

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6281

BILL NUMBER: HB 1094

NOTE PREPARED: Nov 24, 2004

BILL AMENDED:

SUBJECT: Direct sale and shipment of wine.

FIRST AUTHOR: Rep. Dobis

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: Allows a vintner located outside Indiana to sell and ship wine directly to an Indiana resident for personal use if the vintner holds an out-of-state shipper's permit. Requires the holder of an out-of-state shipper's permit to pay the sales tax and excise tax on wine sold and shipped directly to an Indiana resident.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* The provisions in the bill could result in an administrative impact on the Commission through requiring it to promulgate rules and develop procedures for administering the out-of-state shipper's permit. It is presumed that any impact will be covered using existing staff and resources.

Department of State Revenue: This bill could have a minimal impact on the Department insofar as it would need to develop procedures to collect excise and sales taxes from the holders of out-of-state shipper's permits.

Explanation of State Revenues: *Permit Fee Revenue:* This bill creates the out-of-state shipper's permit. The permit allows out-of-state wine sellers to sell wine directly to Indiana residents. Permit holders are limited to selling 24 bottles of wine each month to each Indiana buyer. The permit fee is \$100 the first year. The annual renewal fee is \$50. Any revenue generated from the issuance of these permits would be deposited in the Alcohol and Tobacco Commission's Enforcement and Administration Fund. It is not known how many firms would obtain the permit created in this bill.

Alcoholic Beverage Excise Taxes: The bill requires a holder of an out-of-state shipper's permit to remit Sales and Excise Taxes directly to the Department of State Revenue. The bill also requires permit holders to report sales information to the Commission. If these provisions increase tax collections, state revenue would 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.

Sales Tax revenue is deposited in the: Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

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

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