
HOUSE BILL No. 1227

DIGEST OF INTRODUCED BILL

Citations Affected: IC 7.1-1-3-32.5; IC 7.1-2-3-16.5; IC 7.1-3; IC 7.1-4; IC 7.1-5.

Synopsis: Artisan distiller's permit. Creates an artisan distiller's permit for a person who desires to commercially manufacture not more than 40,000 gallons of liquor in a calendar year (excluding liquor sold through a liquor wholesaler). Provides that an artisan distiller may do the following: (1) Manufacture liquor. (2) Blend liquor purchased from another manufacturer with the artisan distiller's product. (3) Bottle the artisan distiller's liquor. (4) Store the artisan distiller's liquor. (5) Transport, sell, and deliver the artisan distiller's liquor to places outside of Indiana and to a liquor wholesaler. (6) Sell the artisan distiller's liquor to consumers by the drink, bottle, or case at the artisan's distillery. (7) Serve complimentary samples of the artisan distiller's liquor to consumers at the artisan distiller's distillery. (8) Hold an interest in a farm winery brandy distiller's permit that allows the artisan distiller to sell and serve complimentary samples of the artisan distiller's liquor to consumers at the farm winery brandy distiller's additional locations. (9) Hold an interest in a brewer's permit for a microbrewery to permit the artisan distiller to sell and serve samples of the artisan distiller's liquor on the brewery premises. Allows the alcohol and tobacco commission to collect an annual \$250 permit fee for a biennial artisan distiller's permit. Provides that a percentage of the artisan distiller's permit fee is deposited in the enforcement and administration fund and the state general fund. Makes conforming amendments.

Effective: July 1, 2012.

Clere, Dodge, Welch, Rhoads

January 9, 2012, read first time and referred to Committee on Public Policy.



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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1227



A BILL FOR AN ACT to amend the Indiana Code concerning alcohol and tobacco.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 7.1-1-3-32.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 32.5. The term
3 "primary source of supply" means, in regard to the alcoholic beverage
4 being sold to a wholesaler:

- 5 (1) ~~a~~ **an artisan distiller or** distiller of the alcoholic beverage;
- 6 (2) a producer of the alcoholic beverage;
- 7 (3) a vintner of the alcoholic beverage;
- 8 (4) a rectifier of the alcoholic beverage;
- 9 (5) an importer into the United States of the alcoholic beverage;
- 10 (6) an owner of the alcoholic beverage at the time it becomes a
- 11 marketable product;
- 12 (7) a bottler of the alcoholic beverage;
- 13 (8) a brewer of the alcoholic beverage; or
- 14 (9) an agent specifically authorized to make sales to an Indiana
- 15 wholesaler by a person listed in subdivisions (1) through (8).

16 SECTION 2. IC 7.1-2-3-16.5, AS AMENDED BY P.L.15-2011,
17 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2012]: Sec. 16.5. (a) As used in this section, "facility"
2 includes the following:

3 (1) A facility to which IC 7.1-3-1-25(a) applies.

4 (2) A tract that contains a premises that is described in
5 IC 7.1-3-1-14(c)(2).

6 (3) A horse track or satellite facility to which IC 7.1-3-17.7
7 applies.

8 (4) A riverboat or racetrack to which IC 7.1-3-17.5 applies.

9 (5) A tract that contains an entertainment complex.

10 (b) As used in this section, "tract" has the meaning set forth in
11 IC 6-1.1-1-22.5.

12 (c) A facility may advertise alcoholic beverages:

13 (1) in the facility's interior; or

14 (2) on the facility's exterior.

15 (d) The commission may not exercise the prohibition power
16 contained in section 16(a) of this chapter on advertising by a brewer,
17 distiller, rectifier, or vintner in or on a facility.

18 (e) Notwithstanding IC 7.1-5-5-10 and IC 7.1-5-5-11, a facility may
19 provide advertising to a permittee that is a brewer, **an artisan distiller**,
20 **a distiller**, **a rectifier**, or **a vintner** in exchange for compensation from
21 that permittee.

22 SECTION 3. IC 7.1-3-8-3, AS AMENDED BY P.L.94-2008,
23 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JULY 1, 2012]: Sec. 3. (a) The holder of a liquor wholesaler's permit
25 shall be entitled to sell liquor at wholesale.

26 (b) A liquor wholesaler shall be entitled to purchase liquor within
27 this state from a person who holds **an artisan distiller's permit**, a
28 distiller's permit, a rectifier's permit, or a liquor wholesaler's permit. A
29 liquor wholesaler also may purchase liquor outside this state from the
30 primary source of supply and, from that source, may transport and
31 import liquor into this state.

32 (c) A liquor wholesaler may sell, transport, and deliver liquor only
33 to a person who, under this title, holds a:

34 (1) liquor retailer's permit;

35 (2) supplemental caterer's permit;

36 (3) liquor dealer's permit; or

37 (4) liquor wholesaler's permit.

38 The sale, transportation, and delivery of liquor shall be made only from
39 inventory that has been located on the wholesaler's premises before the
40 time of invoicing and delivery, and only in permissible containers and
41 is subject to the rules of the commission fixing the quantity which may
42 be sold or delivered at any one (1) time.



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1 (d) A liquor wholesaler's bona fide regular employees may purchase
2 liquor from the wholesaler in an amount not to exceed eighteen (18)
3 liters.

4 SECTION 4. IC 7.1-3-23-3 IS AMENDED TO READ AS
5 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 3. The commission,
6 pursuant to section 2 of this chapter, may impose upon a permittee the
7 following civil penalties:

8 (1) An amount of not more than four thousand dollars (\$4,000) for
9 each violation if the permittee is a brewer, **or an artisan distiller,**
10 **or a distiller.**

11 (2) An amount of not more than two thousand dollars (\$2,000) for
12 each violation if the permittee is a wholesaler of any type.

13 (3) An amount of not more than one thousand dollars (\$1,000) for
14 each violation if the permittee is the holder of a permit of a type
15 not listed in subdivision (1) or (2).

16 SECTION 5. IC 7.1-3-23-4 IS AMENDED TO READ AS
17 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 4. ~~Additional Fine.~~ The
18 commission, if a fine imposed pursuant to IC ~~1971~~, 7.1-3-23-2 is not
19 paid according to the order of commission, may suspend or add to the
20 period of suspension of a permit in the following increments:

21 ~~(a)~~ **(1)** A period of one (1) day for each one hundred dollars
22 (\$100) remaining unpaid if the permittee is a brewer, **or an**
23 **artisan distiller, or a distiller.**

24 ~~(b)~~ **(2)** A period of one (1) day for each fifty dollars (\$50)
25 remaining unpaid if the permittee is a wholesaler of any type. ~~and;~~

26 ~~(c)~~ **(3)** A period of one (1) day for each twenty-five dollars (\$25)
27 remaining unpaid if the permittee is the holder of a permit of a
28 type not listed in ~~(a) or (b) of this section.~~ **subdivision (1) or (2).**

29 SECTION 6. IC 7.1-3-27 IS ADDED TO THE INDIANA CODE
30 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2012]:

32 **Chapter 27. Artisan Distiller's Permit**

33 **Sec. 1. As used in this chapter, "artisan distiller" means a**
34 **person who holds an artisan distiller's permit under this title.**

35 **Sec. 2. The commission may issue an artisan distiller's permit as**
36 **provided in this chapter to a person who desires to commercially**
37 **manufacture liquor.**

38 **Sec. 3. An artisan distiller may produce not more than forty**
39 **thousand (40,000) gallons of liquor in any calendar year. Liquor**
40 **produced by an artisan distiller that is sold through a wholesaler**
41 **licensed under IC 7.1-3-8 may not be counted toward the gallonage**
42 **limit.**



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1 **Sec. 4. The commission may issue an artisan distiller's permit**
 2 **to:**

- 3 **(1) a domestic corporation; or**
 4 **(2) a foreign corporation admitted to do business in Indiana;**
 5 **if the corporation is qualified to obtain the necessary permit or**
 6 **license from the United States to own or operate an establishment**
 7 **to manufacture liquor.**

8 **Sec. 5. The holder of an artisan distiller's permit may do only**
 9 **the following:**

10 **(1) Manufacture liquor, including by blending liquor**
 11 **purchased from another manufacturer with liquor the artisan**
 12 **distiller manufactures under section 8 of this chapter.**

13 **(2) Bottle liquor manufactured by the artisan distiller.**

14 **(3) Store liquor manufactured by the artisan distiller.**

15 **(4) Transport, sell, and deliver liquor manufactured by the**
 16 **artisan distiller to:**

17 **(A) places outside Indiana; or**

18 **(B) the holder of a liquor wholesaler's permit under**
 19 **IC 7.1-3-8.**

20 **(5) Sell liquor manufactured by the artisan distiller to**
 21 **consumers by the drink, bottle, or case from the premises of**
 22 **the distillery where the liquor was manufactured.**

23 **(6) Serve complimentary samples of the liquor manufactured**
 24 **by the artisan distiller to consumers on the premises of the**
 25 **distillery where the liquor was manufactured.**

26 **(7) Hold an interest in a farm winery brandy distiller's permit**
 27 **that allows the artisan distiller to:**

28 **(A) sell liquor; and**

29 **(B) serve complimentary samples of liquor;**

30 **manufactured by the artisan distiller to consumers at the**
 31 **farm winery brandy distiller's additional locations under**
 32 **section 9 of this chapter.**

33 **(8) Hold an interest in a brewer's permit:**

34 **(A) for a brewery described in IC 7.1-3-2-7(5); and**

35 **(B) under which an artisan distiller may:**

36 **(i) sell liquor; and**

37 **(ii) serve complimentary samples of liquor;**

38 **manufactured by the artisan distiller to consumers at the**
 39 **brewery's premises under section 10 of this chapter.**

40 **Sec. 6. An artisan distiller may not sell liquor to a retailer or**
 41 **dealer.**

42 **Sec. 7. An artisan distiller may not ship liquor or cause liquor**

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1 to be shipped to a consumer.

2 **Sec. 8.** An artisan distiller may blend liquor that the artisan
3 distiller obtains from another manufacturer with liquor that the
4 artisan distiller manufactures. The artisan distiller may sell the
5 blended liquor as liquor that the artisan distiller manufactures
6 only if the final product contains at least sixty percent (60%) of
7 liquor that was fermented and distilled from raw materials by the
8 artisan distiller at the licensed premises of the artisan distiller.

9 **Sec. 9. (a)** This section applies only to a person who:

- 10 (1) holds an artisan distiller's permit; and
11 (2) holds an interest in a farm winery brandy distiller's permit
12 under IC 7.1-3-7.5.

13 **(b)** An artisan distiller may:

- 14 (1) serve samples of liquor that the artisan distiller
15 manufactures; and
16 (2) sell bottles and cases of liquor that the artisan distiller
17 manufactures;

18 at the additional farm winery brandy distiller locations under
19 IC 7.1-3-7.5-3(b), regardless of whether the brandy is
20 manufactured on the same premises where the artisan distiller
21 manufactures liquor.

22 **Sec. 10. (a)** This section applies only to a person who:

- 23 (1) holds an artisan distiller's permit; and
24 (2) holds an interest in a brewer's permit for a brewery
25 described in IC 7.1-3-2-7(5).

26 **(b)** An artisan distiller may:

- 27 (1) serve samples of liquor that the artisan distiller
28 manufactures; and
29 (2) sell bottles and cases of liquor that the artisan distiller
30 manufactures;

31 on the licensed premises where the beer is manufactured,
32 regardless of whether the beer is manufactured on the same
33 premises where the artisan distiller manufactures liquor.

34 **Sec. 11. (a)** The commission shall charge a permit fee of two
35 hundred fifty dollars (\$250) annually to the holder of an artisan
36 distiller's permit. The permit shall be issued for a period of two (2)
37 years.

38 **(b)** The holder of an artisan distiller's permit shall pay the
39 permit fee to the chairman on the anniversary of the date of the
40 issuance of the original permit.

41 **Sec. 12.** Notwithstanding IC 7.1-5, a person who holds an
42 interest in a small farm winery distiller's permit under IC 7.1-3-7.5

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1 **or a brewer's permit under IC 7.1-3-2-7(5) may hold an interest in**
 2 **an artisan liquor distiller's permit.**

3 SECTION 7. IC 7.1-4-3-2 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 2. ~~Persons Liable for~~
 5 ~~Tax.~~ The liquor excise tax shall be levied against a permittee who holds
 6 **an artisan distiller's permit**, a distiller's permit, a rectifier's permit, a
 7 liquor wholesaler's permit, a dining car liquor permit, a vintner's
 8 permit, a wine wholesaler's permit, a dining car wine permit, or a boat
 9 wine permit, whether the sale or gift, or withdrawal for sale or gift, is
 10 to a person authorized to purchase or receive it or not. However, the
 11 same article shall be taxed only once for liquor excise tax purposes.

12 SECTION 8. IC 7.1-4-7-1, AS AMENDED BY P.L.165-2006,
 13 SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2012]: Sec. 1. The chairman shall collect the required annual
 15 license fee paid in connection with the issuance of a brewer's permit,
 16 a beer wholesaler's permit, a temporary beer permit, a dining car permit
 17 of any type, a boat permit of any type, **an artisan distiller's permit**, a
 18 distiller's permit, a rectifier's permit, a liquor wholesaler's permit, a
 19 vintner's permit, a farm winery permit, a farm winery brandy distiller's
 20 permit, a wine wholesaler's permit, a wine bottler's permit, a temporary
 21 wine permit, a direct wine seller's permit, a salesman's permit, and a
 22 carrier's alcoholic permit.

23 SECTION 9. IC 7.1-5-1-9.5, AS AMENDED BY P.L.1-2006,
 24 SECTION 150, IS AMENDED TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2012]: Sec. 9.5. (a) An in state or an out of state
 26 vintner, **artisan distiller**, distiller, brewer, rectifier, or importer that:

27 (1) holds a basic permit from the federal Bureau of Alcohol,
 28 Tobacco, Firearms and Explosives; and
 29 (2) knowingly violates IC 7.1-5-11-1.5;
 30 commits a Class A misdemeanor.

31 (b) A person who:

32 (1) is not described in subsection (a); and
 33 (2) knowingly violates IC 7.1-5-11-1.5;
 34 commits a Class D felony.

35 (c) If the chairman of the alcohol and tobacco commission or the
 36 attorney general determines that a vintner, **an artisan distiller**, a
 37 distiller, a brewer, a rectifier, or **an importer** that holds a basic permit
 38 from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives
 39 has made an illegal shipment of an alcoholic beverage to consumers in
 40 Indiana, the chairman shall:

41 (1) notify the federal Bureau of Alcohol, Tobacco, Firearms and
 42 Explosives in writing and by certified mail of the official

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1 determination that state law has been violated; and

2 (2) request the federal bureau to take appropriate action.

3 SECTION 10. IC 7.1-5-9-6 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 6. ~~Liquor Permittee's~~
 5 ~~Interests Limited~~: It is unlawful for the holder of a distiller's, rectifier's,
 6 or liquor wholesaler's permit to have an interest in a beer permit of any
 7 type under this title. **This section does not apply to the holder of an**
 8 **artisan distiller's permit that has an interest in a brewer's permit**
 9 **under IC 7.1-3-27-10.**

10 SECTION 11. IC 7.1-5-9-7 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 7. ~~Distillers and~~
 12 ~~Rectifiers: Prohibited Interests~~: It is unlawful for the holder of **an**
 13 **artisan distiller's**, a distiller's, or a rectifier's permit to own, acquire,
 14 possess or cause to be transferred to ~~him~~; **the permittee**, shares of
 15 stock of a corporation that holds an Indiana permit to sell alcoholic
 16 beverages at retail, or in a permit to sell at retail in this state, or to own
 17 or acquire an interest in the business being conducted under the permit,
 18 or in or to shares of stock in a corporation that owns a permit to sell at
 19 retail.

20 SECTION 12. IC 7.1-5-9-8 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 8. ~~Certain Interests~~
 22 ~~Prohibited~~: The holder of **an artisan distiller's permit**, a distiller's
 23 permit, or a rectifier's permit may not own, acquire, or possess a permit
 24 to sell liquor at wholesale. A distiller or rectifier may not have an
 25 interest in the business of a permittee who is authorized to sell beer,
 26 liquor, or wine at wholesale or retail.

27 SECTION 13. IC 7.1-5-9-13 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13. ~~Certain Interests~~
 29 ~~Prohibited~~: The proprietor of a drug store, a corporation holding **an**
 30 **artisan distiller's permit**, a distiller's **permit**, or brewer's permit or a
 31 wholesaler's permit or a permit to retail or deal in alcoholic beverages,
 32 a wholesale drug company, and a person who is the proprietor of a
 33 wholesale drug company may not own or control or participate in the
 34 permit of a package liquor store, or in its business, or in its
 35 establishment.

36 SECTION 14. IC 7.1-5-10-12 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12. ~~Credit Sales~~
 38 ~~Prohibited~~: It is unlawful for a permittee to sell, offer to sell, purchase
 39 or receive, an alcoholic beverage for anything other than cash. A
 40 permittee who extends credit in violation of this section shall have no
 41 right of action on the claim. This section shall not prohibit a permittee
 42 from crediting to a purchaser the actual price charged for a package or

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1 an original container returned by the original purchaser as a credit on
2 a sale. This section shall not prohibit a permittee from refunding to a
3 purchaser the amount paid by the purchaser for a container, or as a
4 deposit on a container, if it is returned to the permittee. This section
5 shall not prohibit a manufacturer from extending usual and customary
6 credit for alcoholic beverages sold to a customer who maintains a place
7 of business outside this state when the alcoholic beverages are actually
8 shipped to a point outside this state. This section shall not prohibit **an**
9 **artisan distiller**, a distiller, or a liquor or wine wholesaler from
10 extending credit on liquor, flavored malt beverages, and wine sold to
11 a permittee for a period of fifteen (15) days from the date of invoice,
12 date of invoice included. However, if the fifteen (15) day period passes
13 without payment in full, the wholesaler shall sell to that permittee on
14 a cash on delivery basis only.

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