

Department of Planning and Budget

2012 Fiscal Impact Statement

1. Bill Number: SB398ER

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Hanger

3. Committee: Passed Both Houses

4. Title: Alcoholic beverage control (ABC); outdoor advertising; penalty.

5. Summary: Requires all outdoor advertising of alcoholic beverages to be in compliance with ABC law, ABC Board regulations, and Virginia Department of Transportation (VDOT) law and regulations concerning outdoor advertising in sight of public highways. The bill provides that the provisions of ABC law relating to outdoor advertising of alcoholic beverages shall not apply to any sign that is included in the Integrated Directional Sign Program administered by the Virginia Department of Transportation or its agents. The bill also provides that the Virginia Department of Transportation is responsible for determining compliance with the outdoor advertising of alcoholic beverages on signs and billboards. The bill sets out the penalties for violation. The bill has an emergency clause.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Final (see Item #8)

8. Fiscal Implications: In the 2011 General Assembly session, the Code of Virginia was amended to require the Alcoholic Beverage Control (ABC) Board to adopt restrictions on outdoor alcoholic beverage advertising. Agreements signed by VDOT with the Federal Highway Administration (FHWA) assign VDOT the responsibility of regulating all outdoor advertising adjacent to highways. The FHWA agreements contain a monetary penalty, in the form of a reduction of up to 10 percent of Virginia's federal transportation funding, if Virginia fails to comply with federal standards governing advertising along highways. The proposed legislation will clarify that that outdoor advertising regulations adopted by the ABC Board will conform to the federal standards, which will prevent Virginia from incurring any financial penalties. This legislation is not expected to have any material fiscal impact on state resources.

Under this legislation, noncompliance with ABC Board distance and zoning restrictions is a Class 4 misdemeanor punishable by a fine of up to \$250. According to the Department of Alcoholic Beverage Control, it is unlikely an offense would occur that warrants this punishment. Liquor companies contract with the billboard companies with the expectation that the billboard companies are versed in what boards are legal in what locations. Since liquor-related billboards became legal in July of 2011, there have been zero violations of ABC Board distance and zoning restrictions on outdoor advertising.

Further, this legislation creates a provision where a civil penalty of up to \$250 per violation could be assessed each day a violation remains uncorrected after a final determination by the Commissioner has been issued. Whereas it is not expected many violations would take place, all penalties collected under this provision would go to the Highway Maintenance and Operating Fund.

9. Specific Agency or Political Subdivisions Affected: Department of Alcoholic Beverage Control, Virginia Department of Transportation

10. Technical Amendment Necessary: No

11. Other Comments: Same as HB471ER

Date: February 28, 2012

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