

Department of Finance and Administration

Legislative Impact Statement

Bill: SB771

Amendment Number: S1

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.

Basic Change : Sponsor: Senator J. Hutchinson

Engrossment 03/17/15 --- Senate Amendment 1 --- Amends the bill to remove references to the term "tax credits". The Native Wines Incentive Grant program provides grants to wineries and does not provide tax credits. The amendment also provides that the revenues resulting from the Grocery Store Permits, after the amount retained by ABC, would be deposited into the Arkansas Agricultural Marketing Grants Fund under Ark. Code Ann. § 3-5-901 et seq. The bill amends Ark. Code Ann. § 3-5-907(c) and provides that the new revenues from the Grocery Store Permits are to be divided among each grant recipient according to the same ratio as the wine taxes paid in the previous calendar year by the recipient of the grant.

Original Bill --- The proposal would amend the provisions of current law that provide grant incentives to Arkansas wineries intended to reduce unemployment, provide expanded markets for the Arkansas agricultural economy, provide stability to grape marketing, and provide relief to Arkansas wineries. The grants are currently funded thorough 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 twenty (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 would receive annual grants based on amount of annual fees collected by ABC for licensing retail grocery stores holding Grocery Store Permits 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

Taxpayer Impact :

The amendment would exclude Arkansas growers from any dispositions of grant funds collected under Ark. Code §3-5-1802 as well as the remaining balance distributed under §3-5-907 (b) after each grantee has met their base amount per year. This is due to the fact that Arkansas growers do not report wine taxes paid in order for the Chief Fiscal Officer of the State to determine a ratio for their apportionment.

Resources Required :

None

Department of Finance and Administration

Legislative Impact Statement

Bill: SB771

Amendment Number: S1

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.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

Other Comments :

The proposal adds certain growers of grapes, fruits, berries, and vegetables to the language of the Native Wine Incentive Grant code provisions as being within the eligibility requirements for grants. Ark. Code Ann. § 3-5-907 provides that the appropriated funds available for grants are divided among the wineries with each receiving \$25,000 of the appropriated state funds with any remaining amount of appropriation to be divided among the grantees according to the same ration as the wine taxes paid in the previous year. This proposed amended code section provides that the Grocery Store Permit fees are to be divided among the grantees according to the same ratio as the wine taxes paid in the previous year. The wine taxes are paid by the wineries at \$.75 per gallon produced. Growers of grapes, fruit, berries and vegetables do not report wine taxes and will be excluded from any appropriated grant.

Legal Analysis :

SB771 establishes a retail off-premises permit for the sale of wine at grocery stores. Also, the bill provides additional grant funds to support Arkansas wine production and to provide economic stimulus to the fruit growers in the State by expanding the eligibility of fruit growers in this State to receive grant funds.

The bill amends § 3-5-904, which addresses the eligibility for grants by wineries and growers. The amendment clarifies how grant funds are distributed depending on whether they are received under § 3-5-1802. It also removes the language of the bill as it was originally introduced that referenced "tax credits" and makes it clear that the monies available are grant funds.