

# FISHERS NEXT CHAPTER

# FOOD AND BEVERAGE TAX

## BACKGROUND

- Hamilton County adopted a 1% food and beverage tax in 2005 and restaurant and bar owners in Fishers have been collecting that tax ever since.
- Marion County adopted a 2% food and beverage tax in 2005.
- Other Hamilton County municipalities collect their own food and beverage tax including Carmel, Noblesville, and Westfield in addition to the Hamilton County tax.
- Restaurant and bar operators are already collecting the Hamilton County tax, so little to no implementation effort will be required.

## WHAT DOES IMPLEMENTING A FISHERS FOOD AND BEVERAGE TAX (FAB) MEAN TO CONSUMERS?

- A 1% sales tax will be collected on transactions in which food or beverages are furnished, prepared, or served for consumption at a location or on equipment provided by a retail merchant in Fishers.
- The adoption of a food and beverage tax in Fishers will bring the city into alignment with neighboring communities.
- The Fishers FAB will be in addition to the 1% food and beverage tax that is already collected for Hamilton County. Consumers purchasing prepared food and beverages will be taxed at the combined rate – a 2% total rate – similar to many nearby communities.
- FABs do not apply to grocery sales except for food prepared, cooked, and sold at stores.

## FAQ TAKEAWAYS



When calculated, the FAB will add \$1 to a \$100 tab. For an average lunch tab of \$15, the FAB will add \$.15.



Fishers is one of the few communities in Central Indiana without a food and beverage tax. This proposal brings Fishers to parity with its neighbors.



Visitors spend 34% of their dollar on food and beverage in Hamilton County; specifically at Fishers District, visitor spending outweighs local spending 3:1. This shifts the tax burden away from residents.



A 1% Food and Beverage Tax is estimated to bring \$3 million in revenue in its first year. This revenue directly pays for debt payments for the Fishers event center, directly correlating the tax revenue to the amenity driving expenditures.



Restaurants and bars in Fishers collect Food and Beverage Taxes for Hamilton County (since 2005), allowing for a smooth implementation.



## WHAT DOES THE FAB MEAN TO RESIDENTS AND VISITORS?

- By utilizing a food and beverage tax for revenue, the tax burden shifts significantly to visitors. Directly consuming the investments the tax supports.
- 'Food & Beverage' is the top spending category of tourists in Hamilton County, equating to \$330M (34%) of visitor expenditures in 2019, according to Visit Hamilton County data. Such spending behavior suggests that a significant portion of the FAB tax generated in Fishers will be by visitors. This tourist-based revenue would only be further increased by the Fishers District investments, particularly the event center as it holds regionally sought-after ticketed events.
- According to Visit Hamilton County, visitors to Fishers District outrank residents by 3:1, further shouldering the tax burden for residents. The next phase of Fishers District with more dining and entertainment options will only draw additional patrons and, in turn, will generate more tax revenue.
- It is estimated that this tax will generate \$3 million each year based on current estimates.

## HOW WILL THE REVENUE BE USED?

- Revenue generated will go directly toward paying debt on the Fishers event center as part of the Fishers District expansion.
- Revenue generated from this tax allows Fishers to invest in more entertainment and destination options without raising property taxes.
- Per the ordinance, all FAB revenue can only be used for economic development purposes only.

## WHEN WILL IT TAKE EFFECT?

- The Fishers City Council must vote to approve an ordinance adopting the food and beverage tax. A public hearing at a special city council meeting must be held in conjunction with the first reading of the ordinance. This is scheduled for October 6.
- The City Council will vote on the ordinance at the October City Council meeting on October 10 at 7 p.m.
- If the ordinance passes on October 10, it will take effect on December 1, 2022.

## RESOURCES

Visit [www.thisisFishers.com/NextChapter](http://www.thisisFishers.com/NextChapter) for more information.

The City of Fishers will inform the retail food and bar business community about the tax and how it will impact them during a webinar and Q&A session on September 27.

For business and/or consumer information, visit the State of Indiana Department of Revenue's Food and Beverage Tax Resource page at: <https://www.in.gov/dor/business-tax/food-and-beverage-tax/>.