

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

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FISCAL IMPACT STATEMENT

LS 6644

BILL NUMBER: HB 1086

NOTE PREPARED: Feb 19, 2024

BILL AMENDED: Feb 15, 2024

SUBJECT: Alcoholic Beverage Sales.

FIRST AUTHOR: Rep. Teshka

FIRST SPONSOR: Sen. Walker K

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill defines a craft manufacturer as a person who holds a small brewery permit, a farm winery permit, or an artisan distiller's permit.

After June 30, 2024, the bill requires liquor liability insurance or an endorsement with coverage of at least \$500,000 to obtain or renew a retailer's permit or a permit held by a craft manufacturer. It requires compliance with the insurance coverage requirement not later than January 1, 2025, for a permit issued before July 1, 2024.

The bill prohibits a bar or restaurant (retailer) from doing the following: (1) Allowing a game on the licensed premises that: (A) is determined by the quantity of alcoholic beverages consumed by a patron; and (B) awards alcoholic beverage prizes. (2) Selling or serving an unlimited or indefinite amount of alcoholic beverages for a fixed price.

The bill also allows a retailer and a craft manufacturer to reduce or increase the price of alcoholic beverages during a part of the day. It specifies that the commission may revoke the privilege of a retailer or craft manufacturer to sell alcoholic beverages for a reduced or increased price under certain provisions if the retailer or craft manufacturer violates particular conditions.

Effective Date: July 1, 2024.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* The ATC's workload could potentially increase to update forms, verify that permit holders have liquor liability insurance coverage required by the bill, and enforce the bill's provisions. The bill's requirements are within the ATC's routine administrative functions and should be able to be implemented with no additional appropriations, assuming

near customary agency staffing and resource levels.

Explanation of State Revenues: *Alcoholic Beverage Sales:* The bill allows a retailer or a craft manufacturer to reduce prices during a part of the day. To the extent that this provision results in increased alcoholic beverage sales, revenue from Alcoholic Beverage Taxes and Sales Tax would increase. However, the increase in revenue would be small.

Alcoholic Beverage Tax revenue is distributed in varying amounts to the following funds: General Fund, State Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, and Addiction Services Fund. Fifty percent of the General Fund distribution is allocated to cities and towns according to a formula based on population.

Sales Tax revenue is deposited in the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).

Penalty Provision: The bill makes it a Class B misdemeanor for a retailer to (1) conduct, sponsor, participate in, or allow games determined by quantity of alcoholic beverages consumed; (2) award alcoholic beverages as prizes; and (3) sell or serve an unlimited amount of alcoholic beverages for a fixed price. These violations may increase revenue to the extent that violations occur. The ATC may impose a maximum civil penalty of \$1,000 on a retailer permittee, which would be deposited into the Enforcement and Administration Fund.

If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. The total fee revenue per case would range between \$113 and \$135. The amount of court fees deposited will vary depending on whether the case is filed in a court of record or a municipal court. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

Explanation of Local Expenditures: *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Alcoholic Beverage Sales:* To the extent that Alcoholic Beverage Tax revenue increases, the amount distributed to cities and towns would increase. [See *Explanation of State Revenues.*]

Penalty Provision: If additional court actions occur and a guilty verdict is entered, more revenue will be collected by certain local units. If the case is filed in a court of record, the county general fund will receive \$47.40 and qualifying municipalities will receive a share of \$3.60. If the case is filed in a municipal court, the county receives \$30, and the municipality will receive \$46. The following linked document describes the fees and distribution of the revenue: [Court fees imposed in criminal, juvenile, and civil violation cases.](#)

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Cities and towns; Trial courts, local law enforcement agencies.

Information Sources: Legislative Services Agency. *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2023. Indiana Supreme Court, Indiana Trial Court Fee Manual.

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