

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6593

BILL NUMBER: SB 89

NOTE PREPARED: Dec 11, 2020

BILL AMENDED:

SUBJECT: Artisan Distillery Liquor Distribution.

FIRST AUTHOR: Sen. Tomes

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that an artisan distiller may sell liquor to a retailer or dealer that is located within 30 miles of the artisan distiller's distillery.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Alcohol and Tobacco Commission:* The Alcohol and Tobacco Commission would enforce the bill's provision allowing artisan distillers to sell liquor to retailers and dealers located within 30 miles of the distillery. Current law does not allow artisan distillers to sell to retailers or dealers. The bill's requirements are within the agency'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: *Liquor Sales:* If the bill allows more alcoholic beverages to be sold than what would otherwise be sold under current law, revenue from the Alcoholic Beverage Tax and Sales Tax could potentially increase. However, any increase in revenue would likely be minor.

The Alcoholic Beverage Tax on liquor is equal to \$2.68 per gallon. Revenue is distributed to the following funds: General Fund (\$1.00), State Construction Fund (\$1.17), Enforcement and Administration Fund (\$0.11), Pension Relief Fund (\$0.34), and Addiction Services Fund (\$0.06). Fifty percent of the revenue distributed to the General Fund 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: Under current law, it is a Class B misdemeanor if an artisan distiller sells liquor to a retailer or dealer. If fewer court cases occur and less revenue from fines is collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would decrease. The maximum fine for a Class B misdemeanor is \$1,000. However, any reduction in revenue would likely be small.

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

Explanation of Local Revenues: *Liquor Sales:* To the extent Alcoholic Beverage Tax revenue increases, distributions to cities and towns could increase. However, any impact to local governments is not likely to be significant.

Penalty Provision: If fewer court actions occur and fewer guilty verdicts are entered, local governments would receive less revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Alcohol and Tobacco Commission.

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

Information Sources:

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