

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1163

Bill Subtitle: TO AMEND THE LAW REGARDING PRIVATE CLUBS; AND TO ALLOW PRIVATE CLUBS TO PURCHASE ALCOHOLIC BEVERAGES FROM WHOLESALERS.

Basic Change :

Sponsor: Rep. Maddox

HB1163 allows the permittee of a microbrewery-restaurant private club, a private club, or bed and breakfast private club to purchase alcoholic beverages from a wholesaler, in addition to retailers. Additionally, the bill eliminates the requirement that private club permittees furnish alcoholic beverages from their members' stock.

Revenue Impact :

None.

Taxpayer Impact :

HB1163 would allow a private club, microbrewery-restaurant private club, and bed and breakfast private club to purchase alcohol from a wholesaler.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the sales and use tax rules will need to be promulgated.

Other Comments :

None.

Legal Analysis :

Currently, private club permittees may serve alcoholic beverages from their members' stock of alcoholic beverages. Private club permittees remove alcohol from their members' stock and may replenish the stocks of alcoholic beverages by purchasing the beverages from a licensed retail liquor store.

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Because private clubs cannot legally sell alcoholic beverages in a dry county, private clubs are required to pay sales tax to retailers when they purchase alcoholic beverages from licensed retailers. If a microbrewery-restaurant private club in a dry county is allowed to purchase alcohol from wholesalers, the wholesaler will be required to register with the State of Arkansas to collect and remit sales tax from the microbrewery-restaurant private club.

HB1163 modifies § 3-9-221 to eliminate the requirement that private clubs furnish alcoholic beverages from the private stocks of their members. Removal of this language from § 3-9-221 could be problematic. Alcoholic beverages cannot be sold in a dry county and the existing language of § 3-9-221 clarifies that private clubs do not sell alcoholic beverages. Instead, private clubs sell the service of preparing and serving the beverages to their members from their own stock of alcoholic beverages. Because § 3-9-221 is a limited exemption to the local option determined by a county, modifications to that amendment could result in legal challenge.