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FISCAL IMPACT STATEMENT

LS 6895

BILL NUMBER: SB 470

NOTE PREPARED: Dec 30, 2006

BILL AMENDED:

SUBJECT: Alcoholic Beverage Issues.

FIRST AUTHOR: Sen. Wyss

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
 X **DEDICATED**
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Alcohol Sales in Designated Areas:* This bill requires a dealer permittee (other than a package liquor store) to display alcohol in a clearly designated area where the presence of a minor is prohibited without a parent or guardian who is at least 21 years of age.

Sales Clerks: The bill also requires alcoholic beverage sales in a drug store or grocery store to be rung up by a sales clerk who has an employee permit and alcohol server training (this is currently the case with package liquor stores). The bill makes it unlawful for: (1) a proprietor of a package liquor store, drug store, or grocery store to allow a person other than a sales clerk to ring up a sale; and (2) a person other than a sales clerk to ring up a sale in a package liquor store, drug store, or grocery store.

Sales at Less than Cost: The bill prohibits a dealer permittee from selling alcoholic beverages at less than cost.

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill will cause an increase in administrative costs for the Alcohol and Tobacco Commission (ATC) by requiring the ATC to amend rules, forms, and Excise Police enforcement procedures. It is anticipated that the ATC could implement the provisions of this bill through the use of existing staff and resources. It is anticipated any increase in costs will be offset by any increase in employee permits issued as a result of the provisions in the bill requiring all sales clerks in all dealer permittee establishments

to obtain employee permits.

Explanation of State Revenues: *Alcohol Sales in Designated Areas:* This bill requires a dealer permittee (other than a package liquor store) to display alcohol in a clearly designated area where the presence of a minor is prohibited without a parent or guardian who is at least 21 years of age. This provision of the bill will only have a fiscal impact to the extent that alcohol sales are affected by the display requirements set forth in the bill (also see *Background* section below).

Sales Clerks: The bill requires a sales clerk in any dealer permittee establishment to obtain an employee permit from the ATC in order to ring up sales of alcohol. This provision of the bill will increase employee permit fee revenue to the Excise Police Retirement Fund and the ATC's Enforcement and Administration Fund. The increase in fee revenue is expected to be over \$110,000 in FY 2008, and \$110,000 every two years thereafter since employee permits are issued on a biennial basis. This estimate is based on the assumption that all dealer permit holders will have at least two sales clerks that obtain an employee permit at each establishment. This estimate was also offset by the fact that under current law, package liquor store sales clerks are already required to obtain employee permits. The ATC estimates that there are approximately 1,850 dealer permit holders that are not package liquor stores. The fee for an employee permit is \$30.

Sales at Less than Cost: The bill prohibits a dealer permittee from selling alcoholic beverages at less than cost. This provision of the bill should have a positive fiscal impact to the extent that the sale price of alcohol increases. An increase in the sales price would cause an increase in Sales Tax collections to the extent that alcohol sales remain unchanged while the sales price increases. It is not anticipated that the increase in the sales price in alcohol as a result of this provision will be drastic enough to decrease sales.

Background: 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 ATC 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: 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:

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: ATC's *Statewide Licence Count*.

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