

**Department of Planning and Budget
2008 Fiscal Impact Statement**

1. Bill Number: HB1416

House of Origin X Introduced ___ Substitute ___ Engrossed

Second House ___ In Committee ___ Substitute ___ Enrolled

2. Patron: Ware, O.

3. Committee: General Laws

4. Title: **Alcoholic beverage control; tax increases; substance abuse treatment fund.**

5. Summary: Requires the Alcoholic Beverage Control Board to deduct quarterly five percent from its net profits to be paid into the Substance Abuse Treatment Fund, which is created in the bill. The fund shall be administered by the Secretary of Health and Human Resources and money in the fund shall be used solely to support substance abuse treatment programs throughout Virginia. The bill also raises the excise tax on beer and wine coolers and the liter tax on wine.

Excise tax on beer and wine coolers:

Current tax:	Proposed tax:
25 and 65	75 and 95 hundredths cents per gallon per barrel
2 cents	6 cents per bottle on bottles of not more than seven ounces each
2 and 65	7 and 95 hundredths cents per bottle on bottles of more than 7 ounces each but not less than
2 and 22	6 and 61 hundredths mills per ounce per bottle on bottles of more than 12 ounces each

Liter tax on wine:

Current tax:	Proposed tax:
40 cents	45 cents on each liter of wine

6. Fiscal Impact Estimates: *Preliminary.*

6b. Revenue Impact: Increased taxes

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2008	\$93,444,717	GF
2009	\$93,444,717	GF
2010	\$93,444,717	GF
2011	\$93,444,717	GF
2012	\$93,444,717	GF
2013	\$93,444,717	GF

2014

\$93,444,717

GF

6b. Revenue Impact: Creation of Substance Abuse Treatment Fund

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2008	(\$5,000,000)	GF
2009	(\$5,000,000)	GF
2010	(\$5,000,000)	GF
2011	(\$5,000,000)	GF
2012	(\$5,000,000)	GF
2013	(\$5,000,000)	GF
2014	(\$5,000,000)	GF

7. **Budget Amendment Necessary:** Yes. Front page and Part III § 3-1.01A of HB30 (the 2008-2010 Budget Bill).
8. **Fiscal Implications:** The creation of the Substance Abuse Treatment Fund would reduce the amount of ABC's profits transferred to the general fund. In FY08, five percent of ABC's profits amounts to approximately \$5 million. The proposed excise tax rate increase on beer and wine coolers equates to approximately \$90 million in incremental tax revenue, while the five cent increase in the wine liter tax would equate to approximately \$3 million. The estimates for revenue increases do not include any declines in volume from changes in consumer demand from higher prices.
9. **Specific Agency or Political Subdivisions Affected:** Department of Alcoholic Beverage Control and The Department of Taxation.
10. **Technical Amendment Necessary:** Yes.
11. **Other Comments:** Similar to HB696.

Date: 1/22/2008 dpb

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