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**FISCAL IMPACT STATEMENT**

**LS 6284**

**BILL NUMBER:** HB 1081

**NOTE PREPARED:** Dec 29, 2010

**BILL AMENDED:**

**SUBJECT:** Farm Wineries and Direct Wine Sellers.

**FIRST AUTHOR:** Rep. Welch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows a farm winery permittee to sell not more than a total of 12,000 gallons of wine to a person who is the holder of a wine dealer's permit and a wine retailer's permit. It removes a provision that requires an initial face-to-face transaction between a consumer and a direct wine seller permittee before the permittee may ship to the consumer in Indiana. It removes provisions concerning certain requirements for applicants of direct wine seller's permits. This bill allows a direct wine seller permittee to ship wine to a consumer if the consumer: (1) sends to the direct wine seller permittee a copy of an approved government-issued identification showing that the consumer is at least 21 years of age; or (2) uses an Internet-based service that is approved by the Alcohol and Tobacco Commission and specializes in age and identification verification. It also allows a direct wine seller to ship directly to a consumer in Indiana only wine manufactured, produced, or bottled by the seller.

This bill increases the number of days that a holder of a farm winery permit may participate in a trade show or an exposition with the approval of the Alcohol and Tobacco Commission from 30 days to 45 days in a calendar year. It allows a direct wine seller permittee to directly ship not more than 18,000 gallons of wine in Indiana in any permit year. (Current law allows 27,000 liters.) The bill requires a direct wine seller permittee to pay the wine excise tax or the hard cider excise tax on an alcoholic beverage to which the tax is applicable and that has been manufactured or imported by the direct wine seller permittee. It also makes conforming changes. The bill also repeals a provision that creates a defense to a charge that a wine seller permittee sold to a consumer that did not meet certain requirements.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC):* This bill could increase administrative expenditures for the ATC by requiring the ATC to amend rules governing issuance of direct

wine seller's permits. The ATC's existing level of resources should be sufficient.

**Explanation of State Revenues:** *Impact of Additional Wine Sales:* To the extent that any of the provisions of this bill makes it more convenient for consumers to have wine shipped directly to them, alcoholic beverage sales could increase. Sales changes will affect collections of both alcoholic beverage excise taxes and the Sales Tax.

The alcoholic beverage excise taxes are distributed in varying amounts to the following funds: state General Fund, the Post War Construction Fund, the Enforcement and Administration Fund, the Addiction Services Fund, and the Wine Grape Market Development Fund. 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 state General Fund (99.178%), the Public Mass Transportation Fund (0.670%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** ATC.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Diana Agidi, 317-232-9867.