

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

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**FISCAL IMPACT STATEMENT**

**LS 7419**

**BILL NUMBER:** HB 1310

**NOTE PREPARED:** Jan 6, 2023

**BILL AMENDED:**

**SUBJECT:** Small Breweries.

**FIRST AUTHOR:** Rep. Bartels

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows a small brewery to receive, bottle, and package beer from another small brewery if certain requirements are met. It also makes a conforming amendment.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:** *Alcohol and Tobacco Commission (ATC):* The ATC would be responsible for implementing and enforcing the bill's provisions. The bill's requirements are within the ATC's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary staffing and resource levels.

**Explanation of State Revenues:** *Beer Sales:* The bill expands the scope of a brewer's permit for a brewery to receive, bottle, and package beer from another permit holder that does not exceed number of gallons of beer the brewer produced from raw materials and does not consider the activity as an interest. To the extent that beer sales increase as a result of increased supply from additional bottling and packaging, Alcoholic Beverage Tax and Sales Tax revenue could potentially increase by an indeterminable amount. However, any increase in Alcoholic Beverage Tax and Sales Tax would likely be minimal.

The Alcoholic Beverage Tax on beer is equal to \$0.115 per gallon. Revenue is distributed to the following funds: General Fund (\$0.04), State Construction Fund (\$0.0375), Enforcement and Administration Fund (\$0.0175), and Addiction Services Fund (\$0.02). Fifty percent of the General Fund distribution is allocated to cities and towns according to a formula based on population.

Sales Tax revenue is deposited in the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and

Industrial Rail Service Fund (0.031%).

*Penalty Provision:* Under current law, it is a Class B misdemeanor if a beer is packaged and sealed outside of the brewery in which the beer was produced. If fewer court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any decrease in revenue would likely be small. In addition, if the ATC collects fewer fines, revenue to the Enforcement and Administration Fund could decrease. However, any reduction in revenue would likely be small.

**Explanation of Local Expenditures:** *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

**Explanation of Local Revenues:** *Penalty Provision:* If fewer court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Alcohol and Tobacco Commission.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Nate Bodnar, 317-234-9476.