

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: SB635

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

2. Patron: Rouse

3. Committee: Rehabilitation and Social Services

4. Title: Alcoholic beverage control; sale and delivery of mixed beverages and pre-mixed wine for off-premise.

5. Summary: This bill makes the following changes to the administration of licenses under the Alcoholic Beverages Control Act:

- The bill repeals § 4.1-212.2, which governs third-party delivery licenses and sets penalties for violations.
- The bill also repeals, effective July 1, 2026, third-party delivery licenses.
- The bill requires the Authority to convene a work group to review third-party delivery licenses and report its findings and recommendations to the Chairs of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social Services by November 15, 2024.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary. See Item 8 below.

8. Fiscal Implications: Current law (§ 4.1-231.1) sets the fee for a third-party delivery license at \$7,500, unless the licensee provides written certification to the Board of Directors of the Virginia Alcoholic Beverage Control Authority (the Board) that the licensee has no more than 25 delivery personnel, including employees, agents, and independent contractors that engage in direct-to-consumer alcoholic beverage delivery, in which case the license fee is \$2,500.

Current law also assesses penalties for any person who violates § 4.1-212.2 at (i) \$2,500 for a first violation and (ii) \$5,000 for any second or subsequent violation. The penalties provided under this law may be imposed in addition to or without imposing any other penalties or actions provided by law.

According to the Alcoholic Beverage Control Authority (ABC), the license fee and any associated civil penalties ABC collects is offset by the expenditures of licensing, regulation,

and enforcement related to third party delivery licenses. Therefore, on net, repealing third-party delivery licenses is not expected to have a material fiscal impact on agency operations.

It is expected that ABC could absorb the costs associated with the required work group.

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

10. Technical Amendment Necessary: No

11. Other Comments: This bill is companion to HB688.