,382	67,747	54,819	14,666	9,858	4,204
A55 W. Brattleboro	856,628	214,228	642,399	520,906	138,129	65,891	40,238
A56 Wallingford	353,088	88,463	264,626	216,272	55,223	30,328	16,616
A57 Ludlow	522,640	131,095	391,545	320,842	80,883	41,212	24,623
A58 W. Rutland	362,425	90,594	271,831	218,963	59,904	31,399	17,016
A59 Middlebury	1,032,216	257,927	774,289	642,405	151,914	83,788	48,446
A60 Tafts Corner	694,869	173,728	521,142	429,312	105,320	60,760	32,631
A61 Pearl Street	1,735,028	433,786	1,301,242	1,048,448	286,479	135,862	81,477
A62 Essex Jct	560,482	139,622	420,861	341,618	90,085	44,134	26,225
A63 Stowe	1,188,926	297,362	891,564	733,208	181,447	93,866	55,852
A64 Jay	57,923	14,921	43,001	36,350	7,810	7,410	2,803
A65 Bennington	1,663,139	415,667	1,247,472	1,032,609	247,141	132,812	78,073
A66 Brattleboro	213,124	53,291	159,833	128,205	35,766	20,593	10,009
A67 Montpelier	816,300	203,570	612,730	499,258	129,280	66,544	38,236
A68 St Albans Cty	658,645	164,135	494,510	405,833	101,423	53,703	30,829
A69 St Albans Twn	578,938	144,951	433,988	353,658	91,586	48,216	27,226
A70 Newport	471,515	118,305	353,210	287,650	74,747	38,794	22,221
A71 Manchester	1,585,734	396,483	1,189,251	981,862	238,178	127,449	74,470
A72 Rutland	1,514,925	378,364	1,136,561	932,958	232,985	119,501	71,067
A73 S. Burlington	1,266,931	316,547	950,385	781,685	193,280	103,987	59,456
A74 Rutland Town	695,345	173,728	521,617	425,956	109,152	57,622	32,631
A75 Barre	1,560,158	390,088	1,170,070	958,014	242,348	121,399	73,269
A76 Stratton Mtn.	249,523	62,883	186,640	151,684	39,839	22,654	11,811

EDUCATION

LICENSING

ENFORCEMENT

**EDUCATION, LICENSING & ENFORCEMENT DIVISION
ACTION BY THE LIQUOR CONTROL BOARD**

Applications for first and second class licenses are obtained from the town or city clerk's office. Once the applications are approved by the local control commissioners, they are forwarded to the Liquor Control Board for consideration. New applicants are investigated by the Department of Liquor Control before the licenses are approved and issued. The cooperation of local authorities has been sought in all instances. Fees collected for first and second class licenses go to the town or city in which the license is issued. Applications for third class licenses are obtained from the Department of Liquor Control, and they retain the fees collected for the benefit of the State.

During the fiscal year ending June 30, 2002 a total of 8,260 inspections were made at 4,395 licensed premises. Of the premises licensed during this fiscal year, 403 were new applications which necessitated special investigations by the Liquor Control Investigators.

During fiscal year ending June 30, 2002, 739 investigations of illegal sales and alleged violations of the liquor laws and regulations were made by fourteen Liquor Control Investigators. Those which resulted in suspensions or letters of warning to licensees are included in the statistics shown under those categories.

Under Administrative Procedures Act provisions, during the fiscal year ending June 30, 2002, the Liquor Control Board sent 284 warning letters relative to violations of the alcohol beverage laws and regulations observed by Investigators in their visits to licensed premises.

The Liquor Control Board imposed suspensions or fines on 253 different licenses. A procedure instituted in 1979 is the acceptance by the Liquor Control Board of waivers of formal hearing from licensees after they have been cited to appear before the Board for violation of the Liquor Control laws or regulations. During fiscal year 2002, of the 253 licensees who received suspensions or fines, 246 requested waivers and accepted fines or suspensions of their license(s) without formal hearing.

During fiscal year ending June 30, 2002, there was 1 suspension of a liquor license reported by local control commissioners.

The Liquor Control Board is especially concerned with purchase and acquisition of alcohol beverages by persons under the legal age of 21 years. As a result of this concern, the Board imposed fines totaling \$66,200.00 on 163 licenses and suspended 88 licenses for sale of alcoholic beverages to minors; the suspensions averaged 14 days. Of the 253 licenses, 197 suspensions/fines were a result of alcohol compliance testing, which was instituted by the Liquor Control Board during Fiscal Year 1996.

Additionally, during fiscal year ending June 30, 2002, investigations of alleged violations of the Tobacco Law were conducted, resulting in the statistics that are included on page 20. During the year, tobacco compliance testing was conducted on 1,340 retailers. Of the 1,340 retailers tested, 216 sold tobacco products to persons under the age of eighteen.

LICENSE FEES

For convenient reference the following information is submitted regarding license fees collected by the Department for each type of license or permit issued. All licenses expire April 30th of each year.

	<u>License Term</u>	<u>Fee (\$)</u>
Manufacturers and/or Rectifier's License	Year	\$ 165.00
Fourth Class License for Vinous Beverages Authorizes a Vermont manufacturer or rectifier to sell their vinous beverages to the public at their licensed premise.	Year	50.00
Certificate of Approval, Malt Beverages Authorizes the sale of malt beverages not exceeding 8% alcohol content by volume; by manufacturers or dealers to Vermont Wholesale Dealers.	Year	1,650.00
Certificate of Approval, Vinous Beverages Authorizes sale of vinous beverages not exceeding 16% alcoholic content by volume; except all vermouths of any alcoholic content by manufacturers or dealers to Vermont Wholesale Dealers.	Year	220.00
Wholesale Dealers License Authorizes sale of malt beverages not exceeding 8% alcoholic content by volume; and vinous beverages not exceeding 16% alcoholic content by volume; except all vermouths of any alcoholic content to Retail Licensees.	Year	660.00
Third Class License Authorizes sale of spirituous liquors for on-premise consumption in a hotel, restaurant, club, cabaret, boat or dining car.	Year 1/2 Year	440.00 275.00
Solicitor's Permit Permits representative of a holder of a Certificate of Approval or Wholesale Dealer to solicit orders for malt and vinous beverages from Retail Licensees.	Year	11.00

LICENSE FEES (con't)

	<u>License Term</u>	<u>Fee (\$)</u>
<p>Caterer's Permit Authorizes holders of 1st & 3rd Class Restaurant, Hotel and Cabaret licenses to serve alcohol beverages at off-premise unlicensed locations.</p>	Year	110.00
<p>Special Events Permit Authorizes holders of a Manufacturers or Rectifier's License to sell alcohol beverages to the public at an event apart from their licensed premises.</p>	Event	25.00
<p>Festival Permit Authorizes an individual to conduct an event at which malt or vinous beverages or both are sold by the glass to the public.</p>	Event	50.00
<p>Manufacturer Vinous Direct Sales Authorizes the sale of vinous beverages directly to second class licensees.</p>	Year	200.00
<p>Fees for First and Second Class Licenses and Tobacco Licenses, listed below, are paid to the respective towns and cities in which the licenses are granted.</p>		
<p>First Class License (Retail Licensees) Authorizes sale of malt and vinous beverages for on-premise consumption.</p>	Year	100.00
<p>Second Class License (Retail Licensees) Authorizes sale of malt and vinous beverages for off-premise consumption.</p>	Year	50.00
<p>Tobacco License Authorizes a retailer to sell tobacco at their licensed premise. (Fee is not assessed if the retailer has a license to sell alcohol beverages.)</p>	Year	10.00

ENFORCEMENT & LICENSING
ACTION ON LICENSEES BY THE LIQUOR CONTROL BOARD

The following tabulation sets forth action taken by the Liquor Control Board on applications for licenses and permits. Statistics are not available to accurately list the number of applications disapproved by the Control Board.

Type of License	APPROVED				DISAPPROVED			
	<u>Years Ended June 30</u>				<u>Years Ended June 30</u>			
	1999	2000	2001	2,002	1999	2000	2001	2002
First Class	1,377	1,379	1,369	1,323	3	2	4	1
First Class (Club)	114	115	115	114		1		
First Class (Boat)	6	6	6	5				
First Class (Dining Car)	1	1	1	1				
Second Class	1,178	1,182	1,185	1,131	1	4	2	1
Third Class:					0	0	1	
Hotel (Yearly)	154	157	151	148				
Hotel (6 Months)	22	22	25	15				
Restaurant (Yearly)	463	453	452	455				
Restaurant (6 Months)	68	69	68	66				
Club (Yearly)	107	108	106	106				
Club (6 Months)	7	7	7	8				
Cabaret (Yearly)	357	355	339	341				
Cabaret (6 Months)	55	53	49	38				
Dining Car	1	1	1	1				
Boat Yearly	1	1	1	1				
Boat (6 Months)	4	4	4	3				
Wholesale Dealer	16	14	15	13				
Malt Beverages	36	41	36	45				
Vinous Beverages	169	182	191	243				
Solicitor Permit	458	499	464	575				
Wholesale Alcohol Permit:	6	6	6	6				
Mfg's or Rect's License	31	27	30	31				
Caterer's Permit	206	193	194	197				
Special Events Permit	15	15	23	21				
4th Class Vinous	9	13	11	14				
Festival Permit	3	4	3	5				
MVDS	6	5	5	7				
WSP			2	1				
MWTP				41				
TOTALS	<u>4,870</u>	<u>4,912</u>	<u>4,859</u>	<u>4,955</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

LICENSES SUSPENDED

Type of License	<u>Years Ended June 30</u>			
	1999	2000	2001	2,002
First Class	9	5	12	13
Second Class	55	51	24	13
Third Class: Hotel	1	0	7	4
Restaurant	10	10	10	14
Club	0	0	0	1
Cabaret	32	7	2	15
Wholesale Dealer	0	0	0	0
Solicitor Permit	0	0	0	0
	<u>107</u>	<u>73</u>	<u>55</u>	<u>60</u>

LIQUOR CONTROL ADULT IDENTIFICATION CARDS

Vermont Liquor Control Adult Identification cards are obtained by making application at any of the State Liquor Agencies located throughout the state. The cards are processed at the central office in Montpelier, Vermont. The processing takes about fifteen days. Complete information is obtainable for those persons between twenty-one and thirty years of age by contacting any State Liquor Agency.

State Liquor Agency personnel are required to demand this card in the case of persons who, because of their appearance, are of questionable age.

For all persons of questionable age attempting to purchase alcohol beverages, all licensees should demand presentation of a Liquor Control Adult Identification Card, a valid photographic driver's license or valid photographic non-driver identification card issued by Vermont or another state or foreign jurisdiction, a United States military identification card, or a valid passport.

During fiscal year 2002, the Department issued 3 Liquor Control Adult Identification cards.

INVESTIGATIONS AND PROSECUTION OF MINORS FOR PROCURING, POSSESSION, CONSUMING ALCOHOL BEVERAGES, OR MISREPRESENTING AGE TO PROCURE

Cases Investigated		Action Taken	
Possession/Procuring	105	Fines Assessed (\$19,432)	153
Misrepresent age to procure	40	Court Action/Diversion	1
Miscellaneous	21	Court Action Pending	7
	—	Dismissed by S.A.	<u>5</u>
Totals	166		166

INVESTIGATIONS/PROSECUTION OF MINORS FOR POSSESSION OF TOBACCO & SALE OF TOBACCO PRODUCTS TO MINORS

Selling/furnishing tobacco	22		
Purchase/Possession of tobacco	<u>68</u>		
	90	VTT's Issued (\$4,926)	90

EDUCATIONAL PROGRAMS

In 1980-81 the Enforcement Division of the Department initiated three programs: Teenage Liquor Law Awareness Program, Alcohol Servers Awareness Program, and Law Enforcement Officer's Seminar. These programs emphasize the liquor laws and Liquor Control Board regulations pertaining to each group, with a general presentation of all rules relating to the sale, serving and consumption of alcohol beverages.

Additionally, the Education, Licensing and Enforcement Division, during fiscal year 2002, actively participated in the national youth program D.A.R.E. (Drug Abuse Resistance Education). Two Liquor Control Investigators conducted weekly classes in Vermont schools. The department currently has investigators who are D.A.R.E. certified to teach the course to schoolchildren.

In 1995, the Enforcement Division undertook a statewide project designed to address the problem of underage alcohol purchase and consumption. The programs are H.O.O.L.A., Cops in Shops, T.A.P., and P.O.P. as outlined below. Additionally, all 15 investigators actively work with S.T.A.R.T. (Stop Teen Alcohol Risk Team) programs throughout the state, working with local and state law enforcement agencies.

In 1999, the Education Section became a more defined part of the Division. In the Education Section there is now an Education Programs Coordinator, two Education Investigators and an administrative person solely working together to improve the department's educational programs. The Section has been developing updated programs for licensees, as well as working on improved educational programs for students and their communities.

Teenage Liquor Law Awareness: Liquor Control Investigators, in a classroom setting, discuss alcohol beverage and tobacco laws as they pertain to underage persons. The Education, Licensing and Enforcement Division, by taking an informative and preventive approach to the illegal purchase and use of alcohol and tobacco, hopes to reduce the problem of use and abuse by Vermont's youth.

ASAP: Alcohol Servers Awareness Programs conducted by Liquor Control Investigators to provide licensees with an understanding of Vermont alcohol and tobacco laws and regulations in order to increase compliance and reduce violations.

H.O.O.L.A. is an alcohol and drug resistance program designed for second through sixth grade students. The program uses a multimedia approach including a cartoon-like character, and provides decision-making skills that encourage the younger age students to think before making decisions, particularly concerning the use of alcohol and drugs.

COPS IN SHOPS™ is designed to reduce underage purchase, possession and consumption of alcoholic beverages. Liquor Control Investigators, acting in an undercover capacity, work with cooperating license holders on their premises in an attempt to deter minors from purchasing alcohol and to educate store employees.

T.A.P. (Teenage Alcohol Patrol) is a saturation-type use of Liquor Control Investigators in areas where it is known that large numbers of minors will be congregating and consuming or

purchasing alcoholic beverages and likely operating a motor vehicle afterwards. This enforcement activity is designed to reduce the number of underage drinkers as well as lessen the incidence of motor vehicle accidents involving underage drinkers.

P.O.P. (Public Outreach Program) is structured to provide the general public with information regarding laws and regulations relating to alcohol and tobacco. The Education, Licensing and Enforcement Division provides outreach education at locations such as fairs, malls, health fairs, home shows, business and educational group conventions. The program is designed to educate and encourage public participation in an effort to reduce violations through increased awareness and by empowering adults and minors by informing them of the civil and criminal liabilities, thus reducing the number of incidents involving alcohol and minors.

S.T.A.R.T. (Stop Teen Alcohol Risk Team): The S.T.A.R.T. team recognizes the need in Law Enforcement to coordinate a cooperative and planned response to the demonstrated problem of alcohol abuse by our youth in the State of Vermont. The S.T.A.R.T. team is both proactive and reactive to meet the needs of the communities, with a goal and attitude of 0% tolerance toward underage drinking and procurement of alcohol. All those who furnish alcohol to minors and host underage parties will be vigorously targeted in the investigations. Each investigator works together with the 14 different S.T.A.R.T. groups in each of the 14 counties throughout the state. The Education, Licensing and Enforcement Division also conducts its own S.T.A.R.T. activities in conjunction with its T.A.P. program.

D.A.R.E. (Drug Abuse Resistance Education): D.A.R.E. is a 17-week program taught by specially trained, uniformed law enforcement officers. Through D.A.R.E., fifth and sixth graders, their teachers and parents all learn to identify and resist the social pressures to use dangerous drugs. The curriculum is well designed and expertly taught. D.A.R.E. is a step toward a generation of non-users. D.A.R.E. was created in Lost Angeles in 1983. Convinced that prevention is the only long-term answer to our alcohol and drug problem, the Los Angeles Police Department and Unified School District collaborated to develop this innovative program. D.A.R.E. uses the specially trained, uniformed law enforcement officers to teach preteens the skills necessary to resist drug experimentation. D.A.R.E. is currently taught in schools in all 50 states. The D.A.R.E. program is positive and substantive. It avoids scare tactics and relies on accurate information and a straightforward approach. The D.A.R.E. lessons focus on:

- providing accurate information about drugs, alcohol, violence and gangs
- teaching students decision-making skills
- showing them how to resist peer pressure
- suggesting health alternatives to drug use
- building self-esteem

In addition to classroom hours, officers visit other classes in the school, conduct faculty workshops, and present programs to PTAs and other parent groups. Officers spend time on the playground with students and share lunch in the cafeteria. To students, D.A.R.E. officers are more than law enforcement representatives and instructors—they are friends.

LAW ENFORCEMENT SEMINARS: Education course provided to law enforcement officers throughout the state to education them on the laws, rules and regulations as they pertain to Vermont Statutes Annotated Title 7.

EDUCATIONAL PROGRAM STATISTICS

TEENAGE LIQUOR LAW AWARENESS: Liquor Control Investigators presented the program 132 times at 64 schools or sites throughout the state, reaching a total of over 5,057 students, teachers and community members.

ASAP: Investigators conducted 514 seminars, providing training to 7,119 attendees (licensees and their employees).

H.O.O.L.A.: The program was presented during the year at 2 elementary and middle schools, reaching 1,450 students in K through 6th grade. Six (6) high school students were trained to present the program in Vermont schools.

P.O.P. (Public Outreach Program): During fiscal year 2002 the Education, Licensing and Enforcement Division provided information and education on 43 days at 21 locations. This program reached over 165,000 parents, students, teachers and the general public at such locations as Home Shows, Public Safety Awareness Days, State/County Fairs, Wellness Days, Health Fairs, State Conventions, Law Enforcement Days, Driver's Education Teachers Convention, County Field Days and S.T.A.R.T. meetings.

S.T.A.R.T. (Stop Teenage Alcohol Risk Team): The Education, Licensing and Enforcement Division worked together with state and local law enforcement, substance abuse counselors, communities and students throughout all 14 counties, both pro-active and reactive in reducing teenage parties. All investigators worked during the busier times, such as graduations, proms, school dance functions, and sporting events to patrol the communities to reduce the underage drinking parties, thereby reducing the potential for motor vehicle accidents, injuries and property damage. The investigators worked 19 different functions throughout the state. A total of 1,997 contacts were made, with 83 traffic complaints issued for possession of alcohol by a minor. Nine (9) of those issued traffic complaints for possession of alcohol by a minor were under 18 years of age; 36 were between the ages of 18 and 20. For other offenses, 21 were arrested and issued court citations. Of the 1,997 contacts, 90 were considered underage drinkers. Fifty-eight (58) parents were notified of all the offenses. Five (5) Vermont traffic complaints were issued for persons under the age of 18 in possession of tobacco products.

D.A.R.E. (Drug Abuse Resistance Education): During Fiscal Year 2002 the Education, Licensing and Enforcement Division had 3 D.A.R.E. certified officers teaching in 4 different schools. Approximately 125 students were taught the D.A.R.E. program in grades K-6.

LAW ENFORCEMENT SEMINARS: During Fiscal Year 2002, 7 classes were taught by investigators from the Education, Licensing and Enforcement Division to state, county and local law enforcement officers. A total of 122 officers received training on Title 7, covering the laws, rules and regulations pertaining to alcohol beverages in the State of Vermont.

CLUB DRUG & DATE RAPE DRUGS SEMINAR: The Vermont Department of Liquor Control Education Section and the Vermont Network Against Domestic Violence and Sexual Assault collaborated on an outstanding seminar on the looks and effects of club drugs and date rape drugs. This informative two-hour presentation was presented 5 times to approximately 200 people throughout the state. Attendees included licensees, law enforcement, nurses, college students, local community members and parents.

INVESTIGATION OF LICENSEES & NON-LICENSEES FOR VIOLATIONS

Alcohol Law & Regulation Violations

Sell/furnish/serve minors	356
Serve intoxicated patrons/allow to consume & loiter on premises	35
Fail to control conduct of patrons & unlawful conduct	34
Other State Agencies: Tax laws/Health Dept./Fire Marshall	2
Hours of Sale violations	2
Employees Drinking on Duty	11
Purchase/Possess alcohol unlawfully	14
Not more than one drink served at a time	31
Education regulations	113
Invalid/illegal corporations	15
Failure to keep records	9
Sell/furnish without a license	3
Gambling	1
Wholesale Dealer regulations	3
Misrepresent on license application	26
Club regulations	3
Happy hour violations	5
Agency Article U, Paragraph 1	0
Doors locked while customer inside	3
Sublease food/liquor business	5
Other law/regulation violations	68
Total Alcohol Violations	739

Action Taken

Letters of Warning	284
Liquor Control Board Action Suspensions or Fines (\$66,200)	253
Court Action/Fines (\$1,961)	8
Court Action/Diversion	2
Court Action Pending	104
Dismissed by Court/States Atty	3
Court Action/Other	2
No Action/unfounded or out of business	74
LCB Action Pending FY02	9
Total Actions Taken	739

Tobacco Law Violations*

Sale to underage persons	216
Sale without a license	0
Vending Machine	3
Other Violations	4
Total Tobacco Violations	223

Action Taken*

Administrative Fines (\$24,200)	150
Warning Letters	5
LCB Action Pending	4
VTT's Issued (\$7,168)	61
No Action/Unfounded	3
Total Actions Taken	223

*In addition to the above there were nine 1-weekday suspensions, two 2-weekday suspensions, and no 10-day suspensions.

LICENSE FEES COLLECTED FOR FISCAL YEAR 2002

	<u>Licenses Issued</u>	<u>Fee</u>	<u>Total Collected</u>
1st Class License: (Paid to Town/City)	1,323	\$100	\$132,300.00
1st Class Club License: (Paid to Town/City)	114	\$100	\$11,400.00
2nd Class License: (Paid to Town/City)	1,131	\$50	\$56,550.00
3rd Class Restaurant:	455	\$400	\$182,000.00
3rd Class Restaurant - half year:	66	\$250	\$16,500.00
3rd Class Hotel:	148	\$400	\$59,200.00
3rd Class Hotel - half year:	15	\$250	\$3,750.00
3rd Class Club:	106	\$400	\$42,400.00
3rd Class Club - half year:	8	\$250	\$2,000.00
3rd Class Cabaret:	341	\$400	\$136,400.00
3rd Class Cabaret - half year:	38	\$250	\$9,500.00
Wholesale Dealer License:	13	\$600	\$7,800.00
Malt License:	45	\$1,500	\$67,500.00
Vinous License:	243	\$200	\$48,600.00
Solicitor Permit:	575	\$10	\$5,750.00
1st Class Boat License:	5	\$100	\$500.00
3rd Class Boat License:	1	\$400	\$400.00
3rd Class Boat License - half year:	3	\$250	\$750.00
Manufacturer:	31	\$150	\$4,650.00
Special Events Permit:	21	\$25	\$525.00
Caterer's Permit:	197	\$100	\$19,700.00
1st Class Dining Car:	1	\$100	\$100.00
3rd Class Dining Car:	1	\$400	\$400.00
Fourth Class Vinous:	14	\$50	\$700.00
Festival Permit:	5	\$50	\$250.00
Wine Shipping Permit	1	\$200	\$200.00
Wine Tasting Permit	41	\$15	\$615.00
Manufacturer - Vinous Direct Sales:	7	\$200	\$1,400.00
Total Paid to Town/City:			\$200,250.00
Total Paid to State:			\$611,590.00
Grand Totals:			\$811,840.00
Wholesale Alcohol - no fee:	<u>6</u>		
Total Licenses Issued:	4,955		

All licenses and fees reported are for the fiscal year (July 1 to June 30) and not licensing year (May 1 to April 30).

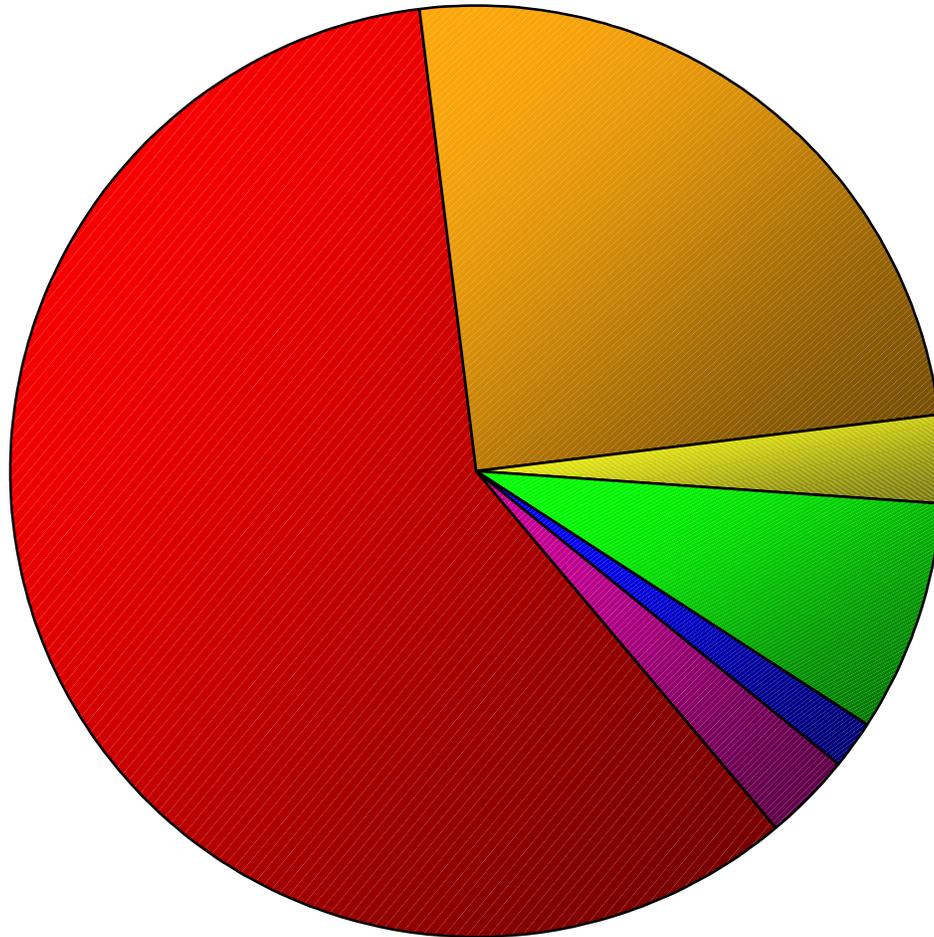
NUMBER OF POSITIONS

<u>TITLES</u>	<u>NUMBER</u>	
	<u>06-30-2002</u>	<u>06-30-2001</u>
<u>ADMINISTRATIVE & GENERAL:</u>		
Commissioner	1	1
Director of Retail Operations	1	1
Business Manager B	1	1
Information Technology Specialist III	1	1
Executive Assistant	1	1
Purchasing & Warehouse Chief	1	1
Systems Developer II	1	1
District Coordinators	3	3
Administrative Assistant B	1	1
Accountant B	1	1
Systems Developer I	2	2
Accountant A	1	1
Administrative Assistant A	1	1
Help Desk Analyst	1	1
Program Services Clerk	1	1
Account Clerk B	1	1
	19	19
<u>EDUCATION, LICENSING & ENFORCEMENT</u>		
Director of Enforcement	1	1
Administrative Secretary	1	1
Administrative Assistant B	1	1
Licensing Technician	1	1
Secretary B	0	0
Investigator Supervisor	1	1
Liquor Investigators	16	16
Clerk C	1	1
Program Services Clerk	1	1
	23	23
<u>WAREHOUSE:</u>		
Liquor Warehouse Operations Supervisor	1	1
Liquor Warehouse Supervisor	1	1
Warehouse Maintenance Worker	1	1
Data Clerk	1	1
Warehouse Worker I & II	10	10
Redemption Service Aide	0	0
	14	14
TOTAL NUMBER OF POSITIONS:	56	56

Location of Vermont Liquor Outlets

1	Poultney	Preseau's Place, 216 Main Street
2	Barton	Barton Village Corner Store, 155 Main Street
3	Island Pond	John's Market, Main Street
4	Winooski	Beverage Warehouse, 1 East Street
5	Londonderry	Jelley's Auto Care Center, Simonsville Road
6	Randolph	M&M Beverage, 6 Salisbury Street
7	Hardwick	D & L Beverage, Woodbury Road
8	Alburg	Alburg Beverage Market, 136 Main Street
9	Arlington	Paulin Inc. of Arlington, Route 7A
10	Jeffersonville	Hanley's Market, 30 Main Street
11	Canaan	Pure Country Motel & Cabins, 4555 VT Route 114
12	Richford	Wetherby's, Inc., 75 Main Street
13	Norwich	Norwich Wine & Spirits, Elm Street
14	Morrisville	Tomlinson's Store, Inc., 81 Bridge Street
15	Wilmington	Smitty's Sugar House, Routes 9 & 100
16	Bethel	McCullough's Quik Stop, Route 107
17	Waitsfield	Mehuron's Market, Village Square
18	Colchester	Dick Mazza's General Store, 777 W. Lake Shore Dr.
19	Orleans	Orleans General Store, 72 Main Street
20	Northfield	Convenience Plus Redemption & Deli, 438 North Main Street
21	Waterbury	Waterbury Beverage, 46 South Main Street
22	Swanton	Wood's Beverage Outlet, 75 First Street
23	Enosburg Falls	Beverage Gallery, Main Street
24	Lyndonville	Lyndonville Redemption, 406 Broad Street
25	South Hero	Keeler's Bay Variety, 500 Route 2
26	Killington	Cordially Yours, Rt. 4 & 100 North
27	Richmond	Richmond Beverage, Bridge Street
28	Springfield	Joe's Discount Beverage, 335 River Street
30	Montgomery Ctr.	Sylvester's Market, Main Street
31	Milton	Middle Road Market, 69 Middle Road
32	Brandon	Dr. Lightning's Wine & Spirits, 9 1/2 Conant Square
33	Bradford	Bradford Bottle Shoppe, 82 Main Street, Route 5 West Side
34	Stamford	Billmont's Country Store, 544 Main Road
35	Vergennes	Vergennes Wine & Beverage, 209 Main Street
36	South Burlington	Simon's Store, 974 Shelburne Road
37	Windsor	Village Emporium, 2757 US Route 5 North
38	Bristol	Champlain Farms, 3 West Street
39	Shelburne	Shelburne Discount Beverage, 2659 Shelburne Road
40	Rockingham	Dayton Sunoco & Mini Mart, 809 Rockingham Road
41	West Dover	7-11 Store, Route 100
42	Derby Center	Derby Village Store, Main Street
43	North Troy	B&D Super Market, Main Street
44	Fairfax	Minor's Country Store, 874 Main Street
45	Sharon	Sharon Trading Post, Route 14, Main Street
47	Fair Haven	Liberty Discount, 7 Liberty Street
48	Pownal	Next Door Beer & Wine, Route 7
49	St. Johnsbury	Price Chopper, Jct. Rt. 5 & 191
50	Woodstock	Woodstock Discount Beverage, Route 4 East
51	Burlington	Merola's Market, 1563 North Avenue
52	Townshend	River Bend Farm Market, Route 30, North of Townshend
53	Essex Center	Essex Discount Beverage, 76 Center Rd
54	Chelsea	Upham's Store, Main Street
55	West Brattleboro	Discount Beverage, 157 Marlboro Road
56	Wallingford	Wallingford Country Store & Deli, 19 Main Street
57	Proctorsville	Singleton's Store, 356 Main Street
58	West Rutland	Rite Aid Pharmacy, 124 Main Street
59	Middlebury	Middlebury Wine Company, 198 Court St., Route 7S
60	Williston	Hannaford Superstore, Taft Corners, 78 Marshall Avenue
61	Burlington	Pearl Street Beverage, 240 Pearl Street
62	Essex Junction	Five Corners Discount Bev., 39 Park Street
63	Stowe	Stowe Beverage, 1880 Mountain Road
65	Bennington	Bottles & Cases, 125 Northside Drive
66	Brattleboro	Rite Aid, Putney Road, Route 5
67	Montpelier	Yankee Spirits, 126 Main Street
68	St. Albans City	Beverage Mart, 211 Lake Street
69	St. Albans Town	Colonial Mart, 191 Swanton Road
70	Newport	Azur's, Inc., 33 Railroad Square
71	Manchester	Manchester Discount Beverage & Deli, Rts. 11 & 30
72	Rutland City	GU Market, 12 North Main Street
73	South Burlington	Gracey's, 26 Hinesburg Road, Unit # 1
74	Rutland Town	P & C, Route 7S, Green Mountain Plaza
75	Barre	Beverage Baron, 411 North Main St.
76	Bondville	7-Eleven, Route 30

Distribution of Sales, Revenue, and Fees Fiscal Year Ending June 30, 2002



 Cost of Goods Sold	59.03%
 General Fund Revenue	25.22%
 Administrative Expenses	2.95%
 Retail Outlet Expenses	7.94%
 Warehouse & Distribution Expenses	1.94%
 Education, Licensing & Enforcement	2.92%