



Allowing Wine Sales in Food Stores will add \$78.2 Million to Kentucky's Coffers

Allowing food stores to sell wine in Kentucky is good for Kentucky's farmers, winery operators and consumers. ***It also makes economic sense for the Commonwealth and strengthens Kentucky's finances.***

The food store industry continues to conduct research and update figures to determine the economic impact on the Commonwealth should existing law be changed to allow food stores to sell wine. The impact is substantial.

In the short term, and coinciding with the Commonwealth's next Biennial Budget, \$28.9 million in new tax revenue will be generated by making this simple change to Kentucky law.

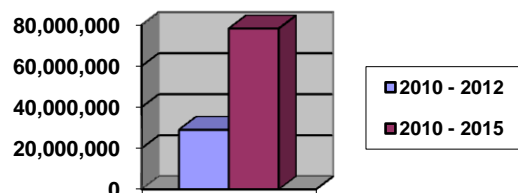
This is consistent with the neighboring state of Tennessee, which has demographics very similar to those in Kentucky. The Tennessee General Assembly's Fiscal Review Committee has found that when its law is changed to allow grocery store wine sales, incremental tax revenue will total \$27 million annually (combined state and local taxes).

Using conservative figures, the industry projected the growth in wine sales (in wet and moist counties only). The industry examined the three primary taxes that are impacted by wine sales. State sales tax collected on increased wine sales was also factored in.

The industry also looked at the increase in income tax that the state should collect as a result of additional personnel who will be needed to handle the increased sales of wine in

warehouses, on delivery vehicles and in grocery stores. The industry also projects the increase in sales tax related to increased wine sales in the all-important agri-tourism category at wineries. Beginning in 2010 and continuing through 2012, the industry projects that wine sales will grow by 6% annually.

Incremental Tax Collection
Commonwealth of Kentucky
2010 - 2015



Combined taxes include wholesale tax, consumption tax, inventory tax, state sales tax, labor taxes and sales taxes related to agri-tourism/winery sales

Assuming that the law is changed and is fully implemented in 2012, the industry projects that sales will increase by 50% + in the first two years (2010 – 2011) and by 6% + for each of the next three years (2012 – 2015). ***Without any increase in the existing tax rates, Kentucky's tax collections will increase by \$78.2 million over the next five years if food stores are allowed to sell wine!***

The growth which is projected is consistent with the national average over the past three years.