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FISCAL IMPACT STATEMENT

LS 6110

BILL NUMBER: HB 1054

NOTE PREPARED: Mar 8, 2012

BILL AMENDED: Feb 16, 2012

SUBJECT: Alcoholic Beverage Permits in or near Historic Districts.

FIRST AUTHOR: Rep. Soliday

BILL STATUS: Enrolled

FIRST SPONSOR: Sen. Charbonneau

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Historic District Permits:* This bill provides that a restaurant located not more than 700 feet (instead of 500 feet) from a historic district is eligible for a permit to sell alcoholic beverages without regard to the permit quota. It provides that not more than ten permits issued to restaurants within or not more than 700 feet from a historic district may be active at any time. The bill provides for a cultural center permit for a city with an indoor theater listed on the National Register of Historic Places and with a population of more than 200,000 but less than 300,000.

Brewer Permits: It specifies that the 30,000 barrel production limitation for small Indiana breweries does not apply to the manufacture of beer for sale or distribution outside Indiana. The bill provides that a small Indiana brewery may sell the brewery's beer on Sunday at any address for which the brewer holds a brewer's permit if the address is located within the same city boundaries in which the beer was manufactured. (Current law provides that a small Indiana brewery may sell the brewer's beer only at the address for which the brewer's permit was issued.)

Sale of Alcohol on State or Federally Owned Land: This bill provides that a lease and contract concerning the lease of: (1) federally owned land under the control and management of the Department of Natural Resources (DNR) may permit the retail sale of alcoholic beverages for consumption on the licensed premises of a public golf course located on Brookville Reservoir; and (2) state-owned land under the control and management of the DNR may permit the retail sale of alcoholic beverages for consumption on the licensed premises of a pavilion located within Indiana Dunes State Park; if the lessee or concessionaire applies for and secures the necessary alcohol permits. It makes conforming changes.

Effective Date: July 1, 2012.

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 retailer permits in historic districts. The ATC's existing level of resources should be sufficient.

Explanation of State Revenues: *Historic District Permits:* This bill could increase permit fee revenue. The bill provides that a restaurant located not more than 700 feet (instead of 500 feet under current statute) from a historic district is eligible for a retailer permit regardless of the permit quota. The bill also provides for a cultural center permit for a city with an indoor theater listed on the National Register of Historic Places and with a population of more than 200,000 but less than 300,000. According to the ATC's November 2011 permit counts, there are 14 retailer permits in historic districts.

The initial fee for the permit is \$6,000. Subsequently, the annual fee for the permit is \$500 if the retailer sells only beer or only wine, \$750 if the retailer serves both beer and wine and \$1,000 if the retailer serves beer, wine, and liquor.

The fees are initially deposited in the Excise Fund and then redistributed 37% to the state General Fund; 33% to the general funds of cities, towns, and counties based on population; and 30% to the Enforcement and Administration Fund.

Brewer Permits: This bill could potentially decrease permit fee revenue. Under current statute, a brewer that manufactures not more than 30,000 barrels of beer in a calendar year pays a fee of \$500 and a brewer that manufactures more than 30,000 barrels pays a fee of \$2,000. This bill provides that the 30,000-barrel limit for small breweries does not apply to beer that is sold or distributed outside Indiana, which could allow small brewers to manufacture more than 30,000 barrels during a calendar year and pay the \$500 fee instead of the \$2,000 fee.

Impact on Alcohol Sales: This bill provides that the restriction that a small brewer may not manufacture more than 30,000 barrels of beer in a calendar year does not include barrels of beer sold and shipped out of Indiana. The bill also provides that a small Indiana brewery may sell the brewery's beer on Sunday at any address for which the brewer holds a brewer's permit if the address is located within the same city boundaries in which the beer was manufactured. Current law provides that a small Indiana brewery may sell the brewer's beer only at the address for which the brewer's permit was issued. To the extent that any of the provisions of this bill affect alcoholic beverage sales, state revenues will be impacted. 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 (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

Sale of Alcohol on State or Federally Owned Land: The bill would permit the DNR to allow the sale and consumption of alcoholic beverages on the licensed premises of a public golf course located on federally owned land (Brookville) that is controlled by the DNR. It would also permit the DNR to provide for the licensed retail sale of alcohol in the terms of a lease of a pavilion located within the Indiana Dunes State Park. DNR receives

between 3% to 5% of gross revenue depending on the terms of the individual lease or contract of DNR-controlled properties. Any increase in revenue from a leased property would increase DNR collections accordingly.

Permit Fee Revenue: This bill could increase annual permit fee revenue by \$1,000. The annual fee for a retailer permit is \$500. The fees are initially deposited in the Excise Fund and then redistributed; 37% to the state General Fund, 33% to the general funds of cities, towns, and counties based on population, and 30% to the Enforcement and Administration Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: ATC; DNR.

Local Agencies Affected:

Information Sources: ATC Statewide Permit Counts; DNR.

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