



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

Bill: SB345

Bill Subtitle: TO PROMOTE TOURISM AND ECONOMIC DEVELOPMENT BY IMPROVING EFFICIENCY OF THE PRIVATE CLUB PERMITTING PROCESS OF HOTELS, RESTAURANTS, AND LARGE-EVENT FACILITIES; AND TO REMOVE AN OVERLY BURDENSOME TAX REQUIREMENT.

Sponsors:

Sen. Irvin and Rep. Dalby

Basic Change:

SB345 adds restaurants to the list of entities that may apply for a large-event facility private club permit. Additionally, SB345 allows a corporation, partnership, individual, or limited liability company to apply for a hotel, restaurant, or large-event facility private club permit without forming a nonprofit corporation.

Under current law, a hotel or large-event facility in a dry area may apply for a private club permit from the Alcoholic Beverage Control Division of the Department of Finance and Administration (ABC) by forming a nonprofit corporation. SB345 allows a hotel or large-event facility to apply for a permit without forming a nonprofit corporation.

SB345 also adds a restaurant to the list of entities that may apply for a large-event facility private club permit without forming a nonprofit corporation. To be eligible for a private club permit, a restaurant must:

- Have a seating capacity of at least 100 persons;
- Meet the requirements of § 3-9-202; and
- Not generate more than 35% of the restaurant's revenue from the sale of alcohol.

Fiscal Impact:

No impact to state revenues.

Taxpayer Impact:

An eligible entity may apply for a private club permit without forming a nonprofit corporation.

Resources Required:

Adjustments will need to be made to the private club application to account for this separate process for chain restaurants in dry counties. ABC will have to create a reporting tool to track that the sale of alcohol is not accounting for more than 35% of a large private club's sales.

Time Required:

ABC will need several months to implement this bill and promulgate any necessary rules.



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

Bill: SB345

Bill Subtitle: TO PROMOTE TOURISM AND ECONOMIC DEVELOPMENT BY IMPROVING EFFICIENCY OF THE PRIVATE CLUB PERMITTING PROCESS OF HOTELS, RESTAURANTS, AND LARGE-EVENT FACILITIES; AND TO REMOVE AN OVERLY BURDENSOME TAX REQUIREMENT.

Procedural Changes:

ABC will need to amend applications and train enforcement agents on the changes in non-profit requirements for private club permits.

Other Comments:

None.

Legal Analysis:

SB345 may benefit from an amendment on page 3, line 8 to require that a permittee comply with all requirements of § 3-9-201 et seq.