

## Department of Planning and Budget

### 2007 Fiscal Impact Statement

**1. Bill Number** SB1164

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

**2. Patron** Bell

**3. Committee** Rehabilitation & Social Services

**4. Title** Alcoholic beverage control; small wine producer distributor license.

**5. Summary/Purpose:** Creates a new small producer distributor license that authorizes the licensee to sell and deliver the wine produced by the licensee, in accordance with the Alcoholic Beverage Control Board regulations, in closed containers, to (i) persons licensed to sell the wine at retail for the purpose of resale, § 4.1-326 notwithstanding, (ii) the Board, and (iii) persons in Virginia to whom alcoholic beverages may be lawfully sold. All deliveries of such wine by the licensee to persons in Virginia to whom alcoholic beverages may be lawfully sold shall be performed by the owner, or any agent, director, shareholder or employee of the licensee. The bill provides that, for purposes of § 4.1-234 and Chapter 6 (§ 58.1-600 et seq.) of Title 58.1, each delivery of wine by such licensee to a consumer or a retail licensee shall constitute a sale in Virginia. Licensees are required to collect the taxes due to the Commonwealth and remit any excise taxes monthly to the Board and any sales tax to the Department of Taxation. The bill defines “small wine producer” as any winery located outside the Commonwealth and licensed as such in the state where the winery is located and that produces no more than 2,500 cases of wine during any calendar year. The bill also grants these same privileges to certain winery and farm winery licensees under the same production restrictions. The bill sets the state license tax for this new license and requires the ABC Board to adopt emergency regulations to implement the provisions of the bill.

**6. Fiscal Impact Estimates are:** PRELIMINARY; See item 8.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** Currently there are 110 licensed Virginia wineries. According to the Department of Alcoholic Beverage Control (ABC) most of these Virginia wineries would be expected to choose to self-distribute. Since the license would cost \$2,000, the potential revenue of this bill could be as much as \$220,000. According to ABC the additional costs associated with regulatory oversight in the form of wholesale audits and monitoring would offset this revenue.

**9. Specific agency or political subdivisions affected:** The Department of Alcoholic Beverage Control

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

**11. Other comments:** Similar to HB1829.

**Date:** 01/11/07 / ltc

**Document:** DPB C:\2007FIS\posted\sb1164.doc

cc: Secretary of Public Safety