

AGRICULTURE COMMODITY BOARD

ANNUAL REPORT

for the Virginia Spirits Board

Fiscal Year: 2022-2023

August 15, 2023

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The Virginia Spirits Board

I. Narrative

The Virginia Spirits Board (Board) and the Virginia Spirits Promotion Fund (Fund) were established by the enactment of Chapters 85 and 410 of the 2020 Acts of Assembly. The Board and Fund were created to provide resources for promotion of the Virginia spirits industry by a number of means approved by an administrative board appointed by the Governor. The purpose of the Board is to foster the development of the Virginia spirits industry by expanding spirits research, increasing education, and promoting the production of ingredients necessary for alcohol distillation and the production of spirits in the Commonwealth.

Legislation was passed during the 2022 Session of the General Assembly establishing a revenue source for the Fund. Chapters 84 and 85 of the 2022 Acts of Assembly requires that 20 percent of the 20 percent tax levied on alcoholic beverages sold by the Board of Directors of the Virginia Alcoholic Beverage Control Authority (VA ABC) that is attributable to the sale of spirits produced by a distiller licensee be deposited in the Fund.

The Board consists of 11 members as follows: the Commissioner of Agriculture and Consumer Services (Commissioner) and the Chief Executive Officer of the VA ABC, both of whom shall serve ex officio without voting privileges, or their designees; and nine voting non-legislative citizen members who are appointed by the Governor, three of whom must be coopers or maltsters and six of whom must be owners or operators of a distillery in the Commonwealth.

The Board is required to meet at least four times each year. The meetings of the Board are held at the call of the chairman or whenever the majority of the members so request. The Program Manager manages and conducts the activities required for the Board to carry out its mission and provides the Board with administrative support.

Following the enactment of Chapters 84 and 85, the Board began working with the VDACS Office of Procurement to draft a Statement of Needs document for the promotion of the spirits industry to begin the Request for Proposals (RFP) process. An RFP for marketing efforts was released on November 2, 2022, and the Virginia Spirits Board Marketing Office was created on February 3, 2023.

The Board announced its inaugural Spirits Board Research & Education Grant Program, receiving six proposals by the March 31, 2023, deadline. The Board awarded \$228,095.66 to the following entities: Virginia Tech, Virginia Commonwealth University, Campbell Field Farm, Virginia Agriculture in the Classroom, and Virginia FFA.

David Cuttino,
Chairman

II. Financial Summary

Virginia Spirits Promotion Fund

Cash balance (June 30, 2022)	=	\$0.00
General Fund Deposit	+	\$952,375.00
Interest Earned	+	\$17,136.85
Actual Expenditures	-	\$155,196.90
Cash Balance (June 30, 2023)	=	\$814,314.95

III. 2022-2023 Projects and Funding

Virginia Spirits Promotion Fund

<u>Funded Project Name</u>	<u>Amount Paid</u>	<u>Funded</u>
The Hodges Partnership - Virginia Spirits Board Marketing Office - Initial contract: 2/2023 – 6/2024	\$153,492.70	\$900,000
2024 Virginia Agriculture in the Classroom	\$0.00	\$1,500.00
2024 Virginia FFA	\$0.00	\$10,000.00
2024 Developing low-GN and GN-zero malt barley varieties for the Eastern United States	\$0.00	\$113,533
2024 Spirits Pilot Laboratory	\$0.00	\$43,817.66
2024 Fundamental Theory & Practice of Distilled Spirits Workshop	\$0.00	\$14,245.00
2024 The Virginia Heritage Grain Study: Analyzing Flavors of History	\$0.00	\$45,000.00
TOTAL Funded Projects	\$1,128,095.66	

VIRGINIA SPIRITS BOARD PROMOTION FUND
FINANCIAL STATEMENT July 1, 2022 - June 30, 2023

REVENUE			
Balance (July 1, 2022)	\$0.00		
General Fund Deposit	\$952,375.00		
Interest Earned	\$17,136.85		
Other Revenue	\$0.00		
Total Balance & Receipts			\$969,511.85
EXPENSES			
Administrative			
1. VDACS Admin Fee	\$0.00		
2. EVA Fee	\$500.00		
3. Board member travel	\$1,123.43		
4. Program Manager travel	\$80.77		
Total Administrative Expenses		\$1,704.20	
Paid on Approved Projects			
1. VSBMO	\$153,492.70		
TOTAL PAID ON APPROVED PROJECTS		\$153,492.70	
TOTAL EXPENDITURES			\$155,196.90
CASH BALANCE			\$814,314.95

VIRGINIA SPIRITS BOARD PROMOTION FUND
FINANCIAL STATEMENT July 1, 2022 - June 30, 2023

OUTSTANDING OBLIGATIONS TO BE PAID:			
Amounts Due on Projects			
1. VSBMO (through 6/30/23)	\$146,507.30		
TOTAL OUTSTANDING OBLIGATIONS		\$146,507.30	
UNOBLIGATED BALANCE			\$667,807.65

III. Board Meeting Summary

Date: November 7, 2022

Time: 1:00PM

Location: Virginia ABC Headquarters, Mechanicsville, VA

Members Present: Joshua Chandler, David Cuttino, John Daniel (VA ABC Designee), Vicki Haneberg, Scott Harris, Andrew Yancey

Members Absent: Jeff Bloem, Joseph Guthrie, Matthew Harris, Gareth Moore, Tim Nichols

Date: January 31, 2023

Time: 1:00PM

Location: Virtual Meeting (per subsections B and D of § 2.2-3708.3)

Members Present: Joshua Chandler, David Cuttino, Joseph Guthrie, Vicki Haneberg, Matthew Harris, Scott Harris, Travis Hill, Gareth Moore, Tim Nichols, Andrew Yancey

Members Absent: Jeff Bloem

Date: March 13, 2023

Time: 11:00AM

Location: Virginia Spirits Board Marketing Office, Richmond, VA

Members Present: Jeff Bloem, Joshua Chandler, David Cuttino, Vicki Haneberg, Matthew Harris, Scott Harris, Gareth Moore, Tim Nichols, Andrew Yancey

Board Members Participating Virtually (per subsections B and D of § 2.2-3708.3): Jeff Bloem, Joshua Chandler, Gareth Moore

Members Absent: Joseph Guthrie, Travis Hill

Date: **May 22, 2023**

Time: 1:00PM

Location: Virtual (per subsections B and D of § 2.2-3708.3)

Members Present: Jeff Bloem, Joshua Chandler, David Cuttino, Matthew Harris, Scott Harris, Gareth Moore, Tim Nichols, Andrew Yancey

Members Absent: Joseph Guthrie, Travis Hill