

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 302 - HB 1075

April 23, 2019

SUMMARY OF ORIGINAL BILL: Establishes the Tennessee Wine and Grape Board (Board), as well as the Wine and Grape Fund (Fund), for use by the Board. Authorizes the Board to use funds in the Fund to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, to market and educate relating to grapes grown and wine produced in Tennessee, and to issue grants for purposes of promoting the wine industry and viticulture in the state. Requires wine tax collections to be allocated to the newly-created Fund.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$16,700,000/Wine and Grape Fund

Decrease State Revenue - \$13,777,500/General Fund

Increase State Expenditures - \$16,700,000/Wine and Grape Fund

Decrease Local Revenue - \$2,922,500

SUMMARY OF AMENDMENT (008674): Deletes all language after the enacting clause. Repeals the *Tennessee Viticulture Policy Act* which created the current Viticulture Advisory Board. Establishes the Tennessee Wine and Grape Board (Board). Requires the Board to use money appropriated to the Board to increase the number of Tennessee wineries, to improve the quality of wine produced by wineries in Tennessee, to promote the wine industry and viticulture in this state, and to implement and maintain a wholesaler rebate program for Tennessee wineries. Grants authority to the Office of the Comptroller of the Treasury to audit the Board as it deems necessary. Adds the board to the Tennessee Governmental Entity Review Law with a scheduled termination date of June 30, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Exceeds \$200,000

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Assumptions for the bill as amended:

- According to the Department of Agriculture, the current Viticulture Advisory Board incurred no expenses in the past year; therefore, it is estimated that any decrease in state expenditures associated with the repeal of the *Tennessee Viticulture Policy Act* will be not significant.
- Seven members will serve on the Board without compensation for their services, reimbursement for travel expenses, or per diem for the purposes of carrying out their duties as stated in this proposed legislation.
- The Board will use appropriated funds to increase the number of Tennessee wineries, to improve the quality of wine produced by wineries in Tennessee, to promote the wine industry and viticulture in this state, to hire staff as necessary to carry out the duties of the Board, and to implement and maintain a wholesaler rebate program for Tennessee wineries.
- The precise amount required for grants, promotion, and improvements to Tennessee wineries is unknown, but is reasonably estimated to exceed \$200,000 per year. It is assumed that a recurring General Fund appropriation will be made each year to fund such expenditures.
- The Office of the Comptroller of the Treasury can audit the Board, as it deems necessary, utilizing existing resources of the Office without a significant increase in state expenditures.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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