

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB1428

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

2. Patron: Locke

3. Committee: Senate Committee on Rehabilitation and Social Services

4. Title: Sale of low alcohol beverage coolers

5. Summary: The proposed bill prohibits the Board of Directors (ABC) of the Virginia Alcoholic Beverage Control Authority from selling in government stores low alcohol beverage coolers not manufactured by licensed distillers. Under current law, the Board may sell any low alcohol beverage coolers in government stores. The bill has a delayed effective date of January 1, 2022.

6. Budget Amendment Necessary: See Line #8

7. Fiscal Impact Estimates: Preliminary (see Line #8)

8. Fiscal Implications: Low alcohol beverage cooler is defined as a drink containing one-half of one percent or more of alcohol by volume, but not more than seven and one-half percent alcohol by volume, and consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials; it may also contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, preservatives or other similar products manufactured by fermenting fruit or fruit juices.

Effective January 1, 2022, the proposed bill would prohibit ABC from selling low alcohol beverage coolers that were not manufactured by ABC licensed distillers. According to ABC, approximately 87 percent of its low alcohol beverage cooler gross sales in calendar year 2020 came from distilleries located outside of the Commonwealth.

The following chart shows the projected loss sales and profits by fiscal year based on the proposed bill:

Fiscal Year	Projected Loss Sales	Projected Loss Profits
FY 2022	\$4.8 million	(\$1.6 million)
FY 2023	\$5.9 million	(\$1.9 million)
FY 2024	\$5.9 million	(\$1.9 million)
FY 2025	\$5.9 million	(\$1.9 million)
FY 2026	\$5.9 million	(\$1.9 million)
FY 2027	\$5.9 million	(\$1.9 million)

The current Appropriation Act (Chapter 56, 2020 Virginia Acts of Assembly Special Session 1) is supported by \$139.5 million in ABC profits in FY 2021 and \$132.7 million in FY 2022. If the proposed bill is adopted, ABC profit deposits to the general fund will likely be lower beginning in FY 2022.

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

10. Technical Amendment Necessary: No

11. Other Comments: None