



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

Bill: HB1455

Bill Subtitle: TO AUTHORIZE A PRIVATE CLUB TO PURCHASE ALCOHOLIC BEVERAGES FROM WHOLESALERS; AND TO AUTHORIZE A PRIVATE CLUB TO ENTER INTO AN OPERATING AGREEMENT WITH ANOTHER PERMIT HOLDER FOR THE MANAGEMENT AND OPERATION OF THE PRIVATE CLUB.

Sponsors:

Rep. Pilkington and Sen. Bryant

Basic Change:

HB1455 amends how a private club permit holder can purchase and provide alcoholic beverages for consumption by members and guests. A private club is a non-profit corporation conducted for a common recreational, social, patriotic, political, national, benevolent, athletic, community hospitality, professional association, entertainment, or other nonprofit objective or purpose other than the consumption of alcoholic beverages.

A private club permit authorizes the club to purchase controlled beverages from a licensed retailer and to dispense those beverages for consumption by the members of the private club, including in a dry area. HB1455 provides that a private club can also purchase alcoholic beverages from a wholesaler, including a small brewery wholesaler.

Under current law, the stock of alcoholic beverages on the premises of the club is owned by the members individually or under a revolving fund system, commonly known as a pool or locker, where the stock of controlled beverages on the premises of the club is owned in common by the membership of the private club. HB1455 removes all references in the code to the revolving fund system, so that a private club has an exception from the alcoholic beverage laws of the state for alcoholic beverages purchased from a licensed retailer or wholesaler, without the need for a locker system.

Fiscal Impact:

This change may result in fewer permits being issued to private clubs, and therefore fewer permit fees may be collected.

Taxpayer Impact:

A private club permit holder would be able to purchase alcoholic beverages from a wholesaler or small brewery wholesaler.

Resources Required:

None.

Time Required:

Adequate time is provided for implementation.



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Procedural Changes:

Alcoholic Beverage Control (ABC) Administration and Enforcement would be trained on the change.

Other Comments:

Under this bill, there is no change to the wholesale excise tax on alcohol or the gross receipts tax on alcohol. Sales tax will need to be collected and remitted from the wholesaler instead of the retailer as it is currently collected. A wholesaler without a sales tax account will need to be set up to pay and remit sales tax on sales made to a private club permit holder.

Legal Analysis:

Even though a private club permit allows for the sale of alcohol in dry counties, private clubs do not only exist in dry areas. Because a private club permit means the business can only buy from a federally licensed retail liquor store, these establishments, if they are in a wet area, may also obtain on premises beer, on premises wine, or combination beer and wine permits, which allow them to purchase beer and wine from a wholesaler. Thus, the private clubs in wet areas that currently have two or three different ABC permits would only need to obtain one private club license to purchase all alcohol from a wholesaler under this bill.