

AGRICULTURE COMMODITY BOARD

ANNUAL REPORT

for the Virginia Spirits Board

Fiscal Year: 2023-2024

September 1, 2024

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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 approved the first renewal option on May 13, 2024 for a contract period of FY24-25.

The Board announced its inaugural Spirits Board Research & Education Grant Program in 2023 and approved six research and education grants for FY24-25, totaling \$320,000.00, in May 2024.

Scott Harris, Chairman

II. Financial Summary

Virginia Spirits Promotion General Fund cc 608

Appropriations	=	\$0.00
Actual Expenditures	-	\$7,070.84
Appropriations Balance (June 30, 2024)	=	-\$7,070.84

Virginia Spirits Promotion Non-General Fund cc 609

Cash balance (June 30, 2023)	=	\$814,314.95
General Fund Deposit	+	\$1,151,899.00
Interest Earned	+	\$39,411.69
Actual Expenditures	-	\$669,199.51
Cash Balance (June 30, 2024)	=	\$1,336,426.13

III. 2023-2024 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	\$0.00	\$745,000.00
2025 Virginia Agriculture in the Classroom	\$0.00	\$1,500.00
2025 Developing low-GN and GN-zero malt barley varieties for the Eastern United States	\$0.00	\$69,595.00
2025 Presenting Colonial-Era Distillation in 3 Virtual Exhibitions	\$0.00	\$47,220.11
2025 Spirits Pilot Laboratory	\$0.00	\$75,158.89
2025 Expanding Regional Grain Sourcing in the Virginia Spirits Industry	\$0.00	\$30,026.00
2025 The Virginia Heritage Grain Study:		

Analyzing Flavors of History

\$0.00

\$96,500.00

TOTAL Funded Projects

\$1,065,000.00

VIRGINIA SPIRITS BOARD PROMOTION FUND				
FINANCIAL STATEMENT July 1, 2023 - June 30, 2024				
REVENUE				
Balance (July 1, 2023)	\$814,314.95			
General Fund Deposit	\$1,151,899.00			
Interest Earned	\$39,411.69			
Other Revenue	\$0.00			
Total Balance & Receipts				\$2,005,625.64
EXPENSES				
Administrative				
1. VDACS Admin Fee	\$0.00			
2. EVA Fee	\$0.00			
3. Board member mileage	\$2,603.08			
4. Board member conference attendance	\$478.41			
5. Program Manager travel	\$884.35			
Total Administrative Expenses		\$3,965.84		
Paid on Approved Projects				
1. VSBMO 23-24	\$598,054.19			
2. Virginia FFA 23-24	\$10,000.00			
3. AITC 23-24	\$1,500.00			
4. Campbell Field Farm 24-6	\$18,006.30			
5. VT Santantonio (461699)	\$41,639.02			
6. Diligent Community Subscription	\$3,105.00			
TOTAL PAID ON APPROVED PROJECTS		\$672,304.51		
TOTAL EXPENDITURES			\$676,270.35	
CASH BALANCE				\$1,329,355.29

VIRGINIA SPIRITS BOARD PROMOTION FUND				
FINANCIAL STATEMENT July 1, 2023 - June 30, 2024				
OUTSTANDING OBLIGATIONS TO BE PAID:				
Amounts Due on Projects				
1. VSBMO Balance Remaining 23-24	\$149,513.41			
2. Campbell Field Farm 24-6	\$26,993.70			
3. VCU 24-5	\$43,817.66			
4. VT (Santantonio) 24-4	\$71,893.98			
5. VT (O'Keefe) 24-3	\$14,245.00			
6. AITC	\$1,500.00			
7. Reservoir Distillery 25-2	\$96,500.00			
8. VT (Santantonio) 25-3	\$69,595.00			
9. VCU (25-4)	\$75,158.89			
10. SPIRITS Museum 25-6	\$47,220.11			
11. Common Grain Alliance 25-5	\$30,026.00			
12. VSBMO 24-25	\$745,000.00			
TOTAL DUE ON APPROVED PROJECTS	\$1,371,463.75			

IV. Board Meeting Summary

Date: August 21, 2023

Time: 10:00AM

Location: Virginia Spirits Board Marketing Office, Richmond, VA

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

Members Absent: Gareth Moore

Board Members Participating Virtually (per subsections B and D of § 2.2-3708.3): Scott Harris, Jeff Bloem

Date: December 18, 2023

Time: 10:00AM

Location: Virginia Spirits Board Marketing Office

Members Present: David Cuttino, Vicki Haneberg, Matthew Harris, Scott Harris, Andrew Yancey

Members Absent: Jeff Bloem, Joshua Chandler, Gareth Moore, Tim Nichols, Joseph Guthrie, Thomas Kirby

Date: January 22, 2024

Time: 1:00PM

Location: Oliver Hill Building, Richmond, VA

Members Present: Vicki Haneberg, Scott Harris, Tom Murray, Tim Nichols, Andrew Yancey, Joseph Guthrie, Thomas Kirby

Board Members Participating Virtually (per subsections B and D of § 2.2-3708.3): Jeff Bloem

Members Absent: Joshua Chandler, Matthew Harris, Gareth Moore

Date: May 13, 2024

Time: 1:00PM

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

Members Present: Jeff Bloem, Scott Harris, Tim Nichols, Vicki Haneberg, Tom Murray, Kelly Gordon, Andrew Yancey, Joseph Guthrie

Members Absent: Joshua Chandler, Dale Farino, Matthew Harris