

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB417**

**Bill Subtitle: TO AMEND THE TAX REBATE FOR QUALIFIED MANUFACTURERS OF BEER AND MALT BEVERAGES.**

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### **Basic Change :**

**Sponsor: Senator Files**

SB417 will amend current law regarding eligibility for the tax rebate for qualified Arkansas manufacturers of beer and malt beverages. Under current law, Arkansas microbrewery restaurants and Arkansas small breweries may receive an annual tax rebate equal to the amount of excise tax paid on the products they produce. If production by the microbrewery or the small brewery exceeds the maximum production limit for the classification, the business would no longer meet the requirements for the classification and the business would no longer be eligible for the tax rebate.

The bill would provide that if a qualified manufacturer expands production to produce a combined total of beer and malt in excess of twenty-five thousand (25,000) barrels during a twelve-month period, the manufacturer would submit a letter acknowledging that production has exceeded the classification production limits of twenty-five thousand (25,000) barrels. The manufacturer would continue to be eligible for the tax rebate on the first twenty-four thousand nine hundred ninety-nine (24,999) barrels of beer and malt produced in the twelve-month period for which the rebate is being claimed.

### **Revenue Impact :**

No impact on current revenues or authorized tax rebate claims. There are currently no qualified manufacturers that produce a combined total quantity of beer and malt that exceeds 25,000 barrels.

### **Taxpayer Impact :**

Arkansas microbrewery restaurants and Arkansas small breweries manufacturing beer and malt beverages would be eligible for the tax rebate regardless of their annual production.

### **Resources Required :**

None.

### **Time Required :**

None.

### **Procedural Changes :**

None.

### **Other Comments :**

None.

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### Legal Analysis :

SB417 modifies the provisions of an existing tax rebate for beer and malt manufacturers. Under existing law, an entity must prove that it produced less than 25,000 barrels of beer to qualify for the rebate. Under this bill, manufacturers that were qualified by producing less than 25,000 barrels that subsequently produce more than 25,000 barrels of beer per year will still be able to claim the rebate, but only on the first 24,999 barrels of beer. This bill complements HB1272, which increased microbreweries production limits from 20,000 barrels per year to 45,000 barrels.

On Page 1, Line 32, the bill may have unnecessary language with regards to the twelve month period for calculating the tax rebate. To claim the rebate, the eligible taxpayers file their claim for rebate after filing their December tax return in the following January of each year. Immediately thereafter, DFA calculates the total taxes paid during the just ended calendar year, and if the necessary documents have been submitted by the taxpayer, issues the rebate payment.