

**REPORT TO THE LEGISLATURE
REGARDING ACT 83, SECTION 164 (2017)
REPORT ON THE RAFFLE OF RARE & UNUSUAL PRODUCTS**

**Submitted to the
Senate Appropriations Committee
House General, Housing & Military Affairs Committee
Senate Economic Development, Housing & General Affairs Committee**

Department of Liquor Control

December 26, 2017

Introduction

During the 2017 legislative session Act 83 relating to the modernization and reorganization of Title 7 became law. This was the first comprehensive re-write 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. Act 83 also included Section 164 which directs the Department to prepare a written report on or before January 15, 2018 setting out the details of raffles conducted during 2017.

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 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 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). As you will note from an examination of the tables below 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.

Consumer Sweepstakes - January 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Old Rip Van Winkle 10 yr	\$ 59.99	29	1539
Van Winkle Special Reserve 12 yr	\$ 69.99	48	1449
Pappy Van Winkle's Family Reserve 15 yr	\$ 99.99	9	1478
Pappy Van Winkle's Family Reserve 20 yr	\$ 169.99	4	1430
Thomas H. Handy Sazerac Rye 6 yr	\$ 89.99	18	880
Willam LaRue Weller 12 yr	\$ 89.99	7	957
George T. Stagg 15 yr	\$ 89.99	9	972
Eagle Rare 17 yr	\$ 89.99	5	1135
Sazerac Rye 18 yr	\$ 89.99	3	922

Licensee Sweepstakes - January 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Old Rip Van Winkle 10 yr	\$ 59.99	6	49
Van Winkle Special Reserve 12 yr	\$ 69.99	11	44
Pappy Van Winkle's Family Reserve 15 yr	\$ 99.99	1	40
Pappy Van Winkle's Family Reserve 20 yr	\$ 169.99	1	47
Thomas H. Handy Sazerac Rye 6 yr	\$ 89.99	8	19
Willam LaRue Weller 12 yr	\$ 89.99	4	21
George T. Stagg 15 yr	\$ 89.99	8	21
Eagle Rare 17 yr	\$ 89.99	2	20
Sazerac Rye 18 yr	\$ 89.99	1	20

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. One of the major takeaways was the need to reduce the number of products and bottles offered in any single sweepstakes or raffle as the large number in this instance made efficient labeling and delivery to Agency stores and purchasers a challenge.

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. As you will see from the tables below 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.

Consumer Scotch Sweepstakes - August 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Glenmorangie Bacalata	\$ 99.99	13	141
Ardbeg Kelpie	\$ 119.99	9	138

Licensee Scotch Sweepstakes - August 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Glenmorangie Bacalata	\$ 99.99	5	5
Ardbeg Kelpie	\$ 119.99	3	6

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 order 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.

Consumer Sweepstakes - October 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Thomas H. Handy Sazerac Rye 6 yr	\$ 89.99	22	586
Willam LaRue Weller 12 yr	\$ 89.99	11	656
George T. Stagg 15 yr	\$ 89.99	22	673
Eagle Rare 17 yr	\$ 89.99	5	714
Sazerac Rye 18 yr	\$ 89.99	2	635

Licensee Sweepstakes - October 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Thomas H. Handy Sazerac Rye 6 yr	\$ 89.99	8	19
Willam LaRue Weller 12 yr	\$ 89.99	4	21
George T. Stagg 15 yr	\$ 89.99	8	21
Eagle Rare 17 yr	\$ 89.99	2	20
Sazerac Rye 18 yr	\$ 89.99	1	20

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 a single bottle.

Consumer Van Winkle Sweepstakes - December 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Old Rip Van Winkle 10 yr	\$ 59.99	27	312
Van Winkle Special Reserve 12 yr	\$ 69.99	47	525
Pappy Van Winkle's Family Reserve 15 yr	\$ 99.99	10	508
Pappy Van Winkle's Family Reserve 20 yr	\$ 169.99	1	404
Pappy Van Winkle's Family Reserve 23 yr	\$ 271.99	1	483

Licensee Van Winkle Sweepstakes - December 2017			
Spirit Name	Bottle Price	Number of Bottles	Number of Entrants
Old Rip Van Winkle 10 yr	\$ 59.99	9	32
Van Winkle Special Reserve 12 yr	\$ 69.99	15	43
Pappy Van Winkle's Family Reserve 15 yr	\$ 99.99	3	41
Pappy Van Winkle's Family Reserve 20 yr	\$ 169.99	1	46

From the Department’s perspective the raffle was a success that far exceeded expectations for this first-time event. After fees, the raffle generated \$10,942 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.

Respectfully Submitted,



Gary Kessler, Deputy Commissioner
Department of Liquor Control