

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1162

Amendment Number: H4

Bill Subtitle: TO AMEND THE LAW REGARDING MICROBREWERY-RESTAURANTS; AND TO AUTHORIZE MICROBREWERY-RESTAURANTS TO MANUFACTURE AND SELL READY-TO-DRINK PRODUCT.

Basic Change :

Sponsors: Reps. Ray and G. Hodges; Sens. Boyd and English

House Amendment No. 4 --- HB1162-H4 (engrossed H2/13/23) requires a microbrewery-restaurant license holder that manufactures a "ready-to-drink product" to comply with all federal laws and regulations, including without limitation obtaining a license to distill, warehouse, or process spirituous liquor issued by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury.

House Amendment No. 3 --- HB1162-H3 (engrossed H2/7/23) clarifies that on-premises consumption of a "ready-to-drink product" is only authorized in a jurisdiction that already allows on-premises consumption of spirituous liquors.

House Amendment No. 2 --- HB1162-H2 (engrossed H2/2/23) removes the levy of the \$7.50 per barrel tax on the "ready-to-drink product" produced by a microbrewery-restaurant.

House Amendment No. 1 --- HB1162-H1 (engrossed H1/26/23) clarifies that a "ready-to-drink product" manufactured at a separate brewing facility may only be sold to a licensed wholesaler.

Original Bill --- HB1162 expands the types of alcoholic beverages that a microbrewery-restaurant may produce and sell. Under current law, a microbrewery-restaurant is authorized to brew beer, cider, and malt beverage for consumption on or off-premises of the restaurant. HB1162 allows a microbrewery-restaurant to also manufacture a ready-to-drink product. A "ready-to-drink product" is defined as a "product containing spirituous liquor with a final finished product of no greater than 15% alcohol by weight."

Revenue Impact :

Revenue impact unknown.

Taxpayer Impact :

A microbrewery-restaurant license holder will be allowed to manufacture and sell ready-to-drink products, but must comply with all federal laws and regulations and obtain a license from the Alcohol and Tobacco Tax and Trade Bureau. The ready-to-drink products produced by a separate brewing facility of a microbrewery-restaurant licensee are to be sold only to a licensed wholesaler.

Resources Required :

Programming changes to Arkansas Integrated Revenue System (AIRS) will be required at an estimated cost \$13,000.00.

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Time Required :

Adequate time is provided for implementation.

Procedural Changes :

The liquor return will have to be amended to include ready-to-drink products as an option.

Other Comments :

None.

Legal Analysis :

None.