

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

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FISCAL IMPACT STATEMENT

LS 7481

BILL NUMBER: HB 1585

NOTE PREPARED: Jan 12, 2023

BILL AMENDED:

SUBJECT: Sale of Cold Alcoholic Beverages.

FIRST AUTHOR: Rep. Manning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes it a Class B misdemeanor for a grocery store or drug store to sell an iced or cooled alcoholic beverage. (Current law prohibits the sale of iced or cooled beer by a grocery store or drug store.) It specifies that a package liquor store may sell any alcoholic beverage iced or cooled. It also makes conforming amendments.

Effective Date: July 1, 2023.

Explanation of State Expenditures: The Alcohol and Tobacco Commission (ATC) would enforce the bill's provisions regarding sales of iced or cooled wine and liquor. Enforcing alcoholic beverage laws at dealer permittee locations is within the ATC's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: *Summary* - The bill makes it a Class B misdemeanor for a grocery store or drug store to sell iced or cooled alcoholic beverages. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. In addition to the criminal penalties imposed by the bill, the ATC could collect up to \$1,000 in civil penalties for each violation, which would be deposited in the Enforcement and Administration Fund.

If the bill reduces alcoholic beverage sales, Alcoholic Beverage Tax and Sales Tax revenue could decrease. Any decrease in tax revenue is indeterminable and would likely have a minor impact on the General Fund and dedicated funds.

Additional Information - *Penalty Provision:* The maximum fine for a Class B misdemeanor is \$1,000.

Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit or superior court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund. In addition, the automated record keeping fee (\$20) is deposited into the state user fee fund, and the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), judicial insurance adjustment fee (\$1), and the DNA sample processing fee (\$3) are deposited into the state General Fund.

Alcoholic Beverage Sales: By reducing the number of outlets at which iced or cooled wine and liquor may be sold, the bill has the potential to reduce alcoholic beverage sales. However, package liquor stores may continue to sell cold alcoholic beverages. Any reduction in sales of cold wine and liquor at grocery and drug stores could be offset by sales of warm alcoholic beverages at those locations, cold wine and liquor at package stores, or other items subject to Sales Tax.

Alcoholic Beverage Tax revenue is distributed in varying amounts to the following funds: General Fund, State Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, and Addiction Services Fund. Fifty percent of the revenue distributed to the General Fund is allocated to cities and towns 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%).

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail. The average cost per day to incarcerate a prisoner is approximately \$64.53 based on the per diem payments reported by U.S. Marshals to house federal prisoners in 11 county jails across Indiana during CY 2021.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Persons found guilty of a felony or misdemeanor are also required to pay the document storage fee (\$5), which is deposited into the clerk record perpetuation fund, and the jury fee (\$2) and the law enforcement continuing education fee (\$4), which are both deposited in the county user fee fund.

Alcoholic Beverage Sales: To the extent that Alcoholic Beverage Tax revenue decreases, the amount distributed to cities and towns would decrease. However, any decrease would likely be small. [Fifty percent of Alcoholic Beverage Tax revenue that is distributed to the General Fund is allocated to cities and towns according to a formula based on population.]

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Trial courts, local law enforcement agencies, cities and towns.

Information Sources: Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2022.

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