

Fiscal Impact Review

2018 General Assembly Session

Date: January 26, 2018

Bill number: HB 1005; Alcohol beverage control, wine wholesaler, primary area of responsibility

Review requested by: Chairman Peace, House General Laws

JLARC Staff Fiscal Estimates

JLARC staff concur with the fiscal impact statement issued by the Department of Planning and Budget, which indicates that HB 1005 is not expected to create a material fiscal impact. HB 1005 would remove the provision in current law that the "primary area of responsibility" designated in an agreement between a winery and wholesaler cannot be construed as restricting sales by the wholesaler to be exclusively within the sales territory. The bill is expected to have a negligible impact on agency operations and is not expected to impact revenue.

An explanation of the JLARC staff review is included on the pages that follow.

Authorized for release:



Hal E. Greer, Director

Bill summary

Under the Virginia Wine Franchise Act (§§ 4.1-400 through 4.1-418) wineries and wholesalers enter into franchise agreements that designate the sales territory of wholesalers. HB 1005 would remove a provision in current law that the “primary area of responsibility” designated in an agreement cannot be construed as restricting sales or sales efforts by the wholesaler to be exclusively within the sales territory. As a result of removing this provision, HB 1005 would allow greater territorial restriction in franchise agreements between wineries and wholesalers.

Fiscal implications

JLARC staff concur with the fiscal impact statement for HB 1005 that there would be no fiscal impact. The bill would have a negligible impact on the operations of the Department of Alcohol Beverage Control. At most, agency staff indicate that forms used to register agreements between wineries and wholesalers may need to be modified. The bill is also not expected to impact overall wine sales, so there would not likely be a revenue impact.

Budget amendment necessary? No

Agencies affected: Virginia Department of Alcohol Beverage Control

Prepared by: Kimberly Sarte

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