

## Department of Planning and Budget

### 2004 Fiscal Impact Statement

**1. Bill Number:** SB310

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

**2. Patron:** Hawkins

**3. Committee:** Finance

**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. 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 Winegrowers Productivity Fund, transfer any moneys remaining in the Winegrowers 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:** See item 8.

**7. Budget amendment necessary:** Yes. An initial nongeneral fund appropriation to the Virginia Wine Promotion Fund should be included to support the Virginia Wine Board. Adjustments to the initial appropriation for additional funding from donations, fees, and payments may be made administratively as needed.

Section 3-1.01 of Senate Bill 30, the Budget Bill, includes an interfund transfer of \$490,697 in each year from Alcoholic Beverage Control gross profits for expenses incurred by the Virginia Winegrowers Advisory Board. The transfer, and the associated appropriation of the transferred funds (in Item 99), should be deleted, if the Winegrowers Advisory Board is eliminated. Alternatively, the language of the transfer could be amended to direct the transfer to the Virginia Wine Promotion Fund. This would establish a funding source for the initial nongeneral fund appropriation.

**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, but states that the fund will consists of appropriations, grants, fees and payments. Therefore, it is difficult to estimate the revenue that will be available to support the Virginia Wine Board's activities.

**9. Specific agency or political subdivisions affected:** Winegrowers Advisory Board,  
Department of Agriculture and Consumer Services.

**10. Technical amendment necessary:** No.

**11. Other comments:** The amended bill as engrossed make 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.

**Date:** 2/11/04 kbs

**Document:** G:\04 Fis\Dacs\Sb310e.Doc

cc: Secretary of Commerce and Trade