

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

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FISCAL IMPACT STATEMENT

LS 6719

BILL NUMBER: HB 1510

NOTE PREPARED: Jan 3, 2023

BILL AMENDED:

SUBJECT: Beer in Food Production.

FIRST AUTHOR: Rep. Johnson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that certain brewers may sell or transfer beer to certain food manufacturers for the purpose of adding or integrating the beer into a product or recipe. It provides that a product that contains the transferred beer may not contain more than 0.5% of alcohol by volume when the product leaves the food manufacturer's facility. It also requires the brewer to destroy a finished product that contains more alcohol by volume than is permitted.

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: *Alcoholic Beverage Sales:* The bill expands the scope of brewer's permit holders to sell or transfer beer directly to food manufacture for the purpose of adding or integrating the beer into a product or recipe. Alcoholic Beverage Tax revenue could increase to the extent of beer sold directly to a food manufactures. However, the increase in revenue is indeterminable and would likely be small.

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.

Penalty Provision: The bill requires brewer to destroy a finished product that contains more than 0.5% alcohol from a food manufacture who used the brewer's beer. This provision may increase revenue to the extent the ATC collects fines from violations of the provision. The maximum amount the ATC could collect per violation is \$4,000. The revenue is deposited into the Enforcement and Administration Fund. However, any increase in revenue is likely to be minimal.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Alcoholic Beverage Tax:* To the extent Alcoholic Beverage Tax revenue increases, distributions to cities and towns would increase. [See *Explanation of State Revenues.*]

State Agencies Affected: Alcohol and Tobacco Commission

Local Agencies Affected: Cities and Towns.

Information Sources:

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