



February 15, 2019

HOUSE BILL No. 1422

DIGEST OF HB 1422 (Updated February 13, 2019 9:57 pm - DI 107)

Citations Affected: IC 7.1-3; IC 7.1-4; IC 7.1-5.

Synopsis: Alcohol matters. Provides that a farm winery permit holder or an artisan distiller's permit holder may: (1) be the proprietor of a restaurant; (2) transfer wine or liquor from the winery or distillery to the restaurant; (3) have a window between the winery or distillery and the restaurant; and (4) have a doorway or other opening between the winery or distillery and the restaurant. Provides that a farm winery and a holder of a vintner's permit may sell their wine to consumers by the box or by the bulk container. Provides that a holder of a farm winery permit may hold a micro wine wholesaler's permit without complying with the requirements for holding a beer wholesaler's permit or liquor wholesaler's permit. Removes distillers and rectifiers from the entities that cannot have an interest in a beer permit. Repeals language that prohibited the holder of an artisan distiller's permit, a distiller's permit, or a rectifier's permit from owning or possessing a permit to sell liquor at wholesale. Repeals the crime prohibiting artisan distillers, distillers and rectifiers from owning holder shares of stock of a corporation that holds an Indiana permit to sell alcoholic beverages at retail. Provides that it is lawful for a holder of a retailer's permit to own or possess an interest in a distiller's permit or a farm winery permit. Creates a fee for a supplemental outdoor bar permit.

Effective: July 1, 2019.

Clere, Engleman, Fleming, Lehman

January 14, 2019, read first time and referred to Committee on Public Policy.
February 14, 2019, amended, reported — Do Pass.

HB 1422—LS 7538/DI 107



February 15, 2019

First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

HOUSE BILL No. 1422

A BILL FOR AN ACT to amend the Indiana Code concerning alcohol and tobacco.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 7.1-3-12-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 2. ~~Scope of Permit~~. The
3 holder of a vintner's permit is entitled to manufacture wine and to bottle
4 it or place it in other containers, **including boxes that contain a bag**
5 **designed to store and dispense wine, and bulk containers. He A**
6 **vintner** also is entitled to transport wine and either to sell it, or deliver
7 it, or both, in shipments to points outside this state, and to a wine
8 wholesaler, and to another vintner. A vintner is not entitled to rectify
9 or fortify wine unless ~~he~~ **the vintner** is also the holder of either a
10 distiller's permit, or a rectifier's permit, or both. A vintner is not entitled
11 to sell to a consumer or to a permittee who sells wine at retail. A
12 vintner is entitled to advertise the name and address of any retailer or
13 dealer who sells wine produced by ~~his~~ **the vintner's** winery.

14 SECTION 2. IC 7.1-3-12-5, AS AMENDED BY P.L.270-2017,
15 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

HB 1422—LS 7538/DI 107



- 1 JULY 1, 2019]: Sec. 5. (a) The holder of a farm winery permit:
- 2 (1) is entitled to manufacture wine and to bottle wine produced by
- 3 the permit holder's farm winery;
- 4 (2) is entitled to serve complimentary samples of the winery's
- 5 wine on the licensed premises or an outside area that is
- 6 contiguous to the licensed premises, as approved by the
- 7 commission if each employee who serves wine on the licensed
- 8 premises:
- 9 (A) holds an employee's permit under IC 7.1-3-18-9; and
- 10 (B) completes a server training program approved by the
- 11 commission;
- 12 (3) is entitled to sell the winery's wine on the licensed premises to
- 13 consumers either by the:
- 14 (A) glass; ~~or by the~~
- 15 (B) bottle; ~~or both;~~
- 16 (C) **box that contains a bag designed for storing and**
- 17 **dispensing wine; or**
- 18 (D) **any combination of receptacles listed in clauses (A)**
- 19 **through (C);**
- 20 (4) is entitled to sell the winery's wine to consumers by the bottle
- 21 at a farmers' market that is operated on a nonprofit basis;
- 22 (5) is entitled to sell wine by the:
- 23 (A) bottle; ~~or by the~~
- 24 (B) **box that contains a bag designed for storing and**
- 25 **dispensing wine;**
- 26 (C) **bulk container;**
- 27 (D) case; ~~or~~
- 28 (E) **any combination of receptacles listed in clauses (A)**
- 29 **through (D);**
- 30 to a person who is the holder of a permit to sell wine at wholesale;
- 31 (6) is exempt from the provisions of IC 7.1-3-14;
- 32 (7) is entitled to advertise the name and address of any retailer or
- 33 dealer who sells wine produced by the permit holder's winery;
- 34 (8) for wine described in IC 7.1-1-2-3(a)(4):
- 35 (A) may allow transportation to and consumption of the wine
- 36 on the licensed premises; and
- 37 (B) may not sell, offer to sell, or allow the sale of the wine on
- 38 the licensed premises;
- 39 (9) is entitled to purchase and sell bulk wine as set forth in this
- 40 chapter;
- 41 (10) is entitled to sell wine as authorized by this section for
- 42 carryout on Sunday; and



1 (11) is entitled to sell and ship the farm winery's wine to a person
 2 located in another state in accordance with the laws of the other
 3 state.

4 (b) With the approval of the commission, a holder of a permit under
 5 this chapter may conduct business at not more than three (3) additional
 6 locations that are separate from the winery. At the additional locations,
 7 the holder of a permit may conduct any business that is authorized at
 8 the first location, except for the manufacturing or bottling of wine.

9 (c) With the approval of the commission, a holder of a permit under
 10 this chapter may:

11 (1) individually; or

12 (2) with other permit holders under this chapter, holders of artisan
 13 distiller's permits, holders of brewer's permits issued under
 14 IC 7.1-3-2-2(b), or any combination of holders described in this
 15 subdivision;

16 participate in a trade show or an exposition at which products of each
 17 permit holder participant are displayed, promoted, and sold. All of the
 18 permit holders may occupy the same tent, structure, or building. The
 19 commission may not grant approval under this subsection to a holder
 20 of a permit under this chapter for more than forty-five (45) days in a
 21 calendar year.

22 SECTION 3. IC 7.1-3-13-1 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2019]: Sec. 1. (a) **Except as**
 24 **provided in section 1.5 of this chapter**, the commission may issue a
 25 wine wholesaler's permit to sell wine, or wine and brandy, at wholesale
 26 to a person who:

27 (1) notwithstanding IC 7.1-5-9-4, holds a beer wholesaler's
 28 permit;

29 (2) holds a liquor wholesaler's permit; or

30 (3) does not hold an alcoholic beverage wholesaler's permit but
 31 meets the qualifications to hold either a beer or a liquor
 32 wholesaler's permit.

33 (b) The holder of a wine wholesaler's permit under subsection (a)(1)
 34 or (a)(2):

35 (1) is considered the same as a person who holds a wine
 36 wholesaler's permit under subsection (a)(3) for purposes of
 37 conducting activities and operations under the wine wholesaler's
 38 permit; and

39 (2) may operate the beer or liquor wholesale business
 40 independently of the wine wholesale business.

41 SECTION 4. IC 7.1-3-13-1.5 IS ADDED TO THE INDIANA
 42 CODE AS A NEW SECTION TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2019]: **Sec. 1.5. (a) The commission may issue**
 2 **a type of wine wholesaler's permit, a micro wine wholesaler's**
 3 **permit, to an applicant that:**

4 (1) sells less than twelve thousand (12,000) gallons of wine or
 5 wine and brandy at wholesale in a year; and

6 (2) meets the requirements for holding a wine wholesaler's
 7 permit.

8 (b) If an applicant previously held a wine wholesaler's permit,
 9 the applicant shall certify to the commission that the permit
 10 applicant sold less than twelve thousand (12,000) gallons of wine
 11 and brandy at wholesale in the previous year.

12 (c) The holder of a farm winery permit:

13 (1) may hold a micro wine wholesaler's permit; and

14 (2) is not subject to section 1 of this chapter.

15 (d) The holder of a micro wine wholesaler's permit may enter
 16 into an agreement to:

17 (1) locate the wine wholesaler's business within the licensed
 18 premises of a farm winery or a farm winery brandy distiller;
 19 or

20 (2) use goods and services provided by a farm winery or a
 21 farm winery brandy distiller;

22 or both.

23 SECTION 5. IC 7.1-3-13-2.5, AS AMENDED BY P.L.70-2014,
 24 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JULY 1, 2019]: **Sec. 2.5. Except as provided in section 1.5(d) of this**
 26 **chapter**, all premises to be used by an applicant for a wine wholesaler's
 27 permit must be described in the application for the permit and in the
 28 permit, if the permit is issued. A wine wholesaler may not keep or store
 29 wine at any place other than the premises described in the wine
 30 wholesaler's application and permit. A person who holds a wine
 31 wholesaler's permit and who also holds a beer wholesaler's permit is
 32 not disqualified from using multiple premises for the storage of wine
 33 because the person holds a beer wholesaler's permit. ~~The holder of a~~
 34 ~~wine wholesaler's permit described in IC 7.1-4-4.1-13(c) may enter into~~
 35 ~~an agreement to:~~

36 (1) locate the wine wholesaler's business within the licensed
 37 premises of a farm winery or a farm winery brandy distiller; or

38 (2) use goods and services provided by a farm winery or a farm
 39 winery brandy distiller;

40 or both.

41 SECTION 6. IC 7.1-3-29 IS ADDED TO THE INDIANA CODE
 42 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE



- 1 JULY 1, 2019]:
- 2 **Chapter 29. Restaurants Owned by Farm Winery and Artisan**
- 3 **Distiller's Permit Holders**
- 4 **Sec. 1. (a) This chapter applies to the holder of:**
- 5 (1) a farm winery permit;
- 6 (2) an artisan distiller's permit; or
- 7 (3) a combination of the permits described in subdivisions (1)
- 8 and (2).
- 9 (b) A permit holder described in subsection (a) may also hold a
- 10 beer retailer's permit.
- 11 **Sec. 2. The holder of a permit described in section 1(a) of this**
- 12 **chapter may do the following:**
- 13 (1) Be the proprietor of a restaurant.
- 14 (2) Transfer wine or liquor directly from the winery, the
- 15 distillery, or the artisan distillery to the restaurant by means
- 16 of:
- 17 (A) bottles;
- 18 (B) bulk containers; or
- 19 (C) a continuous flow system.
- 20 (3) Install a window between the winery, the distillery, or the
- 21 artisan distillery and an adjacent restaurant that allows the
- 22 public and the holder of the permit to view both premises.
- 23 (4) Install a doorway or other opening between the winery,
- 24 the distillery, or the artisan distillery and an adjacent
- 25 restaurant that provides the public and the holder of the
- 26 permit with access to both premises.
- 27 SECTION 7. IC 7.1-4-4.1-2.5 IS ADDED TO THE INDIANA
- 28 CODE AS A NEW SECTION TO READ AS FOLLOWS
- 29 [EFFECTIVE JULY 1, 2019]: **Sec. 2.5. (a) The fee for a**
- 30 **supplemental outdoor bar permit is one hundred fifty dollars**
- 31 **(\$150) per year.**
- 32 (b) The fees collected under this section shall be deposited in the
- 33 enforcement and administration fund under IC 7.1-4-10.
- 34 SECTION 8. IC 7.1-4-4.1-13, AS AMENDED BY P.L.165-2006,
- 35 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 36 JULY 1, 2019]: **Sec. 13. (a) This section applies to the following**
- 37 **permits:**
- 38 (1) Beer wholesaler's permit.
- 39 (2) Malt wholesaler's permit.
- 40 (3) Liquor wholesaler's permit.
- 41 (4) Wine wholesaler's permit.
- 42 (b) Except as provided in subsection (c), a permit fee of two



1 thousand dollars (\$2,000) is annually imposed for the issuance of each
 2 of the permits described in subsection (a).

3 (c) A permit fee of one hundred dollars (\$100) is annually imposed
 4 for the issuance of a **micro** wine wholesaler's permit **under**
 5 **IC 7.1-3-13-1.5.** to a permit applicant who:

6 (1) has never previously held a wine wholesaler's permit and
 7 anticipates selling less than twelve thousand (12,000) gallons of
 8 wine and brandy in a year; or

9 (2) previously held a wine wholesaler's permit and certifies to the
 10 commission that the permit applicant sold less than twelve
 11 thousand (12,000) gallons of wine and brandy in the previous
 12 year.

13 SECTION 9. IC 7.1-5-9-6, AS AMENDED BY P.L.79-2015,
 14 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2019]: Sec. 6. (a) It is unlawful for the holder of a ~~distiller's,~~
 16 ~~rectifier's,~~ or liquor wholesaler's permit to have an interest in a beer
 17 permit of any type under this title. This section does not apply to the
 18 holder of an artisan distiller's permit that has an interest in a brewer's
 19 permit issued under IC 7.1-3-2-2(b).

20 (b) A person who knowingly or intentionally violates this section
 21 commits a Class B misdemeanor.

22 SECTION 10. IC 7.1-5-9-7 IS REPEALED [EFFECTIVE JULY 1,
 23 2019]. Sec. 7. (a) Except as provided in IC 7.1-3-27-6, it is unlawful for
 24 the holder of an artisan distiller's, a distiller's, or a rectifier's permit to
 25 own, acquire, possess or cause to be transferred to the holder shares of
 26 stock of a corporation that holds an Indiana permit to sell alcoholic
 27 beverages at retail, or in a permit to sell at retail in this state, or to own
 28 or acquire an interest in the business being conducted under the permit,
 29 or in or to shares of stock in a corporation that owns a permit to sell at
 30 retail.

31 (b) A person who knowingly or intentionally violates this section
 32 commits a Class B misdemeanor.

33 SECTION 11. IC 7.1-5-9-8, AS AMENDED BY P.L.159-2014,
 34 SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2019]: Sec. 8. (a) The holder of an artisan distiller's permit, a
 36 distiller's permit, or a rectifier's permit may not own, acquire, or
 37 possess a permit to sell liquor at wholesale. A distiller or rectifier may
 38 not have an interest in the business of a permittee who is authorized to
 39 sell beer, liquor, or wine at wholesale or retail.

40 (b) A person who knowingly or intentionally violates this section
 41 commits a Class B misdemeanor.

42 SECTION 12. IC 7.1-5-9-10, AS AMENDED BY P.L.79-2015,



1 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2019]: Sec. 10. (a) Except as provided in subsection (b), it is
3 unlawful for a holder of a retailer's permit of any type to acquire, hold,
4 own, or possess an interest of any type in a manufacturer's or
5 wholesaler's permit of any type.
6 (b) It is lawful for a holder of a retailer's permit of any type to
7 acquire, hold, own, or possess an interest of any type in:
8 (1) a brewer's permit issued under IC 7.1-3-2-2(b); ~~and~~
9 (2) an artisan distiller's permit if the holder of the retailer's permit
10 also holds a brewer's permit described in subdivision (1);
11 **(3) a distiller's permit under IC 7.1-3-7-1; and**
12 **(4) a farm winery permit issued under IC 7.1-3-12-3.**
13 (c) A person who knowingly or intentionally violates subsection (a)
14 commits a Class B misdemeanor.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred House Bill 1422, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 15.
 Delete page 2.
 Page 3, delete lines 1 through 26.
 Page 4, delete lines 21 through 23.
 Page 4, line 24, reset in roman "(5)".
 Page 4, line 24, delete "(6)".
 Page 4, line 33, reset in roman "(6)".
 Page 4, line 33, delete "(7)".
 Page 4, line 34, reset in roman "(7)".
 Page 4, line 34, delete "(8)".
 Page 4, line 36, reset in roman "(8)".
 Page 4, line 36, delete "(9)".
 Page 4, line 41, reset in roman "(9)".
 Page 4, line 41, delete "(10)".
 Page 5, line 1, reset in roman "(10)".
 Page 5, line 1, delete "(11)".
 Page 5, line 2, reset in roman "and".
 Page 5, line 3, reset in roman "(11)".
 Page 5, line 3, delete "(12)".
 Page 5, line 5, after "state" delete ";" and insert ".".
 Page 5, delete lines 6 through 10.
 Page 7, delete lines 6 through 42.
 Delete pages 8 through 13.
 Page 14, delete lines 1 through 40.
 Page 17, delete lines 15 through 42.
 Delete pages 18 through 21.

and when so amended that said bill do pass.

(Reference is to HB 1422 as introduced.)

SMALTZ

Committee Vote: yeas 12, nays 1.

HB 1422—LS 7538/DI 107

