

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6981

BILL NUMBER: HB 1369

NOTE PREPARED: Feb 28, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Wholesaler's Permits.

FIRST AUTHOR: Rep. Kuzman

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Alcohol and Tobacco Commission to provide procedures whereby 2 or more retailers and dealers may enter into a formal group purchasing agreement. The bill provides that retailers and dealers of alcoholic beverages may not transport alcoholic beverages in a manner that would cause the wholesaler to violate an agreement with the wholesaler's supplier. It allows the Alcohol and Tobacco Commission to issue a beer wholesaler's permit to: (1) a person who is not a resident of Indiana; or (2) a corporation, partnership, limited partnership, or limited liability company if no person having an interest in the corporation, partnership, limited partnership, or limited liability company is a resident of Indiana. The bill repeals a statute that prohibits a corporation that does business in Indiana from enabling a nonresident of Indiana to control or acquire an interest in a beer wholesaler's permit. It allows the holder of a retailer's permit to have an interest in a brewer's permit of a brewery that manufactures not more than 20,000 barrels in a calendar year. The bill provides that the holder of a beer, wine, and liquor retailer permit may allow the self-service of alcoholic beverages in a suite of a civic center, sports arena, stadium, exhibition hall, auditorium, theater, tract that contains a premises that is described in IC 7.1-3-1-14(e)(2), or convention center. It provides that if an applicant for an alcoholic beverage permit for a restaurant in a municipal riverfront development project already holds a retailer's permit for the premises, the applicant is not eligible for the special permit.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* While the provisions of the bill may require the ATC to evaluate and conform its current permitting procedure, it is not expected to have a significant impact on the Commission.

Explanation of State Revenues: *Background:* Based on the December 18, 2002 Revenue Forecast, excise taxes on alcoholic beverages are expected to generate \$36.1 M in FY 2004 and \$36.0 M in FY 2005. The excise taxes on alcoholic beverages are assessed on a per gallon basis. The excise taxes collected on alcoholic beverages vary by product and by the fund to which the tax is dedicated. Revenue from alcoholic beverage excise taxes is distributed into the State General Fund, the Post War Construction Fund, the Pension Relief Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Background:* Fifty percent of the revenue from the excise tax on alcoholic beverages distributed to the state General Fund is set aside for state General Fund purposes and 50% is allocated to cities and towns based on population.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Don Okey, Alcohol and Tobacco Commission, 232-2463

Fiscal Analyst: John Parkey, 317-232-9854