

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1021

Amendment Number: H1

Bill Subtitle: TO AMEND THE LAW REGARDING A MICROBREWERY-RESTAURANT LICENSE; AND TO AUTHORIZE CERTAIN MICROBREWERY-RESTAURANT LICENSEES TO SELF-DISTRIBUTE.

Basic Change :

Sponsor: Rep. Maddox

House Amendment No. 1 --- HB1021-H1 (engrossed H2/2/23) allows a licensed microbrewery-restaurant to directly distribute up to 5,000 barrels of beer, malt beverage, or hard cider to a licensed retailer after obtaining a microbrewery-restaurant wholesale permit. The licensee is required to pay a fee of \$250 per year for the permit. Currently, a microbrewery-restaurant may sell beer, malt beverage, or hard cider manufactured by the microbrewery-restaurant to a wholesale license holder for distribution rather than to a retailer.

Original Bill --- HB1021 allows a licensed microbrewery-restaurant to directly distribute beer, malt beverage, or hard cider to a retail license holder when the microbrewery-restaurant is in a county with a population of 50,000 or less. Currently, a microbrewery-restaurant may sell beer, malt beverages, or hard cider manufactured by the small microbrewery-restaurant to a wholesale license holder for distribution.

HB1021 provides different standards for self-distribution for microbrewery-restaurants than existing standards for microbreweries in § 3-5-1204. Specifically, a microbrewery-restaurant is prohibited from self-distribution to retail permittees. HB1021 allows a microbrewery-restaurant to self-distribute to retail permit holders with a cap on production of 45,000 barrels or less per year.

Revenue Impact :

Arkansas beer tax is levied at the wholesale level and reported and remitted to the Department of Finance and Administration (DFA) on the 15th of each month. HB1021 would have no known wholesale level revenue impact.

Taxpayer Impact :

A licensed microbrewery-restaurant would be able to directly distribute up to 5,000 barrels of beer, malt beverages, or hard cider to retail license holders per year. The licensee would be required to obtain a wholesale permit and pay a \$250 permit fee annually.

Resources Required :

Programming for the Arkansas Integrated Revenue System (AIRS) will be required at an estimated cost of \$8,000.

Time Required :

Adequate time is provided for implementation.

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Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

Original Bill --- HB1021 refers to "licensed retailers" while existing law in § 3-5-1204(a)(7) refers to the same entities as "retail license holders." HB1021 may benefit from an amendment to utilize existing statutory language.