

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** SB525

House of Origin      X     Introduced                 Substitute                 Engrossed  
Second House                In Committee             Substitute                 Enrolled

**2. Patron:**        Norment

**3. Committee:** Finance

**4. Title:**        **Cooperative Marketing Fund of the Virginia Tourism Authority;  
dedication of soft drink excise tax and litter tax thereto**

**5. Summary:** Dedicates the revenues from the Commonwealth's soft drink excise tax, litter tax, and a portion of the revenue from the beer and wine cooler excise tax (which was increased by Chapter 616 of the 1977 Acts of Assembly) to the Cooperative Marketing Fund administered by the Virginia Tourism Authority. The first priority for moneys in the Cooperative Marketing Fund shall be as a match for private funds to be used for the promotion, marketing, and advertising of the Commonwealth's tourist attractions and locations. Current law dedicates the revenue to the Litter Control and Recycling Fund in the Department of Environmental Quality (DEQ).

**6. Fiscal impact estimates are preliminary.** See item 8, below.

**7. Budget Amendment Necessary:** Yes. Items 357, 354, 120, and 96, and §3-1.01 AA.1. See item 8, below.

**8. Fiscal Implications:** Revenue generated from the “soft drink tax”, established in §58.1-1702, Code of Virginia, the “litter tax”, established in §58.1-1707, Code of Virginia, and two percent of the revenue generated from the “tax on beer and wine coolers”, provided for in §4.1-236, Code of Virginia, are deposited to the Department of Environmental Quality’s (DEQ) Litter Control and Recycling Fund. The Code directs that DEQ use the funds in the Litter Control and Recycling Fund for litter prevention and recycling grants to localities and the administration of the grants. Ninety-five percent is allocated for grants and five percent can be used for program administration and costs associated with the Litter Control and Recycling Fund Advisory Board, which oversees the program. One FTE is supported with the funds for administration.

In FY 2009, the litter tax generated \$879,168, the soft drink tax generated \$199,427, and the beer tax generated \$889,890, or a total of \$1.97 million, for the fund. The bill redirects the revenue generated from these sources from the Litter Control and Recycling Fund to the Cooperative Marketing Fund. The Cooperative Marketing Fund, currently within the Virginia Tourism Authority, provides matching funds to localities for the promotion, marketing, and advertising of tourist attractions and locations within the Commonwealth. Funds are provided on a reimbursement basis. Currently, Tourism has \$425,000 within its base budget for this program.

In addition, the bill establishes the Marketing Fund as a fund on the books of the state Comptroller. Currently, funds provided to Tourism for cooperative marketing are not part of the state's financial system and are not on the books of the Comptroller. As an independent authority, and not a state agency, Tourism is not a part of the state's accounting system; it is required to have its own bank accounts, payroll, personnel, procurement, and travel policies. While it is subject to review by the Auditor of Public Accounts, it is not part of the state's financial system (CARS). Tourism receives its funding from the state in twelve equal monthly installments, included in this funding is the \$425,000 currently provided for cooperative marketing.

Tourism is currently responsible for administering the Governor's Motion Picture Opportunity Fund. State support for the program is budgeted in the Office of the Secretary of Commerce and Trade; beginning in FY 2011, funding is budgeted in Economic Development Incentive Payments. Funds for the program are expensed in the Office of the Secretary of Commerce and Trade to maintain a record of these expenditures in the state's financial systems and for budget transparency. Funds for the Marketing Fund could be budgeted in Economic Development Incentive Payments. This would allow Tourism to administer the program and provide a record of program expenditures in the state's financial systems and facilitate budget transparency.

Budget amendments are necessary to reduce the appropriations for the Litter Control and Recycling Fund in DEQ's budget and a budget amendment is necessary in Economic Development Incentive Payments to increase the appropriation by a like amount. Currently funding for the cooperative marketing program is part of Tourism's budget. Under the provisions of the bill, these funds would become part of the Marketing Fund on the books of the Comptroller. A budget amendment is necessary to transfer these funds to the new Marketing Fund. Also, HB30/SB30 assumes that \$255,000, in each year, of the funds for the litter grants will be transferred to the general fund. This transfer is part of DEQ's budget reductions.

**9. Specific Agency or Political Subdivisions Affected:** Departments of Environmental Quality, Taxation, and Alcoholic Beverage Control, the Virginia Tourism Authority, and localities.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/1/2010 tmw

**Document:** G:\2010 Session\Legislation\SB525.Doc