

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1272

Bill Subtitle: TO CLARIFY THE LAW REGARDING PRODUCTION CAPACITIES OF MICROBREWERY RESTAURANTS; TO ALLOW TRANSPORTATION OF IN-HOUSE PRODUCTS BETWEEN COMMONLY OWNED MICROBREWERIES AND BREWERIES THAT OWN MICROBREWERIES.

Basic Change :

Sponsor: Representative G. Hodges

The proposal would amend Arkansas laws regarding microbrewery restaurants to allow increased production capacities and allows one separate brewing facility of the microbrewery restaurant. Maximum authorized production capacity at the microbrewery-restaurant and the offsite brewing facility would increase from 20,000 to 45,000 barrels per year. The bill also allows transportation of products produced by one entity between any two (2) or more microbrewery-restaurant facilities owned by the entity.

Revenue Impact :

None.

Taxpayer Impact :

Microbrewery-restaurants would have higher production limits and have an offsite production facility.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

HB1272 increases the capacities of microbreweries to brew from 20,000 barrels per year to 45,000 barrels per year. The bill allows microbreweries and microbrewery-restaurants to transport beverages produced on one premises to be sold at a commonly owned premises. The bill also allows microbreweries to operate a separate, offsite brewing facility to meet demand, so long as all production stays within the 45,000-barrel limit across all commonly owned facilities.

Because this bill affects licenses that are a specific and limited exception to the 3-tier system, there are

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a few issues with the bill as drafted. First, on Page 1, Line 32, the word "shall" is struck and replaced with "may." For Alcoholic Beverage Control Division's ability to enforce these licenses, it may be recommended that "shall" be restored. Additionally, the language of subsection (a)(8)(C) on Page 3, Lines 28-31 may benefit from clarification so that it conveys that all commonly owned facilities, including the separate brewing facility, cannot generate more than 45,000 barrels per year.