

Department of Finance and Administration

Legislative Impact Statement

Bill: SB659

As Engrossed: 3/15/2017

Bill Subtitle: TO CLARIFY THE LAW REGARDING THE SCOPE OF SMALL BREWERY OPERATIONS; TO ALLOW TRANSPORTATION OF IN-HOUSE PRODUCTS BETWEEN COMMONLY OWNED SMALL BREWERIES AND BREWERIES THAT OWN SMALL BREWERIES; TO CREATE SMALL BREWERY TAP ROOMS.

Basic Change :

Sponsor: Senator Bond

Engrossment 03/15/17 --- Senate Amendment 1 --- SB659 amends the beer festival permits to allow the Alcoholic Beverage Control Division to issue a temporary permit to a small brewery or a small brewery tap room. This also allows a small brewery holding a distribution permit and a beer festival permit to accept and hold beers from out-of-state breweries and distributors for the purpose of pouring at beer festivals.

The bill also amends the Arkansas Small Brewery Act to include definitions for front-of-house employees, restaurants and small brewery tap rooms. This bill expands the scope of licenses issued by the Alcoholic Beverage Control Division to small breweries. Small breweries will be allowed to serve spirituous liquors for on-premises consumption in a small brewery tap room under the license of the small brewery. If a small brewery has more than one location, the total production distributed to retail license holders may not exceed fifteen thousand (15,000) barrels per year from all facilities under common ownership with the small brewery.

A small brewery license holder may operate no more than two (2) small brewery tap rooms and maintain one (1) separate brewing facility for production provided that production in the aggregate shall not exceed forty-five thousand (45,000) barrels of beer, malt or hard cider per year. A front-of-house employee may simultaneous be employed by for more than one permittee or licensee. A small brewery tap room may sell both beer and hard cider, produced by the small brewery, on premises and off premises, sell beer, hard cider, and wine not produced by the small brewer for on premises consumption and a small brewery tap room may operate a restaurant.

Revenue Impact :

None.

Taxpayer Impact :

Small brewery permit holders.

Resources Required :

None.

Time Required :

Adequate time is allowed for implementation.

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Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

SB659, as engrossed March 15, 2017, makes several changes current law governing small breweries. The bill allows small breweries to obtain temporary festival permits that are already available to other types of breweries. Under this permit the small breweries may also accept and hold beers from out-of-state producers for sampling at the festival. Additionally, the bill provides a definition for "front-of-house employees," "restaurant," and "small brewery tap room" in § 3-5-1403. Front-of-house employees are defined as employees in a small brewery not involved in the production or transportation of brewery beer or in the wholesale activities of the brewery.

Additionally, the bill allows for small breweries to operate a separate brewing facility and to serve spirituous liquors for on-premises consumption. The bill allows small breweries to operate a combined two small brewery tap rooms and one separate brewing facility and to be able to transport product by and between the different facilities. Under the bill, small brewery taprooms may sell beer and hard cider produced by the small brewery to consumers for on- and off- premises consumption, may sell beer, hard cider, and wine not produced by the brewer for on-premises production and may operate a restaurant.

Finally, the bill clarifies that front-of-house employees that are employed by a small breweries may be employed simultaneously by another holder of a permit or license issued by the Alcoholic Beverage Control Division. For example, a small brewery brewer could also work as a bartender for a different brewery or a server at a restaurant.