

Department of Planning and Budget

2022 Fiscal Impact Statement

1. Bill Number: SB196S1

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

2. Patron: Mason

3. Committee: Senate Committee on Rehabilitation and Social Services

4. Title: Tax allocation for funding the Virginia Spirits Promotion Fund

5. Summary: The substitute bill amends § 3.2-3011 (Powers and duties of the Board) to reflect that the Board of Agriculture and Consumers Services must submit an annual report to the Governor and General Assembly by October 1 of each year regarding the Board's activities and use of moneys in the Virginia Spirits Promotion Fund, including statistics regarding the extent to which use of moneys in the Virginia Spirits Promotion Fund has impacted spirits sales in the Commonwealth, which must be submitted for publication as a report document as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and must be posted on the General Assembly's website.

The bill also amends § 4.1-235 (Collection; computation, distribution of tax on wine and other alcoholic beverages; refunds and adjustments) to include that twenty percent of the portion of tax collected pursuant to subsection B of § 4.1-234 (Tax on wine and other alcoholic beverages; exceptions) that is attributable to the sale of spirits produced by a distiller licensee must be deposited in the Virginia Spirits Promotion Fund.

6. Budget Amendment Necessary: Yes, Item 0, Front Page

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

8. Fiscal Implications: According to the Alcoholic Beverage Control Authority (ABC), distiller excise taxes were \$4.6 million in FY 2021. Assuming FY 2022 distiller excise taxes remain at FY 2021 levels, it is estimated that \$920,000 in FY 2022 ABC profits would be deposited in the Virginia Spirits Promotion Fund and that ABC profit transfers to the general fund would be reduced by that same amount. The deposits to the Virginia Spirits Promotions Fund and the reduction in profit transfers to the general fund for FY 2023 and FY 2024 cannot be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services and the Virginia Alcoholic Beverage Control Authority

10. Technical Amendment Necessary: No

11. Other Comments: None