

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1312

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

2. Patron: Mason

3. Committee: Finance and Appropriations

4. Title: Virginia Spirits Promotion Fund; assessment on distillers; emergency.

5. Summary: Requires licensed distillers to collect an assessment for each liter of spirits sold and remit such assessment to the Tax Commissioner to the credit of the Virginia Spirits Promotion Fund. The bill authorizes the Virginia Spirits Board to set the amount of such assessment, not to exceed \$1 per liter of spirits sold. The bill contains an emergency clause.

6. Budget Amendment Necessary: Yes, to Items 97, 282, and 284 of HB1800/SB1100.

7. Fiscal Impact Estimates: Preliminary.

7a. Expenditure Impact: Department of Taxation (Items 282 and 284)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$184,000	n/a	GF
2022	\$41,000	n/a	GF
2023	\$18,000	n/a	GF
2024	\$18,000	n/a	GF
2025	\$18,000	n/a	GF
2026	\$18,000	n/a	GF
2027	\$18,000	n/a	GF

Expenditure Impact: Department of Agriculture and Consumer Services (Item 97)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	n/a	n/a	Nongeneral
2022	\$164,722	n/a	Nongeneral
2023	\$164,722	n/a	Nongeneral
2024	\$164,722	n/a	Nongeneral
2025	\$164,722	n/a	Nongeneral
2026	\$164,722	n/a	Nongeneral
2027	\$164,722	n/a	Nongeneral

7b. Revenue Impact: Department of Agriculture and Consumer Services (Item 97)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021		
2022	\$164,722	Nongeneral
2023	\$164,722	Nongeneral

2024	\$164,722	Nongeneral
2025	\$164,722	Nongeneral
2026	\$164,722	Nongeneral
2027	\$164,722	Nongeneral

- 8. Fiscal Implications:** It is anticipated that this bill will have a fiscal impact on the Department of Taxation (TAX) and the Department of Agriculture and Consumer Services (VDACS). This bill would require licensed distillers to collect an assessment for each liter of spirits sold. The bill authorizes the Virginia Spirits Board to set the amount of the assessment, up to \$1 per liter of spirits sold. Licensed distillers would be required to remit the assessment and a report to TAX on or before the last day of the month following the end of each calendar quarter. TAX estimates that it would incur costs of \$184,000 in FY 2021, \$41,000 in FY 2022, and \$18,000 per year thereafter to implement the provisions of this bill. Such costs would primarily due to technology and processing expenses related to implementation of this new assessment.

The revenue from the assessment would be allocated to the Virginia Spirits Promotion Fund, which is administered by the Virginia Spirits Board within VDACS. The Board was established in a new Chapter 30.1 (Va. Code § 3.2-3007 et seq.) in Title 3.2 of the Code of Virginia pursuant to Chapters 85 and 410 of the 2020 Acts of Assembly. The third enactment of Chapters 85 and 410 directed the Board to submit a report to VDACS detailing how the Board planned to fund the Virginia Spirits Promotion Fund after July 1, 2021. In the report, the Board proposed the implementation of an industry assessment ranging from five cents to one dollar (\$0.05 - \$1.00) based on the retail price per liter of Virginia spirits sold. Based on this proposed assessment, VDACS anticipates receiving approximately \$164,722 annually in revenue. VDACS can absorb the administrative implementation of this bill within its current resources. Item 97, Paragraph A of HB1800/SB1100 will need to be amended by adding the Virginia Spirits Board along with nongeneral fund appropriation to the Agricultural Commodity Boards.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Taxation; Department of Agriculture and Consumer Services; Virginia Spirits Board.

10. Technical Amendment Necessary: No.

11. Other Comments: None.