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FISCAL IMPACT STATEMENT

LS 6384

BILL NUMBER: SB 173

NOTE PREPARED: Feb 5, 2013

BILL AMENDED: Jan 31, 2013

SUBJECT: Lakefront Development Project Alcohol Permit.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR: Rep. Davis

BILL STATUS: As Passed Senate

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows the Alcohol and Tobacco Commission (ATC) to issue a one-way, two-way, or three-way permit to sell alcoholic beverages for on-premises consumption to an applicant who is the proprietor, as owner or lessee, or both, of a restaurant. The restaurant must be on land or in a historic lake vessel within a municipal lakefront development project funded in part with state, local, and federal money. The bill requires the boundaries of the lakefront development project to border on Lake Michigan. It specifies the criteria that an applicant must demonstrate in applying for a special permit in a municipal lakefront development project. The bill also makes a technical correction.

Effective Date: July 1, 2013.

Explanation of State Expenditures: This bill will cause an increase in administrative costs for the ATC. The permit changes in the bill may require the ATC to amend rules, forms, and computer software relating to the issuance of one-way, two-way, and three-way permits. The ATC could also have an increased number of permit applications to process. If the bill causes an increase in permits issued, however, the increase in expenditures may be offset as more funds are deposited in the ATC's Enforcement and Administration Fund.

Explanation of State Revenues: (Revised) *Permit Fees:* This bill could increase revenue collected from the issuance of one-way, two-way, and three-way permits to restaurants located in a lakefront development project. However, the number of permits that would be issued is currently unknown. The amount of the increase will ultimately depend on the number of establishments that meet the criteria outlined in the bill. The bill does not limit the number of permits that may be issued within a lakefront development project.

The annual fee for a one-way permit is \$500, the fee for a two-way permit is \$750, and the fee for a three-way permit is \$1,000. These fees are deposited in the Excise Fund, and then distributed 37% to the state General Fund; 33% to the general funds of counties, cities, and towns based on population; and 30% to the Enforcement and Administration Fund.

A one-way permit allows an establishment to sell beer; a two-way permit allows an establishment to sell only beer and wine; and a three-way permit allows an establishment to sell beer, wine, and liquor. All of these permits are required to be renewed annually.

Alcoholic Beverage Sales: If additional permits are issued, this bill could increase alcoholic beverage sales. However, the increase of alcoholic beverage sales in a lakefront development area may be mitigated by decreased sales at other establishments. Any impact on alcoholic beverage sales will affect revenues from the Alcoholic Beverage Tax and the Sales Tax.

Revenues from the Alcoholic Beverage Tax are distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is set aside for General Fund purposes, and 50% is allocated to cities and towns based on population.

Sales Tax revenue is distributed to 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: If additional permits are issued, local revenues will increase to the extent that counties, cities, and towns receive 33% of permit fees deposited in the Excise Fund. Additionally, local revenues may be impacted to the extent that a local unit receives funds from Alcoholic Beverage Tax revenues.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Counties, cities, and towns.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2012.

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