

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1379

Amendment Number: H1

Bill Subtitle: TO CREATE A LAYOUT CENTER PERMIT PROGRAM FOR ALCOHOLIC BEVERAGE MERCHANDISE PLANNING.

Basic Change :

Sponsor: Representative G. Hodges

Engrossment 03/09/17 --- House Amendment 1 --- Amends the bill to clearly provide that alcoholic beverages received from a manufacturer for layout purposes must be destroyed after use; returned to the manufacturer; or donated to a charitable organization. Alcoholic beverages received from wholesalers must be destroyed or donated to a charitable organization.

Original Bill --- HB1379 would amend § 3-4-601 to provide an additional alcoholic beverage permit to allow certain corporations to receive alcoholic beverages for purposes of merchandise planning. Layout Center permits could be issued to publicly traded corporations having their principal place of business in Arkansas and who are currently permitted to sell alcoholic beverages for on-premises or off-premises consumption. The Alcoholic Beverage Control Division would assess an annual permit fee of one hundred dollars (\$100) for the Layout Center Permit.

The permitted premises of the layout center would be closed to the general public and not used for sales. Alcoholic beverages provided or delivered to a Layout Center permittee would be for the purpose of merchandise planning within the permitted premises. Consumption of the products would not be allowed and after the conclusion of the product's use the beverage must be destroyed or returned to the manufacturer or wholesaler.

The bill also provides for an exemption from taxation of products provided to the eligible corporation for merchandise planning purposes.

Revenue Impact :

No impact on current state revenues. Alcoholic beverage annual permit fees would be dependent on the number of eligible corporations establishing layout centers for purposes of merchandise planning in Arkansas. Unknown impact from loss of excise taxes and sales and use taxes on products brought to Arkansas for merchandise planning and not returned to the manufacturer or wholesaler.

Taxpayer Impact :

Corporations with layout centers for purposes of merchandise planning would be required to register with the Alcoholic Beverage Control Division and obtain a permit for use of alcoholic beverages in the layout center. The permit would be renewed on an annual basis with an annual permit fee of one hundred dollars (\$100).

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

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Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1379-H1 clarifies the method of disposing of alcoholic beverages provided to the layout center by the manufacturers and wholesalers.

HB1379, as originally introduced, creates an additional permit in the three-tier system administered by the Alcoholic Beverage Control Division ("ABC"). The permit would allow for any publicly-traded company that has its principal place of business in Arkansas to receive donated alcoholic beverage samples directly from the manufacturer for use in a staging and layout facility. Because this bill allows for distributors to be circumvented and specifically exempts these items from sales and use tax, it will impact collection of sales tax when these items are withdrawn from stock for sampling at a private residence or charitable event.