



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB588

Bill Subtitle: TO ESTABLISH A WINERY PRIVATE CLUB PERMIT.

Sponsor:

Sen. Penzo

Basic Change:

SB588 creates a new winery private club permit to be issued and administered by the Alcoholic Beverage Control Division of the Department of Finance and Administration (ABC). A permit holder may:

- Operate a winery private club and manufacture, produce, or bottle one or more varieties of wine, up to 10,000 cases per year;
- Store wine manufactured, produced, or bottled by the winery private club and other wine lawfully purchased by the permit holder;
- Bottle on the premises wine that the permittee has lawfully purchased in bulk from an out-of-state winery;
- Sell on the premises wine manufactured, produced, bottled, or lawfully purchased by the winery private club for off-premises consumption and for on-premises consumption during legal operating hours;
- Serve complimentary samples of wine produced by the winery private club to a member and guest of a member on the premises of the winery;
- Sell wine produced by the winery private club to a wholesale dealer permitted by this state for the purpose of resale to other retail permit holders; and
- Conduct wine-tasting events for educational or promotional purposes.

ABC can issue a winery private club permit to eligible applicants even if the winery private club premises is in a dry area. The permit holder is not required to serve food on the premises as a condition of holding a winery private club permit.

Fiscal Impact:

Although no permit fee is provided in the bill, ABC may collect additional permit fees. This bill does not expressly provide for rulemaking authority to establish a fee.

Taxpayer Impact:

SB588 would create the only permit that authorizes the sale of alcohol for off premises consumption in a dry area. An individual in a dry area where these winery private clubs could be located would have easier access to purchase wine.

Resources Required:

ABC will need to create an application and potentially promulgate rules to effectively enforce the requirements of this permit.



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Time Required:

ABC will need several months to create application and inspection procedures for the new permit type.

Procedural Changes:

ABC Enforcement, Administration, and the Board would be trained on the changes.

Other Comments:

None.

Legal Analysis:

This permit creates an exception to the three-tier system. This permit holder can be a manufacturer, wholesaler, and retailer, not unlike microbrewery restaurant private clubs. Because this bill states there is no requirement to sell food items, other ABC rules are triggered and only individuals 21 or older would be allowed on premises. If they would like those under 21 to enter, a permittee would need to be selling meals (as defined in ABC rules) from a kitchen approved by the Department of Health.