



STATE OF INDIANA  
ALCOHOL AND TOBACCO COMMISSION

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September 14, 2012

Adam Horst  
Director  
Office of Management and Budget  
200 West Washington Street, Room 212  
Indianapolis, IN 46204

Dear Mr. Horst:

As Chairman of the Indiana Alcohol and Tobacco Commission (ATC), I am pleased to provide you with the following overview of this agency. I hope to obtain your full support during this budget process by highlighting some of our future objectives and past accomplishments.

### **Mission and Responsibilities of ATC**

The ATC is charged to protect the economic welfare, health, peace, and morals of the people of Indiana by regulating the sale, possession, and use of alcoholic beverages and tobacco products. In this vein, the ATC provides alcohol server training programs, various community awareness programs, youth tobacco prevention education, and other programs related to tobacco and alcohol laws.

The ATC is the only agency in the state that regulates alcoholic beverages, which includes manufacturers, wholesalers, retailers, servers, and carriers. The ATC is also mandated to regulate all retail tobacco certificate holders in Indiana. The ATC is responsible for issuing and regulating 11,000 alcoholic beverage permits, 135,000 server and bartender permits, and 9,000 tobacco certificates. These figures do not take into account numerous temporary event permits that are issued by the ATC.

Legislation enacted in the 2008 General Assembly requires the ATC/State Excise Police to license and regulate Type II gaming (gaming permitted in certain alcoholic beverage establishments). To date, just fewer than 900 establishments that have an alcoholic beverage permit have been issued Type II gaming endorsements since July 1, 2008.

### **Staffing Structure of ATC**

The ATC is comprised of three (3) Sections: the Indiana State Excise Police, the Permit Processing and Licensing Section, and the Administrative Section.

The Indiana State Excise Police (Excise Police) is the enforcement section of the ATC. The Excise Police is staffed with 88 officers to cover all 92 counties. These officers are assigned throughout

the state in various capacities to one of six (6) district offices. They are responsible for enforcing the alcoholic beverage and tobacco laws by conducting investigations and inspections of business establishments and enforcing all laws of the state of Indiana, including Type II gaming. In 2012, smoking ban enforcement was added to their responsibilities.

The Permit Processing and Licensing Section are comprised of nine (9) permit processors. Five (5) processors handle the licensing and management of over 11,000 alcoholic beverage business permits, and four (4) processors manage the issuance and renewals of over 135,000 server and bartender permits. Additionally, one person from the administrative support staff processes 1,487 Type II Gaming applications annually. Our mission is to promote an efficient permit process by infusing the latest available technology with increased employee accountability, which will ultimately result in better delivery of customer service, and in the long run, a better government for Hoosiers.

The Statutory, Executive, and Administrative staff is comprised of twenty-six (26) staff members. The statutory positions include the Chairman, three (3) Commissioners, a part-time Prosecutor, and an Executive Secretary who also serves as a Hearing Judge. The Superintendent is the Chief Agent of the Excise Police; however, that position is assigned to the Administrative Section, along with the Staff Attorney, Accounting Section, and the administrative support staff.

### **Accomplishments**

The agency successfully implemented the inspection process to transition to the new smoke free air law. During the first 3 months after the effective date of the passing of the law, 1,721 inspections have taken place to certify exempt locations. Additionally, 408 complaints have been investigated, resulting in 125 warnings being issued and 8 violations after a location has received a warning.

In January of 2012, the ATC was commissioned by the Food and Drug Administration (FDA) to be the agents of record for FDA Tobacco Enforcement. Additionally, 12 Excise officers and 26 additional local officers were commissioned as special enforcement agents. To date, these officers have conducted over 6,000 FDA Tobacco Inspections.

The initial phase of the new permit licensing platform is underway. The server/bartender license platform is active. This new system allows for online renewals of non-restricted permittees. The use of the online renewal process is steadily increasing. We anticipate this will increase significantly, when users may also complete the required server training online as well.

The ATC initiated the process of developing a virtual file room for enforcement records. During the months of May through September, all old enforcement records were scanned into the virtual file room. These records will be merged with the new licensing platform. This will ensure that all pertinent data is considered during the permit issuance process.

### **Goals and Objectives**

The ATC maintains its ambitious plan to bring the permit application process and the records management system into the 21st century by adopting the latest available technology to promote efficiency and to streamline the process. The ATC is currently implementing solutions to these problems by: (1) Working with a team of subject matter experts to configure the new licensing platform to meet the needs of Indiana; (2) Developing an online server training program that

integrates with the bartender/server licensing platform; and (3) creating a virtual file room for the permit premise files, enabling the agency to reduce employee hours spent on upkeep of over 25,000 files. Moreover, the current filing system is extremely vulnerable to identity theft.

Fleet management continues to be a challenge. At the end of year 3 of the vehicle lease, our vehicles will have very near or in excess of 115,000 miles. We are in the process of developing a fleet management plan that will allow for the safe and efficient operation of vehicles after 4.5 years or 165,000 miles. A fleet management plan that accomplishes that goal is vital to maintaining fiscal efficiency while providing a reliable, safe, and serviceable fleet.

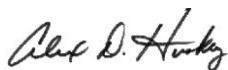
The ATC is also committed to continuing efforts to reducing the availability of alcohol and tobacco products to minors. A key component of this initiative is to ensure that establishments are not willing to sell to minors. The agency has experienced great success in reducing the non-compliance rates (sales to minors) through enforcement, education, and collaboration with industry representatives.

### **OPEB**

The Alcohol and Tobacco Commission is requesting the annual required contribution (ARC) to pay for the OPEB liability associated with the health insurance program offered to our Excise Officers (active and retirees) and their dependents (over 115 members in total). The estimated amount of the ARC is \$282,262 in FY14 and \$246,710 in FY15 for a total biennial cost of \$528,972. OPEB are employee benefits (other than pensions) that are received after employment with the state is terminated, such as health, dental, vision, life insurance, prescription drug benefits, etc. The Government Accounting Standards Board (GASB) 45 requires public entities to account for the ARC for OPEB in the same way that pension contributions are reported on the state's financial statements. It is important that Indiana attempts to fund as much of these OPEB liabilities as feasible, which is the reason that ATC is seeking support to pay the ARC in fiscal years 2014 and 2015. ATC and the Indiana Department of Natural Resources (co-policy holder) have made numerous benefit and premium revisions to assist in decreasing this liability as well. Disclosure of annual OPEB costs and the accrued liability will bring transparency to the benefits program, which will allow for informed policy decisions about the level and types of benefits provided by employers and methods for financing and managing these benefits.

I look forward to working with you to obtain a reasonable budget for our agency. With your help, our agency can truly move into the 21st century through its progressive efforts, which would, in the long run, result in better government for the citizens of Indiana.

Sincerely,



Alex D. Huskey,  
Chairman