

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 303 - HB 302

April 2, 2019

SUMMARY OF BILL: Attaches the Viticulture Advisory Board (Board) to the Tennessee Department of Agriculture, and establishes the Wine and Grape Fund (Fund). Appropriates six percent of the tax on the sale of wine to the Fund for exclusive use of the Board. Authorizes the Board to use the funds for: research and industry outreach at state universities and community colleges, increasing in-state grape production, developing and marketing the industry of wine manufactured in this state, employing an executive director, and issuing grants and entering contracts for purposes of furthering the goals set forth in this proposed legislation.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$1,002,000/Grape and Wine Fund

Decrease State Revenue - \$826,700/General Fund

Increase State Expenditures - \$1,002,000/Grape and Wine Fund

Decrease Local Revenue - \$175,400

Assumptions:

- Pursuant to Tenn. Code Ann. § 57-3-302(a), a \$1.21 tax is imposed on each gallon of wine. The proceeds of the tax are distributed 82.5 percent to the General Fund and 17.5 percent to the counties.
- The proposed legislation will require that six percent of all proceeds of the tax are deposited to the newly-created Fund for the use by the Board.
- The expected collections of this tax for FY19-20 are \$16,700,000. This number is assumed to remain constant in subsequent years.
- The recurring increase in state revenue to the newly-created Fund is estimated to be \$1,002,000 ($\$16,700,000 \times 6\%$).
- The recurring decrease in state revenue to the General Fund is estimated to be \$826,650 ($\$1,002,000 \times 82.5\%$).
- The recurring decrease in local revenue is estimated to be \$175,350 ($\$1,002,000 \times 17.5\%$).

- The Board will use funds in the newly-created Fund to for viticulture research and industry outreach at state universities and community colleges, for fermentation science research and outreach for enology at state universities and community colleges, increasing in-state grape production, developing and marketing the industry of wine manufactured in this state, and employing an executive director and support staff.
- The precise increase in state expenditures from the Fund in any given year is unknown; however, it is reasonably assumed that the Board will utilize all funds available in the Fund for the purposes stated in this act. The total recurring increase in state expenditures from the Fund is estimated to be \$1,002,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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