

2026 SESSION

LEGISLATION NOT PREPARED BY DLS INTRODUCED

26105641D

SENATE JOINT RESOLUTION NO. 38

Offered January 16, 2026

Directing the Virginia Department of Taxation to prepare a report on local taxation of the craft beer industry in the Commonwealth and report its findings.

Patron—Durant

Referred to Committee on Rehabilitation and Social Services

9 WHEREAS, Virginia's craft beer industry is part of the Commonwealth's dynamic manufacturing sector
10 and contributes to local economies through production jobs, tourism, agriculture product procurement as well
11 as wholesale and retail sales; and

WHEREAS, The Code of Virginia establishes the framework under which local governments may levy specific local business taxes on these companies; and

14 WHEREAS, Local commissioners of the revenue and other local taxing authorities are charged with
15 uniformly administering such taxes in accordance with state law and guidance issued by the Department of
16 Taxation; and

17 WHEREAS, the craft beer industry is made up of small, capital-intensive manufacturers operating on
18 narrow margins, and inconsistent or unclear application of local tax obligations may result in significant and
19 unanticipated financial impacts that affect business planning, investment, competitiveness, and long-term
20 viability; and

WHEREAS, the craft beer industry may engage in a combination of manufacturing, wholesaling and retailing, directly or through third-party vendors, which may be classified differently for local tax purposes depending on interpretation of state law; and

24 WHEREAS, the objective review and clarification of current local taxing authority of the craft beer
25 industry would assist the General Assembly, state agencies, and local governments ensure consistent
26 compliance with the Code of Virginia;

27 RESOLVED BY THE SENATE OF VIRGINIA, That the Department of Taxation, under the direction of
28 the Tax Commissioner, be directed to prepare a report on the local taxation of the craft beer industry in the
29 Commonwealth.

30 BE IT FURTHER RESOLVED, That the study shall determine: (i) The authority of local governments to
31 charge the Business Professional Occupational License Tax (gross receipts tax) on craft beer manufacturing
32 establishments; (ii) The authority of local governments to charge the Machinery and Tools tax on craft beer
33 manufacturing establishments; (iii) The authority of local governments to charge the Business Professional
34 Occupational License Tax (gross receipts tax) on craft beer manufacturing establishments with a Foodservice
35 Establishment Permit issued by the Virginia Department of Health or a local government; (iv) The authority
36 of local governments to charge the Food and Beverage Tax on beer sales, on-premise or off-premise, at a
37 craft beer manufacturing establishment that does not hold a Foodservice Establishment Permit; and (v) The
38 authority of local government to tax craft beer manufacturing establishments for on-premise third-party food
39 vendor sales not owned or operated by the brewery; and (vi) Whether additional statutory clarification,
40 administrative guidance, or improved coordination between state and local taxing authorities may be
41 warranted.

45 BE IT FURTHER RESOLVED, That the Department of Taxation shall submit the report to the Governor
46 and the Chairs of the House Committee on Finance, the Senate Committee on Finance and Appropriations,
47 and the Virginia Manufacturing Development Commission by December 1 of the year of enactment.