

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

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7637**

**BILL NUMBER: HB 1528**

**NOTE PREPARED: Jan 9, 2003**

**BILL AMENDED:**

**SUBJECT:** Direct Shipment of Wine.

**FIRST AUTHOR:** Rep. Kuzman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a primary source of supply that is located outside Indiana may make a direct shipment of wine to a person in Indiana who holds a Wine Connoisseur's Permit if the state where the primary source of supply is located allows an Indiana primary source of supply to ship wine directly to a consumer in that state. The bill requires the holder of a Wine Connoisseur's Permit to pay the excise tax on wine received by direct shipment.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC):* This provision could have an administrative impact on the Commission as it would require it to promulgate rules and develop procedures for administering the beer permit created in the bill. It is presumed that any impact will be covered using existing staff and resources.

*Department of State Revenue:* The bill also would require a holder of a wine connoisseur's permit to report annually to the Department the dollar amount of wine purchased under the authority of the permit. While the Department will incur additional administrative expenses developing reporting procedures and processing annual filings, it is estimated that the additional costs will be covered using existing staff and resources.

**Explanation of State Revenues:** *Permit Fee Revenue:* This bill creates the wine connoisseur's permit. The permit allows holder to order and receive shipments of up to 24 bottles wine each month from an out-of-state supplier. The fee for either permit is \$25 the first year, with a \$15 annual renewal fee. It is not known how many Indiana residents would obtain either type of connoisseur's permit. Any revenue generated from the issuance of these permits would be deposited in the state General Fund.

*Alcoholic Beverage Excise Taxes:* The bill requires that holders of either type of connoisseur's permit directly pay the Department of State Revenue any excise taxes owed on beverages purchased under the authority of the permit. If this provision increases the remittance of excise taxes from wine sales, state revenue could increase.

The \$0.47 per gallon wine excise tax is distributed to the following funds: state General Fund (\$0.20), the Post War Construction Fund (\$0.16), the ATC Enforcement and Administration Fund (\$0.04), the Addiction Services Fund (\$0.02), and the Wine Grape Market Development Fund (\$0.05). The state retains 50% of the General Fund distribution of beer and wine excise tax revenue. The remainder is distributed to cities and towns based on population.

*Use taxes:* Wine purchased out-of-state for delivery in Indiana would be subject to Indiana's 6% Use Tax. The bill requires that permit holders annually report the dollar amount of out-of-state and wine purchases to the Department of State Revenue. The impact of this provision on state Use Tax revenue is expected to be minimal.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Fifty-percent of the General Fund distribution of the excise tax on wine is retained in the state General Fund. The remaining 50% is allocated to cities and towns based on population.

**State Agencies Affected:** Alcohol and Tobacco Commission; Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** [http://www.wineinstitute.org/shipwine/analysis/intro\\_analysis.htm](http://www.wineinstitute.org/shipwine/analysis/intro_analysis.htm)

**Fiscal Analyst:** John Parkey, 317-232-9854