



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

**Bill: HB1476**                      **Amendment Number: H1**  
**Bill Subtitle: TO AMEND THE DIRECT SHIPMENT OF VINOUS LIQUOR ACT; AND TO ESTABLISH A WINE DIRECT SHIPPER LICENSE.**

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**Sponsors:**

**Rep. McKenzie and Sen. Hester**

**Basic Change:**

**House Amendment No. 1** --- HB1476-H1 further clarifies the law governing the wine direct shipper license. A licensee may only ship a vinous liquor to a resident in a wet county. Any vinous liquor shipped by the licensee must be registered with the Alcoholic Beverage Control Division of the Department of Finance and Administration (ABC), and the licensee must provide ABC with the Alcohol and Tobacco Tax and Trade Bureau Certificate of Label Approval for both:

- Each brand of vinous liquor; and
- Each brand label extension of vinous liquor to be shipped for the first time by the licensee into or within the state.

HB1476-H1 removes the limitation on the amount of wine that may be shipped by a licensee.

HB1476-H1 also amends the enforcement provisions of the bill and adds a requirement that ABC verify compliance by auditing licensees as follows:

- Reviewing quarterly reports submitted by licensees to confirm shipments are made only to wet counties;
- Investigating any suspected shipments to dry counties; and
- Issuing cease and desist orders to licensees that fail to comply with the bill.

The amendment details penalties for licensees who violate the requirements of the bill. A winery, importer, or supplier who knowingly ships to a dry county is subject to immediate suspension of the wine direct shipper license pending an investigation.

**Original Bill** --- 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.





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HB1476-H1 appears to limit direct shipment of wine on page two to just importers, suppliers, and wineries, but page 1 still states, "In order to obtain a wine direct shipper license, a winery, supplier, importer, wholesaler, distributor, or retailer shall...file an application for a wine direct shipper license[.]"

**Legal Analysis:**

**House Amendment No. 1** --- HB1476-H1 does not resolve the issue identified below.

**Original Bill** --- 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.