



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee members  
From: Sorsha Anderson, Senior Staff Associate  
Date: November 23, 2022  
Subject: Grant Request – JFO #3129

Enclosed please find one (1) item, which the Joint Fiscal Office has received from the Administration.

**JFO Request #3129:** \$50,000.00 to the Vermont Department of Liquor and Lottery from the National Alcohol Beverage Control Association. Funds to establish a compliance program in response to increases in illegal Direct to Consumer activities in the state. One existing position within the department will be partially funded with this grant.

*[Received November 14, 2022]*

Please review the enclosed materials and notify the Joint Fiscal Office (Sorsha Anderson: sanderson@leg.state.vt.us) if you have questions or would like this item held for legislative review. Unless we hear from you to the contrary by December 9, 2022, we will assume that you agree to consider as final the Governor's acceptance of this request.



**State of Vermont**  
 Department of Finance & Management  
 109 State Street, Pavilion Building  
 Montpelier, VT 05620-0401

[phone] 802-828-2376  
 [fax] 802-828-2428

Agency of Administration

STATE OF VERMONT FINANCE & MANAGEMENT GRANT REVIEW FORM					
<b>Grant Summary:</b>		This grant will allow DLL to set up a compliance system for Direct to Consumer sales.			
<b>Date:</b>		10/17/2022			
<b>Department:</b>		Department of Liquor and Lottery			
<b>Legal Title of Grant:</b>		National Alcohol Beverage Control Association Supplemental Grant			
<b>Federal Catalog #:</b>					
<b>Grant/Donor Name and Address:</b>		National Alcohol Beverage Control Association 2900 S. Quincy Street Arlington VA 22206			
<b>Grant Period:</b>		<b>From:</b>	<b>To:</b>		
		6/1/2022	6/1/2023		
<b>Grant/Donation</b>		\$50,000			
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Total</b>	<b>Comments</b>
<b>Grant Amount:</b>	\$50,000	\$	\$	\$	
<b>Position Information:</b>		<b># Positions</b>	<b>Explanation/Comments</b>		
		0	One position will be partly funded by this money, no new positions will be added.		
<b>Additional Comments:</b>					
<b>Department of Finance &amp; Management</b>				Adam Greshin Digitally signed by Adam Greshin DN: cn=Adam Greshin, o=State of Vermont, ou=Department of Finance & Management, email=agreshin@state.vt.us	(Initial)
<b>Secretary of Administration</b>				Douglas Farham Digitally signed by Douglas Farham DN: cn=Douglas Farham, o=State of Vermont, ou=Department of Finance & Management, email=dfarham@state.vt.us	(Initial)
<b>Sent To Joint Fiscal Office</b>					<b>Date</b>





**State of Vermont Department of Liquor and Lottery**

*Wendy Knight, Commissioner*

To: Will Anderson, Dept. of Finance and Management  
From: Wendy Knight, Commissioner, Vermont Department of Liquor and Lottery *WK*  
CC: Skyler Genest, Sr. Dir. of Licensee Ops (DLL), Lisa Allard, Financial Dir. II (DLL)  
Re: National Alcohol Beverage Control Association (NABCA) Supplemental Award  
Date: October 3<sup>rd</sup>, 2022

Enclosed please find an AA-1 Form to receive funding of \$50,000 from the National Alcohol Beverage Control Association (NABCA) Supplemental Award program to establish a compliance program designed specifically in response to the increases in illegal Direct to Consumer (DTC) activities in the state

This funding will serve to:

- Fund the collection of data related to beverage alcohol DTC sales to quantify how often the activity occurs, how often the delivery of the product occurs lawfully, and identify non-licensed entities engaged in these illegal sales.
- Culminate with a report to be shared with common carriers (FedEx, UPS, DHL, etc.), the Scott Administration, and Vermont Legislators capitulating the data obtained during the pilot.
- Justify the continuance of DTC compliance in the State of Vermont, with possible injunctive relief for violations of 27 U.S.C. § 122a via the Vermont Attorney General's Office and tax assessments by Vermont Tax Department for entities engaging in online retail.

I have enclosed the following:

- Form AA-1
- NABCA Award Decision, Program Guidance and Guidelines

Please let me know if you need any additional information.

Thank you.

*Wendy Knight*

**Board of Liquor and Lottery:**

*Martin Manahan, Chair; Megan Cicio, Edward Flanagan, Sam Guy, Thom Lauzon – Members*

Division of Liquor Control  
1311 US Route 302, Suite 100  
Barre, VT 05641  
[phone] 802-828-2345  
[fax] 802-828-1031

Division of Lottery  
1311 US Route 302, Suite 100  
Barre, VT 05641  
[phone] 802-479-5686  
[fax] 802-479-4294



## STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION				
<b>1. Agency:</b>				
<b>2. Department:</b>		Liquor and Lottery		
<b>3. Program:</b>		Compliance, Education and Licensing		
<b>4. Legal Title of Grant:</b>		NABCA Supplemental Award		
<b>5. Federal Catalog #:</b>				
<b>6. Grant/Donor Name and Address:</b> National Alcohol Beverage Control Association				
<b>7. Grant Period:</b>		<b>From:</b> 6/1/2022	<b>To:</b> 6/1/2023	
<b>8. Purpose of Grant:</b> Using established techniques deployed between 2019-and 2022 for the illegal direct-to-consumer (DTC) sales of tobacco products, the Vermont Department of Liquor and Lottery (DLL) will engage in a comprehensive compliance program addressing both licensed and unlicensed DTC activity related to beverage alcohol in the State of Vermont.				
<b>9. Impact on existing program if grant is not Accepted:</b> With the expansion of options surrounding RTDs, DLL believes it necessary to collect data to determine whether this poses a public safety issue. DLL budgeted operating funds would need to be used, which will cut into funds necessary for other required compliance and operating activities.				
10. BUDGET INFORMATION				
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Comments</b>
<b>Expenditures:</b>	<b>FY 2023</b>	<b>FY</b>	<b>FY</b>	
Personal Services	\$26,000	\$	\$	
Operating Expenses	\$24,000	\$	\$	
Grants	\$	\$	\$	
<b>Total</b>	<b>\$50,000</b>	<b>\$</b>	<b>\$</b>	
<b>Revenues:</b>				
State Funds:				
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:				
(Direct Costs)	\$	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:				
Grant (source 21870)	\$50,000	\$	\$	
<b>Total</b>	<b>\$50,000</b>	<b>\$</b>	<b>\$</b>	
<b>Appropriation No:</b>	2320020020/Fund 21870	<b>Amount:</b>	\$50,000	
			\$	
			\$	
			\$	
			\$	

## STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)

		\$
		\$
	<b>Total</b>	\$

### PERSONAL SERVICE INFORMATION

**11. Will monies from this grant be used to fund one or more Personal Service Contracts?**  Yes  No  
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: \_\_\_\_\_ Agreed by: \_\_\_\_\_ (initial)

12. Limited Service Position Information:	# Positions	Title
<b>Total Positions</b>		


**12a. Equipment and space for these positions:**  Is presently available.  Can be obtained with available funds.

### 13. AUTHORIZATION AGENCY/DEPARTMENT


I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

Signature: <i>Wendy Knight</i>	Date: 10/4/2022
Title: Commissioner, Department of Liquor & Lottery	
Signature:	Date:
Title:	

### 14. SECRETARY OF ADMINISTRATION

 Approved:	(Secretary or designee signature)	DocuSigned by: <i>Douglas Farham</i> 41948B1C0A36415... Date: 10/18/2022
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### 15. ACTION BY GOVERNOR

<input checked="" type="checkbox"/>	Check One Box: Accepted	 (Governor's signature)	Date: 11/10/22
<input type="checkbox"/>	Rejected		

### 16. DOCUMENTATION REQUIRED

#### Required GRANT Documentation

<input checked="" type="checkbox"/> Request Memo <input type="checkbox"/> Dept. project approval (if applicable) <input type="checkbox"/> Notice of Award <input type="checkbox"/> Grant Agreement <input type="checkbox"/> Grant Budget	<input type="checkbox"/> Notice of Donation (if any) <input type="checkbox"/> Grant (Project) Timeline (if applicable) <input type="checkbox"/> Request for Extension (if applicable) <input type="checkbox"/> Form AA-1PN attached (if applicable)
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#### End Form AA-1

(\*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).

# VERMONT DTC PILOT COMPLIANCE PROGRAM

## PROJECT DESCRIPTION

### SUMMARY

The Vermont Department of Liquor and Lottery's (DLL) Direct to Consumer (DTC) Pilot Compliance Program seeks to establish a 12-month compliance program designed specifically in response to the increases in illegal DTC activities in the state and the possible legislation that would legalize and create a regulatory framework for DTC shipping. The planned measurable outcome will be the collection of 12 months' worth of data related to beverage alcohol DTC sales to quantify how often the activity occurs, how often the delivery of the product occurs lawfully, and identify non-licensed entities engaged in these illegal sales. The project will utilize established protocols employed successfully by DLL to address DTC tobacco and tobacco substitutes. The planned campaign will culminate with a report to be shared with common carriers (FedEx, UPS, DHL, etc.), the Scott Administration, and Vermont Legislators capitulating the data obtained during the pilot. Finally, the pilot will be used to justify the continuance of DTC compliance in the State of Vermont, with possible injunctive relief for violations of [27 U.S.C. § 122a](#) via the Vermont Attorney General's Office and tax assessments by Vermont Tax Department for entities engaging in online retail.

### EVIDENCE

We know that DTC sales are being made within the state, including sales by unlicensed entities and sales of prohibited product (spiritous beverages). DLL does not currently have enforcement capacity to engage in proactive compliance checks of licensed and unlicensed entities engaging in these sales. Our Office of Compliance and Enforcement has engaged in the following complaint-based investigations since 2018:

Complaints of Unlawful DTC Shipments of Beverage Alcohol	
2018	1
2020	5
2021	1

### POPULATION

The primary target population will be entities licensed by DLL to direct ship to consumers and unlicensed online retailers found to advertise shipping beverage alcohol into the State of Vermont.

### TIMELINE

The following is a preliminary timeline for the effort, assuming approval by May 31, 2022

- June 1, 2022 – Initiate the Compliance model by compiling a database of online retailers
- June 30, 2022 – Begin compliance model by documenting online purchases and deliveries of product
- January 1<sup>st</sup>, 2023 – Mid-pilot report to capitulate data obtained to date
- June 1, 2023 – Final compliance report, with delivery to common carriers, The Administration, VT Legislature, VT AGO, VT Tax and other VT agencies as appropriate

### BUDGET REQUESTED

\$50,000 is requested to cover the cost of logistics related to DTC Compliance checks.

The general breakdown is anticipated to be the following:

Residence for Controlled Deliveries (short term rental of physical location)	\$12,000
Beverage Alcohol Product Purchases	\$12,000
Time/Labor	\$26,000
TOTAL	\$50,000

### CONTINUATION

This is a new project that NABCA has not funded previously.

## 2022 SUPPLEMENTAL AWARD APPLICATION

The National Alcohol Beverage Control Association (NABCA) recognizes the important role member jurisdictions play in protecting the health, safety and well-being of the public from the harms of alcohol. NABCA is committed to supporting its member jurisdictions in their efforts through its Awards Program, made possible through the NABCA Education Corpus. To help member jurisdictions advance their public health/safety/prevention efforts, NABCA offers each member jurisdiction the opportunity to apply for a Supplemental Award up to \$50,000.

**1. FINAL REPORT** Have you submitted your final project report for the last Supplemental Award your agency received? A Supplemental Award application will not be processed if a previous Supplemental Award has not been fully expended and a final report submitted to NABCA.

- Yes
- No
- In Process (submitting at same time of new application request)

**2. AWARD CYCLE** (There are three award cycles each fiscal year that correspond with the September, January, and May Board of Directors meetings. Choose which award cycle you are applying for with this submission.)

- September Board Meeting
- January Board Meeting
- May Board Meeting

### 3. ABC AGENCY NAME

Vermont Department of Liquor and Lottery

**4. PROJECT(S) TITLE** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

VERMONT DIRECT-TO-CONSUMER DTC PILOT COMPLIANCE PROGRAM

**5. PROJECT(S) START DATE (04/26/2021)** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

06/01/2022

**6. PROJECT(S) END DATE (04/26/2021)** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

06/01/2023

**7. AMOUNT REQUESTED (Max \$50,000).** For multi-project applications, please number your projects and indicate the allocation of funds per project. Note: All projects combined may not exceed the \$50,000.

\$50,000.

**8. INCOME FROM OTHER SOURCES** If applicable, please describe other revenue sources, a part from NABCA, that support this project and if a multi-project application, please list income from other sources for each by clearly numbering your projects (e.g., Project 1, Project 2, Project 3) If there is no income from other sources for any of your projects, simply write N/A

N/A

**9. ROLE OF MEMBER ABC AGENCY** The ABC agency must be involved with the project. Please choose which best describes the agency's role on the project. If multi-project application, please identify all that apply. For multi-project proposals, provide more details in the project description by project to clearly identify your agency's role for each project. (e.g., Project 1, Project 2, Project 3)

- Direct Administrator. The ABC agency funds a project the agency will direct exclusively.
- "Pass Through" Agency. The ABC agency administers the funds either by creating a Request for Proposal (RFP) for outside organization(s) to apply for the funds to conduct a project or the ABC agency identifies partner organization(s) to consult for a project. In either case, the ABC agency serves as a grantor of the funds for awardees(s) and a Memorandum of Understanding or similar document must be included in the application.
- Convener or Facilitator. The ABC agency brings leaders and key stakeholders together to convene a training/conference/summit to foster collaboration and capacity building. The ABC agency could serve as the facilitator or rely on contracted experts to execute the event.

**10. CONSULTANT/CONTRACTOR PAPERWORK.** Do you have a W-9 form to upload for your project(s)? Please use the Dropbox Link in Question 34. Choose your jurisdictional folder and then upload the materials.

- Yes
- No
- Yes, but we do not have the paperwork ready for upload.

**11. CONSULTANT/CONTRACTOR PAPERWORK.** Do you have an MOU/Agreement to upload? Please use the Dropbox Link in Question 34. Choose your jurisdictional folder and then upload the materials.

- Yes
- No
- Yes, but we do not have the paperwork ready for upload.



**12. AWARD PAYMENT INSTRUCTIONS** NABCA is moving toward direct deposits whenever possible. Following the Board's award decision, NABCA staff will ask agencies and/or contractors to submit ACH forms to facilitate payment via direct deposit. If this is not possible, NABCA staff will mail the check. Please confirm the name and mailing address of the entity to whom the award check should be made payable. If this is a third-party entity, a W-9 form and an MOU/Agreement are required before processing the award. In addition to uploading these documents to the Dropbox Folder as outlined in Question 10 and 11, you may email the W-9 and MOU/Agreement to awards@nabca.org. Once the form is received, the project coordinator will be notified, and the award will be released to the appropriate contact. If this is a multi-project application, please indicate payment for each project, clearly identifying each project by number (e.g., Project 1, Project 2, Project 3).

**13. FISCAL SPONSOR** Is NABCA serving in a fiscal sponsorship role for your project(s)? Under some circumstances, NABCA may serve as the fiscal sponsor of the project and take on the contractual and fiscal responsibilities of paying the outside organization. Please contact Cassandra Tourre, Director of Public Policy (cassandra.tourre@nabca.org), to discuss the possibility of this arrangement prior to submitting your application no later than 2 weeks out from the application deadline.

Yes

No

**14. FISCAL SPONSOR** If your agency is using NABCA as a fiscal sponsor, how would you like to establish the MOU/Agreement that outlines the scope of work and payment schedule, for the consultant/contractor?

We will establish the MOU/Agreement and will share with NABCA.

We would like NABCA to take the lead in establishing the MOU/Agreement in collaboration with our agency.

We are not using NABCA as a fiscal sponsor.

**15. PAYMENT METHOD** This section should indicate the person or organization that will execute the project(s) deliverables. For multi-project applications, please clearly identify where the payment should be sent for each project. Please also indicate if payment will be done by check or ACH form, listing each project clearly (e.g., Project 1, Payment to "Name Organization", ACH Form, Project 2, Payment to "ABC Agency", ACH).

**16. PAYMENT MAILING ADDRESS** (city, state and zip). For multi-project proposals, please indicate all payee mailing address for each project

13 Green Mountain Drive, Montpelier VT 05602

**17. PAYMENT PHONE NUMBER** (Including area code) For multi-project proposals, please indicate payee's phone number for each project.

802-477-2429

**18. PROJECT COORDINATOR NAME** (first and last name)

Chief Skyler Genest

**19. PROJECT COORDINATOR TITLE**

Senior Director / Licensee Operations

**20. PROJECT COORDINATOR MAILING ADDRESS (city, state and zip)**

13 Green Mountain Drive, Montpelier VT 05602

**21. PROJECT COORDINATOR PHONE NUMBER (Including area code)**

802-477-2429

**22. PROJECT COORDINATOR EMAIL**

skyler.genest@vermont.gov

**23. PROJECT NARRATIVE This description should summarize the full scope of the project(s) proposed and should not exceed 250 words per project. An excerpt from this brief description will be used in the Board Summary Report for a approval.**

The Vermont Department of Liquor and Lottery's (DLL) Direct to Consumer (DTC) Pilot Compliance Program seeks to establish a 12-month compliance program designed specifically in response to the increases in illegal DTC activities in the state and the possible legislation that would legalize and create a regulatory framework for DTC shipping. The planned measurable outcome will be the collection of 12 months' worth of data related to beverage alcohol DTC sales to quantify how often the activity occurs, how often the delivery of the product occurs lawfully, and identify non-licensed entities engaged in these illegal sales. The project will utilize established protocols employed successfully by DLL to address DTC tobacco and tobacco substitutes. The planned campaign will culminate with a report to be shared with common carriers (FedEx, UPS, DHL, etc.), the Scott Administration, and Vermont Legislators capitulating the data obtained during the pilot. Finally, the pilot will be used to justify the continuance of DTC compliance in the State of Vermont, with possible injunctive relief for violations of 27 U.S.C. § 122a via the Vermont Attorney General's Office and tax assessments by Vermont Tax Department for entities engaging in online retail.

**24. PROJECT DESCRIPTION Provide a comprehensive description of the project(s) and the anticipated impact on the public. The project(s) must align with the fundamental goal to reduce the irresponsible sale/ use of alcoholic beverages and should seek to change the environment which encourages or allows the irresponsible sale of/consumption of alcohol.**

Since the onset of the global pandemic, the beverage alcohol marketplace has changed rapidly. Vermont underwent both emergency executive orders, and then follow-on legislation which provided for increased to-go and delivery beverage alcohol sales. Further, the generally retail marketplace has evolved tremendously during the first quarter of the 21<sup>st</sup> Century. Demand for direct to home shipping of consumer goods is now a standard expectation of the American consumer. All of this has led to a demand for increased options around DTC shipping of beverage alcohol. Vermont has been issuing DTC Licenses to vinous and malt producers for nearly a decade. However, little to no regulatory compliance audits have been conducted due to the logistical and resource costs involved with such undertakings. Additionally, during the 2022 legislative session, bills have been introduced to expand licensed DTC shipping activity to include spirits. VT DLL believes that it has insufficient data to articulate whether this poses a public safety issue within the state.

Using established techniques deployed between 2019-and 2022 for the illegal direct-to-consumer (DTC) sales of tobacco products, the Vermont Department of Liquor and Lottery (DLL) will engage in a comprehensive compliance program addressing both licensed and unlicensed DTC activity in the State of Vermont. This program will involve detailed online market-place surveillance to identify retailers purporting to ship beverage alcohol products into Vermont. Further, DLL will utilize its own licensing database to determine malt and vinous retailers who are permitted to engage in this activity.

Once the retailers are identified; VT DLL will organize and execute controlled purchases from them. This will involve using dedicated electronic payment and arranging shipping of the beverage alcohol products to a residential location reserved by DLL for the purpose of controlled and recorded delivery. These residential locations will be short-term rentals using AirBnB or other similar platforms. DLL agents will be posted at the short-term rental location to both observe and document the delivery of the products. Employed minors will be used for a portion of the controlled purchases to determine likelihood of youth access.

All relative data points will be collected using existing DLL infrastructure to force the data into an electronic database that is easily able to analyze and report from. The goal would be to use the data derived from this program to paint the picture for any interested parties how the direct-to-consumer shipping of beverage alcohol is carried out across the state including such data elements as: Percentage of lawful shipments versus unlawful shipments, Percentage of unlawful deliveries to minors regardless of legality of sale, Compliance rates for common-carriers (FedEx, UPS, DHL, etc.).

**25. PROJECT NEED Provide a detailed description of the problem, the current resources (both within and outside your agency) allocated to the issue, and organizations dedicated to addressing the problem within the jurisdiction. Please identify funding gaps that make it difficult to address the problem effectively.) For multi-project applications, please complete these details for all projects.**

The Vermont Department of Liquor and Lottery (DLL) currently has 561 entities licensed to engage in direct shipment of vinous and malt products to residents of Vermont. What DLL has no data on is how complete this universe of licensed entities is when looking at the entirety of the online marketplace and all retailers willing to ship into the state. Furthermore, since the passage of the legislation stemming from the Granholm v. Heald case and the State of Vermont allowing this activity, no substantive compliance audits have been conducted to ensure that these licensed entities are ensuring that the delivery of beverage alcohol products are made lawfully, including age verification at the point of delivery.

DLL has 12 field investigators and 10 employed minors. This team is responsible via statute to conduct brick-and-mortar compliance checks at all licensed tobacco establishments in the state in any given year. Further, DLL carries out brick-and-mortar beverage alcohol compliance checks at licensed establishments as often as possible with available resources. Finally, DLL has engaged in some "online" or Direct to Consumer (DTC) compliance checks via limited funding from the VT Dept. of Health. Those checks have resulted in over \$800,000 in civil settlement agreements pursued by the VT Attorney General's Consumer Protection Office.

**26. PROJECT OBJECTIVES Describe measurable objectives to clearly outline how the project(s) will be executed and evaluated.**

The project seeks to collect statistically significant data relevant to the following:

- Total Number of Attempted Online Purchases of Beverage Alcohol (by type: Malt/Vinous/Spiritous)
- Total Number of Successful Online Purchases of Beverage Alcohol (by type: Malt/Vinous/Spiritous)
- Total Number of Lawfully Conducted Deliveries of Beverage Alcohol (by Business Entity and Common Carrier)
- Total Number of Unlawfully Conducted Deliveries of Beverage Alcohol (by Business Entity and Common Carrier)
- Reason Why Delivery Deemed Unlawful (Lack of Age Verification, Delivery to a Minor, Lack of Training for Common Carrier)

**27. PROJECT TIMELINE Indicate start and end dates for all projects, including intermediate timelines for when key objectives will be achieved. Please also include start and end dates for RFPs, if applicable. Note: Use actual months/years.**

- June 1, 2022 - Initiate the Compliance model by compiling a database of online retailers
- June 30, 2022 - Begin compliance model by documenting online purchases and deliveries of product
- July 2022 - Complete control purchases and document delivery
- August 2022 - Complete control purchases and document delivery
- September 2022 - Complete control purchases and document delivery
- October 2022 - Complete control purchases and document delivery
- November 2022 - Complete control purchases and document delivery
- December 2022 - Complete control purchases and document delivery

- January 1<sup>st</sup>, 2023 – Mid-pilot report to capitulate data obtained to date
- February 2023 – Complete control purchases and document delivery
- March 2023 – Complete control purchases and document delivery
- April 2023 – Complete control purchases and document delivery
- May 2023 – Complete control purchases and document delivery
- June 1, 2023 – Final compliance report, with delivery to common carriers, The Administration, VT Legislature, VT AGO, VT Tax and other VT agencies as appropriate

**28. PROJECT CONTINUATION** If this is an application to continue the same project(s) that have been previously funded by NABCA, whether in concept or substance, please indicate the rationale for its continuation. If none of your proposed projects were previously funded by a NABCA award, you can write N/A.

N/A

**29. PROJECT EVALUATION** Provide a plan for evaluating the impact of the project(s). The evaluation should align with the measurable objectives. Examples include measuring # of trainings conducted, # of attendees, # of new stakeholders identified, # of earned media placements, # of surveys collected.

This project’s success will be measure via 2 Key Performance Indicators (KPI’s):

- Percentage of Licensed Direct-to-Consumer Entities checked (Goal is 50% or 280 as of 4/25/2022)
- Number of Non-licensed Direct-to-Consumer Entities checked (As many as identifiable, with target of 280)

**30. SUSTAINABILITY** Describe how the project(s) will be continued after the award period concludes.

Should the pilot identify an observable public safety risk based on non-compliance, The Vermont Department of Liquor and Lottery (DLL) will prioritize this work to address this present licensed activity and use the data to effectively argue why increases in this mode of beverage alcohol sales are problematic. Should this activity expand or continue without major increases in observable compliance, DLL will seek permanent funding to continue high volumes of this type of compliance activity until the data would indicate that the entities engaging in this mode of beverage alcohol sale are complying. At that point in time, this type of compliance to move to a more sporadic and event-based or complaint-based response.

**31. BUDGET** Provide a brief budget justification statement to accompany the proposed budget. The justification should clearly provide a rationale for each expense as it relates to the project objectives. Monies are not to be used to supplement existin g activities. Note: NABCA does not “cost share” or allow funds to be used for administrative cost reimburse ment. You may upload a budget and budget justification by going to the Dropbox Folder in Question 34 and choose your jurisdictional folder and the n upload the materials. For multi-project applications, please complete a budget and budget justification for each project.

\$50,000 is requested to cover the cost of logistics related to DTC Compliance checks.

The general breakdown is anticipated to be the following:

Residence for Controlled Deliveries (short-term rental of physical location)	\$12,000
Online Beverage Alcohol Product Purchases (Malt/Vinous/Spirits Beverages) x 560	\$12,000
Time/Labor (Liquor Investigators/ Minors/ Other DLL Employees)	\$26,000
<b>TOTAL</b>	<b>\$50,000</b>

**32. CONFIRMATION** By printing the project coordinator’s name, title and date, you are agreeing that all the information enclosed in the application is accurate and true to the best of your knowledge and that it has been reviewed and approved by the ABC Agency Director/Chairperson/Administrator.

**33. AUTHORIZATION OF ABC DIRECTOR/CHAIRPERSON/ADMINISTRATOR** By printing the ABC Director/Chairperson/Administrators name, title, and date you are acknowledging his/her review and approval of the application.



## APPLICATION GUIDELINES

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### Awards Program

The National Alcohol Beverage Control Association (NABCA) recognizes the important role member jurisdictions play in protecting the health, safety and wellbeing of the public from the harms of alcohol. NABCA is committed to supporting its member jurisdictions in their efforts through its awards, made possible through the NABCA Education Corpus.

To help member jurisdictions advance their public health/safety/prevention efforts and to strengthen their efforts to advance responsible and efficient systems, NABCA offers each member jurisdiction the opportunity to apply for an Education Award and a Supplemental Award each year.

### Education Awards (\$10,000)

The Education Award is up to \$10,000 annually. This award can serve as a valuable resource to help member jurisdictions expand current public health/safety/prevention initiatives. While education strategies to prevent excessive alcohol consumption are not evidence based as a standalone approach, they can complement evidence-based strategies by heightening the public's understanding and awareness about alcohol.

### Supplemental Awards (\$50,000)

The Supplemental Award is up to \$50,000 annually. This award can serve to enhance and expand activities related to protecting the health, safety and wellbeing of the public. A letter of intent must be submitted to NABCA one week prior to the application deadline to applying for this award. You can submit this letter on [NABCA's awards program website](#). See page 6 for more details.

### Application Timeline

There are three cycles within the fiscal year (July 1-June 30) that member jurisdictions can apply for awards, January, May and September. All applications are reviewed for approval by the Board of Directors. See detailed timeline on page 4.

### Eligibility

To be eligible for the Awards Program, a member jurisdiction may not have an outstanding award and must have submitted a final report to NABCA ([awards@nabca.org](mailto:awards@nabca.org)) for all prior awards before applying for a new award. See page 5 for more details on the final report.

## HOW TO USE THESE FUNDS

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### Criteria

1. Any activity must have the intention of taking action to reduce the irresponsible sale/use of alcohol beverages.
2. The ABC agency must be involved in the project. Jurisdictions are strongly encouraged to work with their representative on the NABCA Education Committee in the development of this effort.
3. The proposed activity should seek to change the environment that encourages or allows irresponsible consumption of alcohol.

## APPLICATION SUBMISSION

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All applications should be filled out and submitted via the [NABCA's awards program website](#). Award applications are available as one of two programs, Education and Supplemental. If you plan on proposing multiple projects with your NABCA grant funds, please submit a separate application for each project.

## ROLE OF MEMBER ABC AGENCY

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The ABC agency must be involved with the project. Below is a list of the variety of ways that a member jurisdiction can engage in the project. If the project coordinator submitting the application does not serve on the Education Committee, NABCA encourages the project coordinator to inform the jurisdiction's committee representative on all phases of the application process as well as the development and execution of the project.

**Direct Administrator.** The ABC agency funds a project the agency will direct exclusively.

## APPLICATION GUIDELINES

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**“Pass Through” Agency.** The ABC agency administers the funds either by creating a Request for Proposal (RFP) for outside organization(s) to apply for the funds to conduct a project or the ABC agency identifies partner organization(s) to consult for a project. In either case, the ABC agency serves as a grantor of the funds for awardees(s) and a Memorandum of Understanding or similar document must be included in the application.

Under some circumstances, NABCA may serve as the **fiscal sponsor** of the project and take on the contractual and fiscal responsibilities of paying the outside organization. Please contact Cassie Toure, Director of Public Policy ([Cassandra.Toure@nabca.org](mailto:Cassandra.Toure@nabca.org)), to discuss the possibility of this arrangement prior to submitting your application no later than 2 weeks out from the application deadline. If it is determined that NABCA can serve as the fiscal sponsor, please indicate the arrangement under the Project Description section of the application.

**Convener or Facilitator.** The ABC agency brings leaders and key stakeholders together to convene a training/conference/ summit to foster collaboration and capacity building. The ABC agency could serve as the facilitator or rely on contracted experts to execute the event.

**A Combination of the Above Roles.** An ABC agency may combine the above roles to fit their jurisdiction’s specific needs.

## APPLICATION DETAILS

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Below is detailed information about what you will need to fill out the online application.

**Project Administration.** The ABC will lead all aspects in the administration of the award. The project coordinator serves as the NABCA contact for the award and must be closely involved with all aspects of the project(s) through the duration of the award in its entirety.

**Project Description.** Provide a brief description of the project and the anticipated impact on the public. The project must align with the fundamental goal to reduce the irresponsible sale/use of alcoholic beverages and should seek to change the environment which encourages or allows the irresponsible sale of/consumption of alcohol. Proposals should not exceed two pages with the following sections clearly identified by heading and in the order listed.

**Project Need.** Provide a detailed description of the problem, the current resources (both within and outside your agency) allocated to the issue, and organizations dedicated to addressing the problem within the jurisdiction. Please identify funding gaps that make it difficult to address the problem effectively.

**Project Objectives.** Describe measurable objectives to clearly outline how the project will be executed and evaluated.

**Evidence of Impact.** Provide scientific evidence and/or promising practice case studies of success to substantiate the anticipated impact of the project and its objectives. This section should include citations and references as evidence of the anticipated impact.

**Project Timeline.** Indicate start and end dates for the project, including intermediate timelines for when key objectives will be achieved. Please also include start and end dates for RFP, if applicable (please use actual dates or month/year).

**Project Continuation.** *(if applicable)* If this is an application to continue the same project that has been previously funded by NABCA, whether in concept or substance, please indicate the rationale for its continuation.

**Project Evaluation.** Provide a plan for evaluating the impact of the project. The evaluation should align with the measurable objectives. Examples include measuring # of trainings, # of attendees, # of new stakeholders, # of earned media placements, # of surveys collected.

## APPLICATION GUIDELINES

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**Sustainability.** Describe how the project will be continued after the award period concludes.

**Budget.** A brief budget justification statement must accompany the proposed budget. The justification should clearly provide a rationale for each expense as it relates to the project objectives. Monies are not to be used to supplement existing activities. **NOTE:** NABCA does not “cost share” or allow funds to be used for administrative cost reimbursement.

**Confirmation.** In most cases, the ABC agency will serve as the fiscal agent for the project, and therefore, accepts fiscal responsibility for the funded project. **Signatures are requested** for both the ABC agency Director/Administrator and the project coordinator.

## FINAL REPORT

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Upon completion of the project, please submit a report that details the project progress and products and how project strategies and objectives were met. This final report and any project materials that are produced (e.g., brochures, posters, videos, core reports, advertisements, event photos) should be submitted via the report form on your online application. This report should also outline how the funds were fully expended and the project fully executed. *\*See Project Report Guidelines on page 5 for further detail*



## APPLICATION TIMELINE

### AWARD CYCLE TIMELINE 2022-2023 *(dates are subject to change)*

**July 1, 2022** Beginning of 2022-2023 budget year (NABCA)

#### Cycle 1

**August 8, 2022** Deadline for LOIs for Supplemental Awards

**August 15, 2022** Deadline for applications for September Board Meeting

**September 11-15, 2022** September Board Meeting *(approval of applications)*

**End of September** Payments are processed and sent to applicants  
*All reports should be submitted (see report guidelines)*

#### Cycle 2

**November 30, 2022** Deadline for LOIs for Supplemental Awards

**December 7, 2022** Deadline for applications for January Board Meeting

**January 4-8, 2023** January Board Meeting *(approval of applications)*

**End of January 2023** Payments are processed and sent to applicants  
*All reports should be submitted (see report guidelines)*

#### Cycle 3

**April 17, 2023** Deadline for LOI for Supplemental Awards

**April 24, 2023** Deadline for applications for May Board Meeting

**May 21-25, 2023** May Board Meeting *(approval of applications)*

**End of May 2023** Payments are processed and sent to applicants  
*All reports should be submitted (see report guidelines)*

**June 30, 2023** End of 2022-2023 budget year – all checks must be cleared and deposited

**Legal Disclosure.** As part of all announcements made or promotional material distributed concerning activities funded by this award, recipients are requested to disclose that the activity was funded, in whole or in part, by funds from the National Alcohol Beverage Control Association. Distribution of awards is conditioned on recipient's compliance with any proposal submitted or any terms and conditions accompanying the education award. By making this award, NABCA assumes no liability for any activity undertaken by recipient using award funds.



## FINAL REPORT GUIDELINES

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Once the project is complete, please forward a report of the project that was funded from the NABCA Award Program. **Please keep in mind that we must have all reports before we can release new awards.**

A description of what should be included in your report is listed below:

- Please include the following information in your report:
  - Title of project
  - Date(s) or duration of project
  - Name of project coordinator and contact information
- Describe the project(s) the NABCA Award was used to fund. Explain how funds were allocated and expended. If there were multiple projects funded, please provide a description for each one, providing detail on the measurable outcomes based on your evaluation. Please also include the population(s) reached.
- If applicable, list other sources that funded this project and the approximate amount that was provided by each.
- Explain the role the ABC agency played in the project.
- Describe how the project contributed to the prevention of irresponsible alcohol use and how it built capacity in your jurisdiction's public health/safety/prevention efforts.
- Outline the measurable outcomes and achievements from this funded project.

**Please provide reports and any products, announcements, or other materials (e.g. brochures, press materials, pictures, flyers, etc.) generated by the funded project(s).** Please submit all of your report items and materials via the online report form on the [NABCA Awards website](#).

## GUIDANCE - SUPPLEMENTAL AWARD LETTER OF INTENT



The National Alcohol Beverage Control Association (NABCA) recognizes the important role member jurisdictions play in protecting the health, safety, and wellbeing of the public from the harms of alcohol. NABCA is committed to supporting its member jurisdictions in their regulatory efforts through its awards, made possible through the NABCA Education Corpus.

To help member states advance their public health/safety/prevention efforts, NABCA offers each member state the opportunity to apply for a supplemental award of up to \$50,000 to enhance and expand activities related to protecting the health, safety, and wellbeing of the public, and to strengthen their efforts to advance responsible and efficient systems.

### AREAS OF INTEREST

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1. **Regulatory/Enforcement.** Projects that assist member jurisdictions in their regulatory and compliance efforts to prevent illegal sales or irresponsible use of alcohol. (e.g., place of last drink data collection, overservice and compliance check operations, expanded responsible beverage service training, tools and technology to translate laws, rules and regulations, and/or direct strategic enforcement/administrative efforts)
2. **Data Collection/Technology.** Projects that assist member jurisdictions in monitoring, tracking, assessing, and translating health/safety/legislative/regulatory information to educate the public about alcohol-related harms and the necessity of regulation. (e.g., geo-spatial analyses, mapping outlets to health/safety data, translational, web-based tools to translate data)
3. **Capacity Building/Collaboration.** Projects that assist member jurisdictions in their efforts to collaborate and partner with key stakeholders and fill gaps in knowledge or resources to advance the public's understanding of alcohol regulation and its importance. (e.g., organizing/hosting conferences and trainings, sending stakeholders to trainings, creating guides for stakeholder engagement with ABC efforts)

*An ABC may do any combination of the above areas of focus.*

*Projects outside the scope of the focus areas listed above will be considered on a case-by-case basis. Please contact Cassandra Tourre, Director of Public Policy, at [Cassandra.Tourre@nabca.org](mailto:Cassandra.Tourre@nabca.org) to discuss further.*

### CRITERIA

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#### Project Description

Describe the plans for spending the funds. Proposals should not exceed one page and should address each of the following in the order listed:

- a. **Summary** – Describe the project(s) the Supplemental Award will be used to fund and the anticipated impact
- b. **Evidence** – Describe the scientific evidence or case studies of success that provides a rationale for selecting the project. Please provide specific citations where appropriate.
- c. **Population** – Indicate the primary population your project will serve (e.g., youth, college, general population)

#### Timeline

Indicate the estimated start and completion dates (*please include actual dates or month/year*)

#### Budget Requested

Identify the total amount being requested and briefly describe your spending plan. Monies are not to be used to supplant existing activities

#### Continuation

Indicate whether this is a new project or one that NABCA has funded previously

### SUBMISSION & QUESTIONS

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Letters of intent should be submitted online via the [NABCA Awards website](#).

2021-2022 – Awards Program

## FINAL REPORT GUIDELINES



Once your project is complete, submit your final report to the online membership portal. Below is a list of information you will need for your report. **Please keep in mind that we must have all reports before we can release new awards.**

A description of what should be included in your report is listed below:

- Please include the following information in your report:
  - Title of project
  - Date(s) or duration of project
  - Name of project coordinator and contact information
- Describe the project(s) the NABCA Award was used to fund. Explain how funds were allocated and expended. If there were multiple projects funded, please provide a description for each one, providing detail on the measurable outcomes based on your evaluation. Please also include the population(s) reached.
- If applicable, list other sources that funded this project and the approximate amount that was provided by each.
- Explain the role the ABC agency played in the project.
- Describe how the project contributed to the prevention of irresponsible alcohol use and how it built capacity in your jurisdiction's public health/safety/prevention efforts.
- Outline the measurable outcomes and achievements from this funded project.

Your report should be submitted as a Word document.

**Please provide reports and any products, announcements, or other materials (e.g. brochures, press materials, pictures, flyers, etc.) generated by the funded project(s).** Submit all reports and materials in the corresponding report submission form under 'Surveys' in NABCA's online [membership portal](#). If the Dropbox feature does not work for you, please email your materials to [awards@nabca.org](mailto:awards@nabca.org); however, please still submit your report through the portal.



2900 S. Quincy Street  
Arlington, VA 22206  
T: 703.578.4200  
F: 703.824.3451  
[www.nabca.org](http://www.nabca.org)

June 15, 2022

Vermont Department of Liquor and Lottery  
Skylar Genest, Senior Director, License Operations  
13 Green Mountain Dr  
Montpelier, VT 05602-4501

Dear Skylar:

On behalf of the NABCA Board of Directors, it is my pleasure to inform you that your project, **Vermont Direct-to-Consumer (DTC) Pilot Compliance Program (\$50,000)** is deemed an appropriate effort to be supported by the National Alcohol Beverage Control Association (NABCA) Awards Program.

Enclosed is the *Awards Report Guidelines* to help you complete your report for the 2021-2022 fiscal year. You may also use these guidelines to track your progress throughout the year.

Please feel free to contact us if you have any questions or you may contact Cassandra Tourre at [awards@nabca.org](mailto:awards@nabca.org).

Sincerely,

Steven L. Schmidt  
Sr. Vice President, Public Policy/Communications

Enclosure: NABCA Supplemental Award

cc: Chairman Martin Manahan  
Cassandra Tourre

**Remittance Advice**

**NATIONAL ALCOHOL BEVERAGE CONTROL ASSOC**

Check: E01989      6/15/2022      Vendor: VTDLC VERMONT DEPT OF LIQUOR AND LOTTERY

<u>Date</u>	<u>Invoice Number</u>	<u>Comment</u>	<u>Amount</u>	<u>Discount Amount</u>	<u>Net Amount</u>
5/31/2022	20222023SUPPLEMENTAL	2022-23 Supplemental Award	50,000.00	0.00	50,000.00
	Electronic Payment: Bank Account: 8877770493				
		People's United Bank		50,000.00	0.00
		<b>Totals:</b>	<u>50,000.00</u>	<u>0.00</u>	<u>50,000.00</u>



## EDUCATION AND SUPPLEMENTAL AWARDS

Submitted: 04/26/2022

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### AWARD CYCLE

**AWARD CYCLE** (There are three award cycles each fiscal year that correspond with the September, January, and May Board of Directors meetings. Choose which award cycle you are applying for with this submission.)

> *Response:* May Board Meeting

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### ELIGIBILITY

**FINAL REPORT** Have you submitted your final project report for the last Supplemental Award your agency received? A Supplemental Award application will not be processed if a previous Supplemental Award has not been fully expended and a final report submitted to NABCA.

> *Response:* Yes

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### AGENCY INFORMATION

**ABC AGENCY NAME**

> *Response:* Vermont Department of Liquor and Lottery

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### PROJECT COORDINATOR

**PROJECT COORDINATOR NAME (first and last name).**

> *Response:* Chief Skyler Genest

**PROJECT COORDINATOR TITLE.**

> *Response:* Senior Director / Licensee Operations

**PROJECT COORDINATOR MAILING ADDRESS (city, state and zip).**

> *Response:* 13 Green Mountain Drive, Montpelier VT 05602

**PROJECT COORDINATOR PHONE NUMBER (including area code).**

> *Response:* 802-477-2429

**PROJECT COORDINATOR EMAIL.**

> *Response:* skyler.genest@vermont.gov

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**PROJECT(S) NAME AND TIMELINE**

**PROJECT(S) TITLE** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

> *Response:* VERMONT DIRECT-TO-CONSUMER DTC PILOT COMPLIANCE PROGRAM

**PROJECT(S) START DATE (04/26/2021)** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

> *Response:* 06/01/2022

**PROJECT(S) END DATE (04/26/2021)** If multi-project application, please number each project to clearly identify each project separately. (e.g., Project 1, Project 2, Project 3)

> *Response:* 06/01/2023

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**AMOUNT REQUESTED AND OTHER FUNDING SOURCES**

**AMOUNT REQUESTED (Max \$50,000).** For multi-project applications, please number your projects and indicate the allocation of funds per project . Note: All projects combined may not exceed the \$50,000.

> *Response:* \$50,000

**INCOME FROM OTHER SOURCES** If applicable, please describe other revenue sources, apart from NABCA, that support this project and if a multi-project application, please list income from other sources for each by clearly numbering your projects (e.g., Project 1, Project 2, Project 3) If there is no income from other sources for any of your projects, simply write N/A

> *Response:* N/A

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**PROJECT STRUCTURE**

**ROLE OF MEMBER ABC AGENCY** The ABC agency must be involved with the project. Please choose which best describes the agency's role on the project. If multi-project application, please identify all that apply. For multi-project proposals, provide more details in the project description by project to clearly identify your agency's role for each project. (e.g., Project 1, Project 2, Project 3)

> *Response:* Direct Administrator. The ABC agency funds a project the agency will direct exclusively.

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**CONSULTANT/CONTRACTOR PAPERWORK. Do you have a W-9 form to upload for your project(s)? Please use the Dropbox Link in Question 34. Choose your jurisdictional folder and then upload the materials.**

**> Response: Yes**

**CONSULTANT/CONTRACTOR PAPERWORK. Do you have an MOU/Agreement to upload? Please use the Dropbox Link in Question 34. Choose your jurisdictional folder and then upload the materials.**

**> Response: No**



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**PAYMENT**

**FISCAL SPONSOR** Is NABCA serving in a fiscal sponsorship role for your project(s)? Under some circumstances, NABCA may serve as the fiscal sponsor of the project and take on the contractual and fiscal responsibilities of paying the outside organization. Please contact Cassandra Tourre, Director of Public Policy (cassandra.tourre@nabca.org), to discuss the possibility of this arrangement prior to submitting your application no later than 2 weeks out from the application deadline.

> *Response:* No

**FISCAL SPONSOR** If your agency is using NABCA as a fiscal sponsor, how would you like to establish the MOU/Agreement that outlines the scope of work and payment schedule, for the consultant/contractor?

> *Response:* We will establish the MOU/Agreement and will share with NABCA.

**PAYMENT MAILING ADDRESS** (city, state and zip). For multi-project proposals, please indicate all payee mailing address for each project

> *Response:* 13 Green Mountain Drive, Montpelier VT 05602

**PAYMENT PHONE NUMBER** (Including area code) For multi-project proposals, please indicate payee's phone number for each project.

> *Response:* 802-477-2429

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**PROJECT DETAILS**

**PROJECT NARRATIVE** This description should summarize the full scope of the project(s) proposed and should not exceed 250 words per project. An excerpt from this brief description will be used in the Board Summary Report for approval.

> *Response:* The Vermont Department of Liquor and Lottery's (DLL) Direct to Consumer (DTC) Pilot Compliance Program seeks to establish a 12-month compliance program designed specifically in response to the increases in illegal DTC activities in the state and the possible legislation that would legalize and create a regulatory framework for DTC shipping. The planned measurable outcome will be the collection of 12 months' worth of data related to beverage alcohol DTC sales to quantify how often the activity occurs, how often the delivery of the product occurs lawfully, and identify non-licensed entities engaged in these illegal sales. The project will utilize established protocols employed successfully by DLL to address DTC tobacco and tobacco substitutes. The planned campaign will culminate with a report to be shared with common carriers (FedEx, UPS, DHL, etc.), the Scott Administration, and Vermont Legislators capitulating the data obtained during the pilot. Finally, the pilot will be used to justify the continuance of DTC compliance in the State of Vermont, with possible injunctive relief for violations of 27 U.S.C. § 122a via the Vermont Attorney General's Office and tax assessments by Vermont Tax Department for entities engaging in online retail.

**PROJECT DESCRIPTION** Provide a comprehensive description of the project(s) and the anticipated impact on the public. The project(s) must align with the fundamental goal to reduce the irresponsible sale/use of alcoholic beverages and should seek to change the environment which encourages or allows the irresponsible sale of/consumption of alcohol.

> **Response:** Since the onset of the global pandemic, the beverage alcohol marketplace has changed rapidly. Vermont underwent both emergency executive orders, and then follow-on legislation which provided for increased to-go and delivery beverage alcohol sales. Further, the generally retail marketplace has evolved tremendously during the first quarter of the 21st Century. Demand for direct to home shipping of consumer goods is now a standard expectation of the American consumer. All of this has led to a demand for increased options around DTC shipping of beverage alcohol. Vermont has been issuing DTC Licenses to vinous and malt producers for nearly a decade. However, little to no regulatory compliance audits have been conducted due to the logistical and resource costs involved with such undertakings. Additionally, during the 2022 legislative session, bills have been introduced to expand licensed DTC shipping activity to include spirits. VT DLL believes that it has insufficient data to articulate whether this poses a public safety issue within the state.

Using established techniques deployed between 2019-and 2022 for the illegal direct-to-consumer (DTC) sales of tobacco products, the Vermont Department of Liquor and Lottery (DLL) will engage in a comprehensive compliance program addressing both licensed and unlicensed DTC activity in the State of Vermont. This program will involve detailed online market-place surveillance to identify retailers purporting

**PROJECT NEED** Provide a detailed description of the problem, the current resources (both within and outside your agency) allocated to the issue, and organizations dedicated to addressing the problem within the jurisdiction. Please identify funding gaps that make it difficult to address the problem effectively.) For multi-project applications, please complete these details for all projects.

> **Response:** The Vermont Department of Liquor and Lottery (DLL) currently has 561 entities licensed to engage in direct shipment of vinous and malt products to residents of Vermont. What DLL has no data on is how complete this universe of licensed entities is when looking at the entirety of the online marketplace and all retailers willing to ship into the state. Furthermore, since the passage of the legislation stemming from the *Granholm v. Heald* case and the State of Vermont allowing this activity, no substantive compliance audits have been conducted to ensure that these licensed entities are ensuring that the delivery of beverage alcohol products are made lawfully, including age verification at the point of delivery.

DLL has 12 field investigators and 10 employed minors. This team is responsible via statute to conduct brick-and-mortar compliance checks at all licensed tobacco establishments in the state in any given year. Further, DLL carries out brick-and-mortar beverage alcohol compliance checks at licensed establishments as often as possible with available resources. Finally, DLL has engaged in some "online" or Direct to Consumer (DTC) compliance checks via limited funding from the VT Dept. of Health. Those checks have resulted in over \$800,000 in civil settlement agreements pursued by the VT Attorney General's Consumer Protection Office.

**PROJECT OBJECTIVES** Describe measurable objectives to clearly outline how the project(s) will be executed and evaluated.

> **Response:** The project seeks to collect statistically significant data relevant to the following:

- Total Number of Attempted Online Purchases of Beverage Alcohol (by type: Malt/Vinous/Spiritous)
- Total Number of Successful Online Purchases of Beverage Alcohol (by type: Malt/Vinous/Spiritous)
- Total Number of Lawfully Conducted Deliveries of Beverage Alcohol (by Business Entity and Common Carrier)
- Total Number of Unlawfully Conducted Deliveries of Beverage Alcohol (by Business Entity and Common Carrier)
- Reason Why Delivery Deemed Unlawful (Lack of Age Verification, Delivery to a Minor, Lack of Training for Common Carrier)

**PROJECT TIMELINE** Indicate start and end dates for all projects, including intermediate timelines for when key objectives will be achieved. Please also include start and end dates for RFPs, if applicable. Note: Use actual months/years.

- > **Response:**
- June 1, 2022 – Initiate the Compliance model by compiling a database of online retailers
  - June 30, 2022 – Begin compliance model by documenting online purchases and deliveries of product
  - July 2022 – Complete control purchases and document delivery
  - August 2022– Complete control purchases and document delivery
  - September 2022– Complete control purchases and document delivery
  - October 2022– Complete control purchases and document delivery
  - November 2022– Complete control purchases and document delivery
  - December 2022– Complete control purchases and document delivery
  - January 1st, 2023 – Mid-pilot report to capitulate data obtained to date
  - February 2023– Complete control purchases and document delivery
  - March 2023– Complete control purchases and document delivery
  - April 2023– Complete control purchases and document delivery
  - May 2023– Complete control purchases and document delivery
  - June 1, 2023 – Final compliance report, with delivery to common carriers, The Administration, VT Legislature, VT AGO, VT Tax and other VT agencies as appropriate

**PROJECT CONTINUATION** If this is an application to continue the same project(s) that have been previously funded by NABCA, whether in concept or substance, please indicate the rationale for its continuation. If none of your proposed projects were previously funded by a NABCA award, you can write N/A.

- > **Response:** N/A

**PROJECT EVALUATION** Provide a plan for evaluating the impact of the project(s). The evaluation should align with the measurable objectives. Examples include measuring # of trainings conducted, # of attendees, # of new stakeholders identified, # of earned media placements, # of surveys collected.

- > **Response:** This project's success will be measure via 2 Key Performance Indicators (KPI's):
- Percentage of Licensed Direct-to-Consumer Entities checked (Goal is 50% or 280 as of 4/25/2022)
  - Number of Non-licensed Direct-to-Consumer Entities checked (As many as identifiable, with target of 280)

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**SUSTAINABILITY Describe how the project(s) will be continued after the award period concludes.**

> **Response:** Should the pilot identify an observable public safety risk based on non-compliance, The Vermont Department of Liquor and Lottery (DLL) will prioritize this work to address this present licensed activity and use the data to effectively argue why increases in this mode of beverage alcohol sales are problematic. Should this activity expand or continue without major increases in observable compliance, DLL will seek permanent funding to continue high volumes of this type of compliance activity until the data would indicate that the entities engaging in this mode of beverage alcohol sale are complying. At that point in time, this type of compliance to move to a more sporadic and event-based or complaint-based response.

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**PROJECT BUDGET**

**BUDGET** Provide a brief budget justification statement to accompany the proposed budget. The justification should clearly provide a rationale for each expense as it relates to the project objectives. Monies are not to be

> **Response:** \$50,000 is requested to cover the cost of logistics related to DTC Compliance checks.

The general breakdown is anticipated to be the following:

Residence for Controlled Deliveries (short-term rental of physical location) \$12,000

Online Beverage Alcohol Product Purchases (Malt/Vinous/Spirits Beverages) x 560 \$12,000

Time/Labor (Liquor Investigators / Minors / Other DLL Employees) \$26,000

TOTAL \$50,000

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**SIGNATURE APPROVAL**

**CONFIRMATION** By printing the project coordinator's name, title and date, you are agreeing that all the information enclosed in the application is accurate and true to the best of your knowledge and that it has been reviewed and approved by the ABC Agency Director/Chairperson/Administrator.

> **Response:** Chief Skyler Genest, Senior Director of Licensee Operations

**AUTHORIZATION OF ABC DIRECTOR/CHAIRPERSON/ADMINISTRATOR** By printing the ABC Director/Chairperson/Administrators name, title, and date you are acknowledging his/her review and approval of the application.

> **Response:** Wendy Knight, Commissioner