

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB771**

**Bill Subtitle: AN ACT TO ESTABLISH A RETAIL OFF-PREMISES PERMIT FOR THE SALE OF WINE AT GROCERY STORES AND TO PROVIDE ECONOMIC STIMULUS TO THE FRUIT GROWERS IN THE STATE.**

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**Basic Change :** Sponsor: Senator J. Hutchinson

The proposal would amend the provisions of current law that provide grant incentives to Arkansas wineries. The grants are currently funded through appropriation by the General Assembly and have been funded at \$375,000 annually. The proposal would add growers of grapes, fruits, berries and vegetables as eligible for the grant funds. Eligible growers would be required to have at least 20 acres of Arkansas land in cultivation of the fruits and vegetables that are sold to or be used by the Arkansas wineries that are also eligible for the grants.

The proposal also creates a new Grocery Store Wine Permit to be administered by Alcohol Beverage Control (ABC) with annual fees ranging from \$1,000 to \$5,000 dependent on the physical size of the retail store. Of the fees collected, ABC would retain the first \$100 of each fee with the balance of the fee revenues being deposited to the Arkansas Marketing Grants Fund. The proposal would be effective ninety days after adjournment of the 90th General Assembly.

**Revenue Impact :**

Arkansas wineries and fruit and vegetable growers of products used in wine production would receive annual grants based on amount of annual fees collected by ABC for licensing of retail grocery stores selling wine in addition to any Legislative appropriations for the grants.

Appropriations for the grant funding in prior years has been established at three hundred and seventy-five thousand dollars (\$375,000) per year for distribution to the wineries located in Arkansas. Nine Arkansas wineries are currently eligible to receive the grants with each receiving twenty-five thousand dollars (\$25,000) per year with the remaining amount of the grant funds divided among the wineries based on wine taxes paid.

**Taxpayer Impact :**

The proposal would allow fruit and vegetable growers to receive grant incentives at a base amount not to exceed twenty-five thousand dollars (\$25,000) annually with any remaining balance in the Agricultural Marketing Grants Fund to be divided among the wineries and growers. Grape, fruit and vegetable growers would be required to file annual reports to DFA and maintain records to establish their entitlement to the available grant funds.

**Resources Required :**

None

**Time Required :**

Adequate time is provided for implementation.

**Procedural Changes :**

Establish procedures for growers to submit records and reports to establish their entitlement to grants. Possible rules development may be required, Education of staff will be required.

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### **Other Comments :**

The proposal uses the term "tax credits" in the Bill Title and on Page 3, lines 20 and 26 and on Page 5, Line 6. The wine grants authorized by Title 3, Chapter 5, Subchapter 9 and titled "Native Wines – Incentive Grants" are not tax credits but appropriated grant awards. The use of the term "tax credits" is inappropriate.

### **Legal Analysis :**

SB771 establishes a retail off-premises permit for the sale of wine at grocery stores and to provide economic stimulus to the fruit growers in the State by providing a tax credit for the purchase and sale of Arkansas fruit.

SB771 adds a new subsection "(c)" to § 3-5-904, which now includes a provision permitting a grower in Arkansas with at least 20 acres of land cultivated for grapes, fruits, berries, or vegetables that are sold to or used by wineries actively involved in the sale of wine to be eligible to receive grants under the subchapter. The bill also permits any "grower" that complies with § 3-5-904 to make an application for a grant under the subchapter and adds parallel language in § 3-5-906 that is applicable to wineries to also apply to growers seeking grant payments.

The bill also adds an additional subchapter authorizing the sale of wine in grocery stores in new Arkansas Code sections, § 3-5-1801 and -1802. Under the bill, a retail grocery store would be able to apply to the Alcoholic Beverage Control Board for a grocery store wine permit. The amount of the permit fee depends upon the square footage of the retail location.