



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

Bill: SB523

Bill Subtitle: TO AMEND THE LAW REGARDING ALCOHOLIC BEVERAGES; AND TO REMOVE THE REQUIREMENT THAT A PRIVATE CLUB BE A NONPROFIT ORGANIZATION.

Sponsors:

Sen. Irvin and Rep. Dalby

Basic Change:

SB523 removes the requirement that a private club be a nonprofit organization and instead allows sole-proprietorships, corporations, partnerships, and limited liability companies to also apply for a private club permit. SB523 removes the requirement that a private club only serve alcohol to a member or guest of the member. A private club will be authorized to serve alcohol to any patron of the private club.

SB523 adds a restaurant to the list of entities that may apply for a large-event private club permit without forming a nonprofit corporation. To be eligible for the private club permit, a restaurant must have a seating capacity of at least 100 persons and otherwise meet the requirements of § 3-9-202.

SB523 provides a transitional period where a current nonprofit corporation holding a private club permit may dissolve the nonprofit corporation and transfer the permit to a successor entity without a new private club permit fee or application fee. For a period of five years, the Secretary of State must waive all fees associated with the dissolution of a nonprofit corporation holding a private club permit.

Fiscal Impact:

An increase in private club permit application fees is expected. There will be no fee for a current private club permit holder to change its permit to another entity holding an existing permit.

Taxpayer Impact:

Additional types of business entities will be able apply for a private club permit.

Resources Required:

Alcoholic Beverage Control (ABC) staff will need to promulgate rules and will require an an additional staff attorney. ABC Administration will need one additional staff person to account for the increase in permit applications.

Time Required:

Adequate time for implementation and rule promulgation will be necessary. Current private club permit holders will have five years from the effective date to dissolve their nonprofits and replace their permits with another entity.

Procedural Changes:

DFA and ABC staff would be trained on this update.



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Other Comments:

None.

Legal Analysis:

Before a private club permit can be issued, a local ordinance granting permission for the business to sell alcohol must be enacted. The violation for private clubs not having a membership book is in § 3-4-405 list of class C violations. This bill could benefit from clarity on the requirement of having a membership book and if the intent is to remove that requirement for all types of private clubs, the violation list should be amended as well.