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FISCAL IMPACT STATEMENT

LS 7272

BILL NUMBER: HB 1775

NOTE PREPARED: Jan 9, 2007

BILL AMENDED:

SUBJECT: Clarksville Alcoholic Beverage Permits.

FIRST AUTHOR: Rep. Stemler

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows the Alcohol and Tobacco Commission to issue ten alcoholic beverage permits to restaurants located in an economic development area in Clarksville in Clark County. (Under current law the Alcohol and Tobacco Commission may issue five retailer permits.)

Effective Date: July 1, 2007.

Explanation of State Expenditures: Allowing the Alcohol and Tobacco Commission (ATC) to issue and hold an auction for these five new permits may result in an increase in administrative costs for the ATC. It is estimated that any increase in costs will be offset by the increase in permit fee revenues.

Explanation of State Revenues: This bill will result in an indeterminable increase alcohol retailer permit fee revenues deposited in the Excise Fund. The bill would allow the ATC, as of July 1, 2007, to issue, without regard to the statutory quotas, not more than five new three-way permits (*in addition to the five allowed under current statute*) in a town meeting certain requirements in the bill. The only town known to meet these requirements is Clarksville, Indiana.

Current statute provides that the these permits shall be issued through an auction conducted by the ATC under IC 7.1-3-22-9. This statute also provides that the minimum bid for one of these five permits is \$35,000. Therefore the increase in permit fee revenue will be at least \$175,000. Ultimately, the date of the auction and the amount winning bids will determine the timing and the amount of this bill's fiscal impact.

Background: Fee revenues collected from three-way permits is be deposited in the Excise Fund and then distributed 37% to the state General Fund; 33% to the general funds of cities, towns, and counties, based on

population and 30% to the ATC's Enforcement and Administration Fund. A three-way permit allows a restaurant to serve beer, wine, and liquor.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fee revenues collected from three-way permits is be deposited in the Excise Fund and then 33% to the general funds of cities, towns, and counties, based on population. The increase in fee revenue distributed to the locals is estimated to be minimal.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: All.

Information Sources:

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