

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

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FISCAL IMPACT STATEMENT

LS 6431

BILL NUMBER: SB 325

NOTE PREPARED: Jan 5, 2015

BILL AMENDED:

SUBJECT: Beer, Wine, Liquor Prizes/Charity Auction Sales.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a nonprofit corporation that is a qualified organization under the charity gaming law to give bottles or cases of alcoholic beverages as prizes in a charity gaming event as follows:

1. A qualified organization licensed by the Indiana Gaming Commission must obtain a special event permit issued by the Alcohol and Tobacco Commission (ATC).
2. A qualified organization that is not licensed by the Indiana Gaming Commission may award alcoholic beverage prizes without obtaining a special event permit.

The bill allows a qualified organization to auction donated alcoholic beverages in sealed bottles or cases, if the qualified organization has been issued a charity auction permit by the ATC. It prohibits alcoholic beverages that are auctioned or given as prizes from being consumed on the premises.

Effective Date: July 1, 2015.

Explanation of State Expenditures: The bill could increase costs to the ATC by requiring it to administer additional alcoholic beverage permits. The bill creates two new permits – a special event permit and a charity auction permit – to allow nonprofit entities to award alcoholic beverages as prizes of a drawing, raffle, or other allowable charity gaming event. The extent of the increase in administrative costs will depend on the number of applications for these permits that are submitted to the ATC. Only organizations that hold a charity gaming license under IC 4-32.2-4 are required to obtain a special event permit. 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 agency staffing and resource levels.

Explanation of State Revenues: Summary - The bill could potentially increase state revenue from special event and charity auction permit fees, Alcoholic Beverage Taxes, and Sales Tax. However, any increase would depend on the number of nonprofit entities that apply for the special permits and the volume of alcoholic beverages sold or donated to these entities.

Additional Information - The fee for a special event permit and a charity auction permit is \$10 each. Under the bill, the term of each permit is 24 hours. An entity may be issued up to two charity auction permits annually. Revenue from both permits would be deposited in the state General Fund.

Alcoholic Beverage Tax revenue could increase, depending on the volume of alcoholic beverages sold or donated to entities that hold a permit under this bill. Revenue from Alcoholic Beverage Taxes is distributed in varying amounts to the 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 allocated to cities and towns according to a formula based on population.

Similarly, if the bill causes an increase in sales of alcoholic beverages, Sales Tax revenue could increase. The amount of the increase, however, would likely be small. Sales Tax revenue is deposited in the state General Fund (98.848%), Motor Vehicle Highway Account (1%), Commuter Rail Service Fund (0.123%), and Industrial Rail Service Fund (0.029%).

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues could increase to the extent that a local unit receives distributions from funds receiving Alcoholic Beverage Tax or Sales Tax revenue. However, any increase is likely to be small.

State Agencies Affected: ATC.

Local Agencies Affected:

Information Sources:

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