



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1173

Amendment Number: H1

Bill Subtitle: TO AMEND THE DEFINITION OF "BEER" TO CHANGE THE ALLOWABLE ALCOHOLIC CONTENT AND TO INCLUDE MALT BEVERAGES.

Sponsors:

Rep. M. Brown and Sen. Flippo

Basic Change:

House Amendment No . 1 – HB1173-H1 (engrossed 1/30/25) amends the original bill's definition of "malt" by limiting "malt" to "liquor brewed from the fermented juices of grain." The amendment provides a new definition for "malt beverage":

- Liquor brewed from the fermented juices of grain and having an alcoholic content by weight between 5% and 21%;
- Beer containing not more than 14% of alcohol by weight; and
- All other malt beverages containing not more than 14% of alcohol by weight.

The amendment additionally clarifies that beer includes fermented liquor made from "a malt substitute" rather than fermented liquor made from "any substitute" as provided in current law.

Original Bill – HB1173 amends several provisions of the Arkansas Alcoholic Control Act (AACA), § 3-1-101 et seq., related to the permissible alcoholic content of malt liquor, beer, or both in various contexts. HB1173 changes the definition of "malt" found in § 3-1-102(a)(5) by raising the alcoholic content for "malt" liquor from more than 5% of alcohol by weight to more than 14% of alcohol by weight. The bill also excludes from the definition of "malt," beer containing not more than 14% of alcohol by weight, which is an increase from the current language excluding beer containing not more than 5% of alcohol by weight.

The bill amends numerous other provisions of the AACA's beer and light wine laws to reflect an increase in alcoholic content of beer from the current 5% of alcohol by weight, to 14% of alcohol by weight, including § 3-7-104(6)(A) which addresses the rate of excise tax imposed in that chapter on beer. The bill also correspondingly amends § 3-7-116(a)(2), which provides a tax rebate to qualified manufacturers of beer and malt beverages.

Fiscal Impact:

None.

Taxpayer Impact:

The AACA will be updated. Individuals will be able to purchase beer with higher alcohol by weight and malt beverages in grocery and convenience stores.

Resources Required:

The Arkansas Integrated Revenue System (AIRS) will require programming estimated to cost \$6,000.



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1173

Amendment Number: H1

Bill Subtitle: TO AMEND THE DEFINITION OF "BEER" TO CHANGE THE ALLOWABLE ALCOHOLIC CONTENT AND TO INCLUDE MALT BEVERAGES.

Time Required:

The Alcoholic Beverage Control Division of the Department of Finance and Administration (ABC) will require time to amend its rules in line with this change, but adequate time is otherwise provided for implementation.

Procedural Changes:

ABC and DFA staff will be trained on the amendments to the AACA. ABC Enforcement and Administration staff will be made aware of the change in regulation on applications and inspections.

Other Comments:

None.

Legal Analysis:

None.