

Response to Questions on the FY 2005 Advertised Budget Plan

Request By: Chairman Connolly

Question: Would Fairfax County receive additional state revenue if the General Assembly approves Sunday liquor sales?

Response: Governor Warner's proposed 2004 -2006 Biennium Budget included an \$8.2 million increase in ABC and wine tax revenue based on revised projections. Based on these State estimates, Fairfax County alone was projected to receive an additional \$1.0 million over the biennium from ABC profits.

In addition, HB 1314 which passed both houses allows ABC stores in Northern Virginia and Tidewater to be open on Sundays, generating additional state and local revenue because of increased sales. State projections of expenditures and revenues from Sunday ABC sales resulted in net ABC profits of \$739,373. HB 1314 did not include a change in the way ABC profits are distributed to localities. By Statute, two thirds of net profits go to localities based on the locality's share of statewide population not point of sale; therefore, \$487,986 would be distributed to all localities based on 2000 Census population. Based on the County's share of statewide population in 2000 (13.19 percent), Fairfax County could expect to receive an additional \$64,000 from the opening of ABC stores on Sunday.

Despite HB 1314, the House budget proposal level funds the distribution of ABC profits and wine taxes to localities at the FY 2004 level; therefore, any additional profits from the sale of wine and other alcoholic beverages in FY 2005 and FY 2006 due to growth in revenue or Sunday hours would remain with the State.

The Senate does not hold the FY 2005 and FY 2006 locality distribution to the FY 2004 level. Under the Senate plan, additional revenue generated in FY 2005 and FY 2006 including Sunday sales, if signed by the Governor, would be shared with the state and all localities based on population.