

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

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 7010
BILL NUMBER: SB 238

NOTE PREPARED: Feb 2, 2021
BILL AMENDED: Jan 28, 2021

SUBJECT: Designated Outdoor Refreshment Areas.

FIRST AUTHOR: Sen. Brown L
FIRST SPONSOR: Rep. Smaltz

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Entertainment Complex:* This bill modifies the term "entertainment complex."

Outdoor Refreshment Areas: The bill allows a county or municipality to designate an area of the county or municipality as an outdoor refreshment area (refreshment area) with the approval of the Alcohol and Tobacco Commission (ATC). It provides that if a refreshment area is approved, the ATC designates retailer permittees (designated permittees) located within the refreshment area.

The bill allows a consumer to exit a designated permittee's premises with one open container of an alcoholic beverage at a time to consume within the refreshment area. It limits the volume of an open container (based upon the type of alcoholic beverage) that a designated permittee may sell or furnish to a consumer for a refreshment area. It requires a consumer to wear a wristband in order to exit a licensed premises into a refreshment area with an open container. The bill also allows a minor to be present in a refreshment area.

It allows a municipality or county to adopt an ordinance at any time to dissolve a refreshment area.

Penalty Provisions: The bill makes the following acts a Class C infraction:

- (1) A person who exits a designated permittee's premises with an open container of an alcoholic beverage without wearing a wristband identification.
- (2) A designated permittee who allows a person with an open container of an alcoholic beverage to exit the premises without wearing a wristband identification.
- (3) A designated permittee who sells or furnishes a person with: (A) an open container of an alcoholic beverage that exceeds the container volume limitations; or (B) two or more open containers of alcoholic beverages at a time.

- (4) A person who consumes an open container of an alcoholic beverage purchased from a designated permittee outside the refreshment area.
- (5) A person who brings an alcoholic beverage into a refreshment area that was not purchased from a designated permittee.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Alcohol and Tobacco Commission (ATC):* The ATC would administer and enforce the bill’s provisions. The bill requires the ATC to (1) review and approve ordinances adopted by municipalities and counties to designate an outdoor refreshment area and (2) to issue refreshment area designations to retailer permittees within the refreshment area. The ATC should be able to implement the bill’s requirements within its existing level of staffing and resources.

Explanation of State Revenues: *Penalty Provisions:* The bill makes violations of the provisions related to wristbands, container volume limits, consuming alcoholic beverages outside a refreshment area, and bringing beverages from outside a refreshment area a Class C infraction. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. The ATC may also impose civil penalties on permittees, which are deposited in the Enforcement and Administration Fund. However, any additional revenue is likely to be small.

Entertainment Complex: The bill changes the definition of “entertainment complex” in a way that could potentially allow more facilities to qualify for alcoholic beverage permits. Current law allows the ATC to issue a civic center permit to the proprietor of an entertainment complex. To the extent that additional alcohol permits are issued, revenue from permit fees could increase. However, any increase in revenue would likely be minimal.

The annual fee for a civic center permit is equal to \$500 if the permittee serves only beer or only wine; \$750 if the permittee serves both beer and wine but no liquor; and \$1,000 if the permittee serves beer, wine, and liquor. Revenue is distributed to the state General Fund (37%); cities, towns, and counties (33%); and the Enforcement and Administration Fund (30%). [As of August 2020, five civic center permits have been issued.]

Explanation of Local Expenditures: *Outdoor Refreshment Areas:* If a municipality or county decides to designate a refreshment area, it is required to adopt an ordinance that includes certain information specified in the bill. The unit would also be required to submit the ordinance to the ATC for approval. A unit may adopt an ordinance to dissolve a refreshment area.

Explanation of Local Revenues: *Penalty Provisions:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

Entertainment Complex: Revenue distributed to cities and towns could increase to the extent that permit fee revenue increases. However, any impact would be small. The city or town in which the licensed premises are located receives 33% of the fee paid by the permittee.

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected: Cities, towns, counties, trial courts, local law enforcement agencies.

Information Sources: Alcohol and Tobacco Commission monthly permit data, August 2020.

Fiscal Analyst: Lauren Tanselle, 317-232-9586.