

## Department of Planning and Budget 2004 Fiscal Impact Statement

**1. Bill Number:** SB310

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron:** Hawkins

**3. Committee:** Passed Both Houses

**4. Title:** The Virginia Wine Board

**5. Summary/Purpose:** The bill establishes the Virginia Wine Board and the Virginia Wine Promotion Fund within the Department of Agriculture and Consumer Services (VDACS). The board is composed of the Commissioner of Agriculture and Consumer Services and nine gubernatorial-appointed citizens who represent grape growers and owners or operators of wineries or farm wineries. Among its powers and duties, the board may contract for research services to improve viticulture and enological practices in Virginia, enter into contracts with private and public entities to market, advertise, and promote the industry, and engage in revenue-producing activities. The Virginia Wine Promotion Fund consists of appropriations, grants of public or private funds, fees from services rendered, and payments for products, equipment, or goods supplied. Enactment clauses repeal the Virginia Winegrowers Advisory Board and the Winegrower's Productivity Fund, transfer any moneys remaining in the Winegrower's Productivity Fund to the Virginia Wine Promotion Fund, and direct the Governor to make initial appointments to the Virginia Wine Board by July 1, 2004.

**6. Fiscal impact:** Final. See item 8, below.

**7. Budget amendment necessary:** No. Section 3-1.01 of HB30/SB30 includes language authorizing a transfer of \$490,679 in each year to the general fund from Alcoholic Beverage Control gross profits for expenses incurred by the Virginia Winegrowers Advisory Board. The Virginia Winegrowers Advisory Board is under VDACS. Item 99 of HB30/SB30 provides for the deposit of these funds into the Winegrower's Productivity Fund.

Amendments to HB/SB 30 proposed by the Senate Finance Committee and the House Appropriations Committee eliminate the Virginia Winegrowers Advisory Board and create the Virginia Wine Board, and eliminate the Winegrower's Productivity Fund and create the Virginia Promotion Fund. Amendments proposed by the Senate Finance Committee also eliminate the transfer in Section 3-1.01 of SB30 of \$490,679 in each year to the Virginia Winegrower's Advisory Board and provide for a transfer of the same amount to the Virginia Wine Promotion Fund. This transfer action is not included in the amendments proposed by the House Appropriations Committee.

The Senate Finance Committee amendments provide a funding mechanism for the Virginia Wine Promotion Fund. If the Senate Finance Committee amendments are adopted, no further budget amendments are necessary.

- 8. Fiscal implications:** The bill establishes the Virginia Wine Board within the Department of Agriculture and Consumer Services and creates the Virginia Wine Promotion Fund as a special, nonreverting fund. The bill provides that the balance remaining in the Winegrowers Productivity Fund on the effective date of the act is transferred to the Virginia Wine Promotion Fund. The bill does not otherwise provide a funding mechanism for the Fund; however, amendments proposed by the Senate Finance Committee fund the Fund from Alcoholic Beverage Control gross receipts.
- 9. Specific agency or political subdivisions affected:** Winegrowers Advisory Board, Department of Agriculture and Consumer Services.
- 10. Technical amendment necessary:** Funding is general fund in both the House and Senate amendments to HB30/SB30. In the Senate amendments, the general fund recovers expenditures from Alcoholic Beverage Control gross receipts.
- 11. Other comments:** The bill makes significant changes to clarify the nature of the Virginia Wine Board and removes the wine liter tax as a funding mechanism for the Virginia Wine Promotion Fund. The amendments to SB 30 proposed by the Senate Finance Committee direct the transfer provided for in Section 3-1.01 to the Virginia Wine Board. Proposed Senate Finance Committee and House Appropriations Committee amendments to HB30/SB30 delete the Virginia Winegrowers Advisory Board and create the Virginia Wine Board.

**Date:** 3/03/04 tmw

**Document:** G:\2004 Session\Legislation\Sb310er.Doc

cc: Secretary of Commerce and Trade