

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1872

Bill Subtitle: TO CREATE THE EQUALIZE ARKANSAS NATIVE WINE GRANTS ACT.

Basic Change :

Sponsor: Representative C. Fite

HB1872 amends the small farm winery eligibility requirements for Arkansas Agricultural Marketing Grants. Grants are paid from the Arkansas Agricultural Marketing Grants Fund which is supported through annual appropriation from the General Assembly.

This amendment clarifies the language in current law that the winery has been an Arkansas-bonded winery for at least five (5) years and also provides that a winery is not eligible for wine grants if the winery has more than one (1) wine license for one (1) production facility. This bill also includes a provision which declares that a person who violates the Arkansas Code related to Native Wines, Ark. Code Ann. § 3-5-901 et seq., is permanently ineligible for a wine grant. A cap of fifty-thousand (\$50,000) per year that a winery can receive in grant money is established in the bill and a winery may receive a cumulative total of no more than six million dollars (\$6,000,000) for the life of the winery. The proposal would be effective 90 days after final adjournment of the 91st General Assembly.

Revenue Impact :

None.

Taxpayer Impact :

Arkansas wineries would be limited in the amount of grant funds available on an annual basis and during the lifetime of the winery.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

DFA would establish procedures for establishing the annual grant payment limit and maintain records per winery to ensure that the lifetime \$6,000,000 in state grant payment limit is not exceeded.

Other Comments :

Historically, the General Assembly has appropriated \$375,000 for Wine Grant payments per year.

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1872

Bill Subtitle: TO CREATE THE EQUALIZE ARKANSAS NATIVE WINE GRANTS ACT.

Legal Analysis :

HB1872 modifies grant eligibility in the existing Native Wine Incentive Grant language. Changes include:

- Applying wineries must have actively been involved in selling wine for at least five years, or have a federal license; and
- Wineries with more than one wine license for one production facility are ineligible.

Additionally, this bill clarifies the requirement that only wineries that use at least 75% Arkansas-grown and Arkansas-produced fruit to produce wine are eligible for grants. In determining eligibility, only wine produced at the winery is used to determine eligibility for the grants.

The bill also provides that anyone who violates the subchapter is permanently barred from receiving any additional grants under the subchapter.

Finally, there is ambiguity in the section of the bill limits the amount of grants money that can be obtained by a winery. Under the bill, wineries may not receive any more than \$50,000.00 in a year and \$6,000,000.00 in the "life" of the winery. The definition of "life" of a winery is not defined, and may present ambiguity.

These limits on wineries may conflict with the current version of SB284 (Act 508 of 2017).