

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB378**

**Bill Subtitle: TO MODERNIZE THE LAW REGARDING THE BUSINESS OPERATIONS OF RETAIL LIQUOR STORES; TO ALLOW RETAIL LIQUOR STORES TO SHIP AND DELIVER ALCOHOLIC BEVERAGES; AND TO SELL FOOD AND ASSOCIATED MERCHANDISE.**

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### **Basic Change :**

**Sponsor: Senator J. Hutchinson**

SB378 would change Arkansas law relating to the operation of retail liquor stores to provide additional authorities for permissible business operations and procedures. The bill would authorize retail liquor stores to:

- Ship vinous and spirituous liquor to a private residence in Arkansas;
- Deliver vinous and spirituous liquors to a private residence in Arkansas;
- Sell food; and
- Sell merchandise related to the preparation and consumption of alcoholic beverages. The Alcoholic Beverage Control Board would adopt rules regarding the sale of merchandise by the retail liquor stores.

The bill also adds provisions that would allow retail liquor store permittees to purchase vinous and spirituous liquors from wholesalers or distributors using credit cards and allows a group of no more than four (4) permittees to cooperate in purchasing vinous and spirituous liquors from wholesalers and distributors. The bill would be effective 90 days after final adjournment of the 91<sup>st</sup> General Assembly.

### **Revenue Impact :**

No impact on existing state tax revenues on alcoholic beverages. Any increase in revenues would only occur if sales volumes of alcoholic beverages in Arkansas were to increase.

### **Taxpayer Impact :**

Retail Liquor Stores could ship and deliver alcoholic beverages to Arkansas consumers.

### **Resources Required :**

None.

### **Time Required :**

None.

### **Procedural Changes :**

None.

### **Other Comments :**

The bill does not limit or exclude a retail liquor store from shipping or delivering alcoholic beverages to consumers located in dry counties in Arkansas.

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### Legal Analysis :

SB378 modifies existing alcoholic beverage laws to allow for permittees under § 3-4-604 to engage in additional commercial activities, including: (1) the ability to ship vinous and spirituous liquors to private residences; (2) the ability to deliver vinous and spirituous liquors to private residences; (3) the ability to sell food and alcoholic beverage merchandise; (4) the ability to pay wholesalers by credit card; and (5) the ability to pool orders between no more than four permittees.

The ability to pool orders could create issues for the Department of Finance and Administration (DFA) and the Alcoholic Beverage Control Division (ABC). It is not clear whether distributors would be able to track what vinous or spirituous liquor ended up with which permittee. Accordingly, there is concern regarding whether DFA and ABC would be able to confirm appropriate payments of the required alcohol excise tax under this proposed scheme.