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FISCAL IMPACT STATEMENT

LS 6142

BILL NUMBER: HB 1017

NOTE PREPARED: Feb 12, 2013

BILL AMENDED: Feb 7, 2013

SUBJECT: Farm Wineries.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR: Sen. Alting

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a farm winery permittee to sell not more than a total of 5,000 gallons of wine during a permit year to holders of wine dealer's permits or wine retailer's permits.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill will require the Alcohol and Tobacco Commission (ATC) to amend rules governing farm winery permits. The provisions of this bill can be implemented within the ATC's current level of resources.

Explanation of State Revenues: (Revised) Currently, farm wineries are only allowed to sell to wine wholesalers. This bill would allow farm wineries to also sell up to 5,000 gallons of wine per year to holders of wine dealer's permits and wine retailer's permits. To the extent that wine dealers and retailers would increase their wine purchases and sales by buying directly from farm wineries, revenue collected from the Sales Tax and the Alcoholic Beverage Tax could increase. However, this increase may be offset by decreased sales by wine wholesalers.

The Alcoholic Beverage Tax on wine equal to \$0.47 per gallon is distributed to the following funds: state General Fund (\$0.20), Post War Construction Fund (\$0.16), Wine Grape Market Development Fund (\$0.05), Enforcement and Administration Fund (\$0.04), and Addiction Services Fund (\$0.02). The state retains 50% of the General Fund distribution, and 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%).

Explanation of Local Expenditures:

Explanation of Local Revenues: As total wine sales may be affected, the amount of the Alcoholic Beverage Tax that is collected and distributed to cities and towns could also be affected (see *Explanation of State Revenues*). In addition, revenue to local entities could change to the extent that they receive funds from the Commuter Rail Service Fund and the Industrial Rail Service Fund.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*.

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