

Department of Planning and Budget

2019 Fiscal Impact Statement

1. Bill Number: SB1420

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Sturtevant

3. Committee: House Committee on General Laws

4. Title: Co-working establishment license

5. Summary: The proposed bill creates a co-working establishment license that allows facilities that have at least 25 members and offer shared office space to serve wine and beer to members and guests on the licensed premises. The bill imposes a \$100 annual state tax and a \$20 annual local tax on the license.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate (see Item 8)

8. Fiscal Implications: According to the Virginia Alcoholic Beverage Control Authority (“Authority”), there are approximately 126 co-working facilities in the Commonwealth. Depending on the number of co-working establishments that would seek a license under this bill, there could be a significant impact on the Authority licensing and enforcement operations. However, a fiscal impact cannot be determined at this time.

The bill establishes an annual state license fee of \$100, in addition to the required one-time application fee of \$195. If all 126 co-working facilities applied for a license, the first year revenue would be \$37,170 and \$12,600 in each succeeding year. Additionally, if all 126 co-working facilities applied for a license, the Authority anticipates a need for at least 1.5 additional personnel to enforce compliance with ABC laws and regulations at a cost of \$125,372 the first year, which includes personnel and equipment costs, and \$83,646 each succeeding year. However, because it cannot be determined if all 126 co-working facilities will apply for a license, and when they would apply, the immediate fiscal impact on the agency operations cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Virginia Alcoholic Beverage Control Authority

10. Technical Amendment Necessary: No

11. Other Comments: None