

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

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FISCAL IMPACT STATEMENT

LS 6127

BILL NUMBER: SB 144

NOTE PREPARED: Feb 22, 2021

BILL AMENDED: Feb 18, 2021

SUBJECT: Alcohol Matters.

FIRST AUTHOR: Sen. Messmer

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that the bulk wine purchasing limits for farm wineries apply only to wine sold directly to a consumer in Indiana, and that no limit is imposed on the amount of bulk wine that may be used in producing wine sold through a wholesaler or sold outside of Indiana.

The bill also provides that if any provision, or application of any provision, concerning the manufacture, importation, distribution, or retail sale of alcoholic beverages is deemed to be in conflict with federal law or unconstitutional, certain alcoholic beverages laws shall be construed to limit rather than expand the manufacture, importation, distribution, and retail sale of alcoholic beverages through a three-tier system. It provides a definition of "three-tier system".

Effective Date: July 1, 2021.

Explanation of State Expenditures:

Explanation of State Revenues: If the bill allows farm wineries to sell more wine in Indiana than they would have with the current limits on bulk wine purchasing and if this causes an increase in total wine sales in Indiana, revenue from the Alcoholic Beverage Tax and Sales Tax could increase. However, any increase in revenue would be negligible.

The provision that requires certain alcoholic beverage laws be construed to limit rather than expand the manufacture, importation, distribution, and retail sale of alcoholic beverages is not expected to have a significant impact on alcoholic beverage sales. However, it could potentially reduce sales by an indeterminate amount depending on future rulings on alcoholic beverage laws.

The Alcoholic Beverage Tax on wine is equal to \$0.47 pe gallon. Revenue is distributed to the following funds: General Fund (\$0.20), State Construction Fund (\$0.16), Enforcement and Administration Fund (\$0.04), Addiction Services Fund (\$0.02), and Wine Grape Market Development Fund (\$0.05). 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%).

Explanation of Local Expenditures:

Explanation of Local Revenues: To the extent that Alcoholic Beverage Tax revenue increases, the amounts allocated to cities and towns would increase. However, any increase in revenue would be minor.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Cities and towns.

Information Sources:

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