

# 2026 SESSION

LEGISLATION NOT PREPARED BY DLS  
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## 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

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

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

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

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

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

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

BE IT FURTHER RESOLVED, That, in preparing the report, the Department of Taxation shall request information and input from local commissioners of the revenue, representatives of the craft beer industry, and other relevant state or local entities.

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

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