

## Department of Planning and Budget 2010 Fiscal Impact Statement

**1. Bill Number:** SB237

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

**2. Patron:**        Watkins

**3. Committee:** Senate Committee on Rehabilitation and Social Services

**4. Title:**         **Alcoholic beverage control; wine liter tax.**

**5. Summary:** Requires the portion of the wine liter tax collected from the sale of wine produced by farm wineries to be deposited in the Virginia Wine Promotion Fund for use by the Wine Board.

**6. Fiscal Impact Estimates:** Preliminary (see Item 8)

**7. Budget Amendment Necessary:** Yes, Item 384

**8. Fiscal Implications:** The Virginia Wine Promotion Fund provides funding to the Virginia Wine Board for wine-related projects and initiatives. In accordance with the 2009 Virginia Acts of Assembly (Chapter 781), the Alcoholic Beverage Control (ABC) Board provided \$580,679 each year of the biennium for Virginia Wine Board expenses.

This legislation, as introduced, requires a portion of the wine liter tax be deposited into the Virginia Wine Promotion Fund for use by the Virginia Wine Board. The wine liter tax is 40 cents per liter paid to ABC by wholesalers and wineries as they transfer product to retailers. In FY 2009, ABC collected \$1.3 million in liter tax from Virginia Wines. Transferring this amount to the Wine Promotion Fund creates an equivalent shortfall in revenue to be transferred to the state's general fund.

**9. Specific Agency or Political Subdivisions Affected:** ABC, Virginia Wine Board

**10. Technical Amendment Necessary:** No

**11. Other Comments:** According to ABC, this legislation does not impact agency revenues or expenses but diverts funds from the State General Fund to the Wine Promotion Fund. This bill is the same as HB588.

**Date:** 2/1/2010    dpb

**Document:** G:\2010 FIS\HB237.Doc    Reginald Thompson