

Department of Planning and Budget 2019 Fiscal Impact Statement

1. Bill Number: SB1668

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Reeves

3. Committee: Senate Committee on Rehabilitation and Social Services

4. Title: Establish distiller commissions and Sunday store hours

5. Summary: Requires the Alcoholic Beverage Control Authority (“ABC”) to pay a distiller who operates a government store on the distiller's licensed premises a commission of not less than 20 percent of the retail price of any goods sold. The bill also allows certain government stores, as determined by the ABC Board, to be open on Sundays for the sale of alcoholic beverages after 10:00 a.m.

6. Budget Amendment Necessary: Yes, Item 385

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

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	\$729,805	Enterprise (0500)
2021	\$758,997	Enterprise (0500)
2022	\$789,357	Enterprise (0500)
2023	\$820,931	Enterprise (0500)
2024	\$853,768	Enterprise (0500)
2025	\$887,919	Enterprise (0500)

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	\$858,697	Enterprise (0500)
2021	\$895,192	Enterprise (0500)
2022	\$933,238	Enterprise (0500)
2023	\$972,900	Enterprise (0500)
2024	\$1,014,248	Enterprise (0500)
2025	\$1,057,354	Enterprise (0500)

8. Fiscal Implications: Currently, there are 45 distillery stores in the Commonwealth. Based on current distillery store agreements, each distillery store is paid a commission calculated at 8 percent of gross monthly sales. In FY2018, ABC paid \$467,824 in distillery store commissions.

The proposed bill would increase distillery store commissions from 8 percent to a minimum of 20 percent. According to ABC, distillery store commissions is expected to grow at a rate of 4 percent per year.

The proposed bill would also permit ABC to open government stores on Sundays after 10 a.m. Currently, ABC opens stores on Sundays beginning at 12 noon. Under the proposed bill, ABC is anticipating opening approximately 253 government stores after 10 a.m. on Sundays. Based upon projections from ABC, FY2020 total gross sales from opening the 253 stores after 10 a.m. would amount to roughly \$3.6 million, which would net approximately \$858,697 in gross profits.

As shown in the following table, the anticipated increase in profits from earlier Sunday hours is sufficient to cover the anticipated increase in expenses due to higher distiller commissions:

Fiscal Year	ABC Store Incremental Profit (Column A)	Distillery Store Commission Expense (Column B)	Additional profit to the Commonwealth (Column A minus Column B)
2020	\$858,697	\$729,805	\$128,892
2021	\$895,192	\$758,997	\$136,195
2022	\$933,238	\$789,357	\$143,881
2023	\$972,900	\$820,931	\$151,969
2024	\$1,014,248	\$853,768	\$160,480
2025	\$1,057,354	\$887,919	\$169,435

Note: The year-to-year profit increase is based on the annual revenue growth rates as reflected in the Governor's Advisory Council on Revenue Estimates (GACRE) forecast.

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

10. Technical Amendment Necessary: No

11. Other Comments: Identical to HB1770