



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

Bill: HB1476

Bill Subtitle: TO AMEND THE DIRECT SHIPMENT OF VINOUS LIQUOR ACT; AND TO ESTABLISH A WINE DIRECT SHIPPER LICENSE.

Sponsors:

Rep. McKenzie and Sen. Hester

Basic Change:

HB1476 creates a new wine direct shipper license to replace the existing small farm winery shipping permit. Under current law, an eligible small farm winery may make a shipment of vinous liquor or mead to a consumer under certain conditions if they have properly registered with the Alcoholic Beverage Control Division (ABC) of the Department of Finance and Administration (DFA).

The new wine direct shipper license creates a single licensing process for shipments of vinous liquor for both a winery and a small farm winery. A supplier, importer, wholesaler, distributor, or retailer may apply for a license. The fee to apply for a license is \$100.00 (increased from \$25.00) and the fee for renewal is \$50.00 (also increased from \$25.00). A licensee may ship up to 24 nine-liter cases of wine annually to a resident of the state who:

- Is 21 years of age or older;
- Resides in an area that has authorized the manufacture or sale of alcoholic beverages and is not located in a dry territory; and
- Is purchasing for personal use and not for resale.

A licensee must collect and remit all sales and excise taxes on a sale to a consumer in the state. A licensee in the state must provide ABC with any information requested to ensure compliance with the Direct Shipment of Vinous Liquor Act. A licensee located out-of-state must annually report to ABC the amount of vinous liquor shipped into the state during the prior calendar year. All license holders are subject to audit by DFA and ABC.

ABC is required to promulgate rules to implement the new license.

Fiscal Impact:

Unknown increase in ABC permit applications and fees.

Taxpayer Impact:

A winery, supplier, importer, wholesaler, distributor, or retailer may obtain a wine direct shipper license and sell wine products to persons aged 21 and over located within wet territories in Arkansas.

Resources Required:

The Arkansas Integrated Revenue System (AIRS) will need to be modified with a project cost of \$12,000. Due to an expected influx of applicants, ABC will need adequate staff to process applications and perform inspections.



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Time Required:

Adequate time is provided for implementation.

Procedural Changes:

ABC Enforcement will need to determine a way to conduct inspections on permit holders out of state. ABC Administration will need to create an application and inspection procedures for the new permit and promulgate rules.

Other Comments:

HB1476 appears to contain a drafting error. On page 3, line 1, a word appears to be missing between "any" and "requested".

Legal Analysis:

HB1476 repeals §§ 3-5-1709 and 3-5-1710, which contain the provisions allowing a registered small farm winery to make certain shipments of mead to Arkansas consumers. HB1476 may benefit from clarification to expressly provide whether mead is, or is not, included within the types of alcoholic beverages that may be shipped under the new wine direct shipper license.