

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

301 State House
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FISCAL IMPACT STATEMENT

LS 7408

BILL NUMBER: HB 1299

DATE PREPARED: Feb 16, 1999

BILL AMENDED: Feb 15, 1999

SUBJECT: Small wineries.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill changes the name of small winery to farm winery in some sections of the Indiana Code. It provides that a farm winery may produce, bottle, and sell any wine. (Current law limits these activities to table wine only.) It changes the 100,000 gallon limitation on annual production of these wineries to 500,000 gallons.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) This bill changes the name of small wineries to farm wineries. It allows farm wineries to produce any type of wine. Currently, small wineries may only produce table wine. Table wine is wine produced without rectification or fortification and whose alcoholic content does not exceed 14 percent. This would allow farm wineries to produce additional types of wine, such as sparkling wine, port, and sherry. This bill also increases the gallon limitation on annual production from 100,000 gallons to 500,000 gallons. There are currently 20 small wineries in the state. However, only one winery, Oliver Winery in Bloomington, is producing close to 100,000 gallons of wine annually.

These provisions may increase the amount of wine that is produced and sold in Indiana. An increase in the amount of wine sold would increase wine excise tax revenue. The wine excise tax is \$0.47 per gallon. Tax revenue is deposited in the state General Fund, the Addiction Services Fund, the Alcoholic Beverage Commission's Enforcement and Administration Fund, the Post War Construction Fund, and the Wine Grape Market Development Fund. Between FY 94 and FY 98, an average of approximately \$3.3 million in wine excise tax revenue was collected each year.

An increase in the amount of wine sold would also increase sales tax revenue. Sales tax revenue is deposited in the state General Fund, the Property Tax Replacement Fund, and two dedicated funds.

Explanation of Local Expenditures:

Explanation of Local Revenues: Fifty percent of wine excise tax revenue deposited in the state General Fund is allocated to cities and towns.

State Agencies Affected: Department of Revenue; Alcoholic Beverage Commission.

Local Agencies Affected:

Information Sources: Don Okey, Alcoholic Beverage Commission, 232-2463.