

Stricken language would be deleted from and underlined language would be added to present law.
Act 421 of the Regular Session

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H3/13/25

A Bill

SENATE BILL 345

By: Senator Irvin

By: Representative Dalby

For An Act To Be Entitled

AN ACT TO PROMOTE TOURISM AND ECONOMIC DEVELOPMENT BY IMPROVING EFFICIENCY OF THE PRIVATE CLUB PERMITTING PROCESS OF HOTELS, RESTAURANTS, AND LARGE-EVENT FACILITIES; TO REMOVE AN OVERLY BURDENSOME TAX REQUIREMENT; AND FOR OTHER PURPOSES.

Subtitle

TO PROMOTE TOURISM AND ECONOMIC DEVELOPMENT BY IMPROVING EFFICIENCY OF THE PRIVATE CLUB PERMITTING PROCESS OF HOTELS, RESTAURANTS, AND LARGE-EVENT FACILITIES; AND TO REMOVE AN OVERLY BURDENSOME TAX REQUIREMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative findings.

The General Assembly finds that:

(1) Arkansas is known as the Natural State because of its natural beauty and abundant outdoor recreational opportunities;

(2)(A) Arkansas has been consistently recognized as one of the top places in the United States to live and in a recent annual study as the most popular state to move to in 2024;

(B) Respondents in the study cited job opportunities and affordability as the respondents' primary motivators to move to Arkansas;

(3) As a state, Arkansas can recruit sought-after amenities, including major restaurant chains that Arkansans express desire in their



communities to promote continued growth and economic development;

(4) Arkansas can recruit and attract hotels, large-event facilities, and restaurants by eliminating the requirement to establish a nonprofit corporation to obtain a private club permit; and

(5) The requirement to establish a nonprofit corporation to obtain a private club permit is overly burdensome and results in the necessity of filing multiple tax returns and other business filings for each business location in the same corporation.

SECTION 2. Arkansas Code § 3-9-202(14), concerning the definition of "private club", is amended to read as follows:

(14)(A)(i) "Private club" means, except as provided in subdivision (14)(D) of this section, a nonprofit corporation organized and existing under the laws of this state, no part of the net revenues of which shall inure directly or indirectly to the benefit of any of its members or any other individual, except for the payment of bona fide expenses of the club's operations, and which is conducted for some common recreational, social, patriotic, political, national, benevolent, athletic, community hospitality, professional association, entertainment, or other nonprofit object or purpose other than the consumption of alcoholic beverages.

(ii) The nonprofit corporation shall have been in existence for a period of not less than one (1) year before applying for a permit, as prescribed in this subchapter.

(iii) At the time of application for the permit, the nonprofit corporation must have not fewer than one hundred (100) members and at the time of application must own or lease, be the holder of a buy-sell agreement or offer and acceptance, or have an option to lease a building, property, or space therein for the reasonable comfort and accommodation of its members and their families and guests and restrict the use of club facilities to those persons.

(B) For purposes of this subdivision (14), a person shall be required to become a member of the private club in any wet area of the state only upon ordering an alcoholic beverage as defined under subdivision (1) of this section.

(C) Furthermore, where the business entity that holds a private club permit additionally holds a retail beer permit, retail wine for

consumption on the premises permit, or cafe or restaurant wine permit, the hours of operation authorized for the private club shall likewise apply to all permits of the business entity.

(D) A corporation, partnership, individual, or limited liability company applying for a hotel, restaurant, or large-event facility private club permit under § 3-9-221(a)(3)(B) is not required to form a nonprofit corporation but shall otherwise comply with all requirements of § 3-9-240;

SECTION 3. Arkansas Code § 3-9-221(a)(3)(B)-(E), concerning counties or parts of counties that have not approved the retail sale of intoxicating liquors but are involved in tourism and promotion of economic development, are amended to read as follows:

(B) To ensure that tourism and large-event facilities as well as other associated activities are allowed to exist to promote the economic development in the state, a new hotel, restaurant, or large-event facility private club permit, for use in those places where the public retail sale of intoxicating liquors is not authorized, should be created.

(C) These permits are necessary so that persons visiting hotels, restaurants, or large-event facilities in these areas will be able to enjoy the amenities that a person might find in other states.

(D) This additional permit will enhance the experience of going to hotels, restaurants, or large-event facilities that may display items of historic interest, contain extensive art collections, or host musical or dramatic presentations.

(E)~~(i)~~ Further, since the counties or parts of counties in which these hotels, restaurants, or large-event facilities will be located do not allow the open public retail sale of intoxicating liquors, ~~the nonprofit corporations that have been established to have~~ the hotel facilities, restaurants, or ~~the~~ large-event facilities should be allowed to offer alcoholic beverages to ~~members of the nonprofit corporations and their~~ guests.

~~(ii) These nonprofit corporations have been established for the purpose of operating a qualifying hotel or large-event facility private club or other mutual purposes, not for pecuniary gain, but for their mutual convenience and to provide for the preparation and serving~~

~~to the members and their guests alcoholic beverages owned by the members individually or in common under a locker, pool, or revolving fund system.~~

SECTION 4. Arkansas Code § 3-9-222(c)(3)(A), concerning the contents of the notice required to be published by an applicant for a private club permit, is amended to read as follows:

(3) The notice shall give the names of the managing agent and the nonprofit corporation or, in the case of a bed and breakfast private club, the name of the business owner, and shall state:

(A) That the manager, or in the case of a bed and breakfast private club or a hotel, restaurant, or large-event facility private club, the owner, at least one (1) partner, or the majority stockholder is a citizen of Arkansas;

SECTION 5. Arkansas Code § 3-9-240 is amended to read as follows:

3-9-240. Hotel, restaurant, or large-event facility private club permit.

(a)(1) An application for a hotel, restaurant, or large-event facility private club permit shall be in writing and shall provide information concerning the applicant for the hotel, restaurant, or large-event facility private club permit and the premises to be used by the applicant as the Director of the Alcoholic Beverage Control Division requires.

(2) A hotel, restaurant, or large-event facility private club permit may be issued only in a county or a territory of a county that does not allow the public retail sale of intoxicating liquors as provided under § 3-8-201.

(3) A hotel, restaurant, or large-event facility private club permit may be issued to a corporation, partnership, individual, or limited liability company.

(b) The application for a hotel, restaurant, or large-event facility private club permit shall be accompanied by a check or money order for the amount required by this section for the hotel, restaurant, or large-event facility private club permit.

(c) A hotel, restaurant, or large-event facility private club permit application shall contain a description of the premises permitted and provide proof that the space ~~leased~~ has at least:

(1) Eighty (80) lodging rooms and five thousand square feet (5,000 sq. ft.) of public meeting, banquet, or restaurant space from a hotel;
~~or~~

(2) Ten thousand square feet (10,000 sq. ft.) of interior or exterior public meeting, banquet, exhibit hall, or restaurant space from a large-event facility; or

(3) Seating capacity for not fewer than one hundred (100) people in the restaurant that otherwise complies with the requirements of § 3-9-202(16).

(d) If the director grants an application for a hotel, restaurant, or large-event facility private club permit, he or she shall issue a hotel, restaurant, or large-event facility private club permit in a form as determined by the rules of the Alcoholic Beverage Control Division.

(e)(1) A hotel, restaurant, or large-event facility private club permit authorizes the dispensing, service, and consumption of alcoholic beverages by and to ~~members and their~~ guests on the premises of a hotel, restaurant, or large-event facility ~~private club permittee~~ for on-premises consumption ~~at a hotel or large-event facility leased to a hotel or large-event facility private club permittee.~~

(2) The areas of a hotel, restaurant, or large-event facility that may be ~~leased to~~ utilized by a hotel, restaurant, or large-event facility private club permittee for purposes of a hotel, restaurant, or large-event facility private club permit include without limitation:

- (A) Sleeping rooms;
- (B) Pool-side bars;
- (C) Banquet facilities;
- (D) Restaurants;
- (E) Lobbies;
- (F) Exhibit halls;
- (G) Patios; and
- (H) Outdoor gardens.

(3) ~~Members~~ Guests of the hotel or large-event facility private club permittee that holds a hotel, restaurant, or large-event facility private club permit may move from one area to another area designated under subdivision (e)(2) of this section while consuming alcoholic beverages.

~~(f)(1) A hotel or large-event facility that leases all or a portion of~~

~~its premises to a hotel or large event facility private club permittee shall clearly identify the areas of the hotel or large event facility that are leased to the hotel or large event facility private club permittee.~~

~~(2)(A) Areas leased by a hotel or large event facility private club permittee that contain articles of historic interest or art or dramatic or musical presentations shall be open to members of the hotel or large event facility private club permittee and to nonmembers of the hotel or large event facility private club permittee.~~

~~(B) However, a A person must be a member or the guest of a member of the hotel, restaurant, or large-event facility private club permittee to consume or possess alcoholic beverages dispensed by the hotel, restaurant, or large-event facility private club permittee.~~

~~(3)(2) Persons under twenty-one (21) years of age may be allowed on the premises of the hotel, restaurant, or large-event facility private club permittee.~~

~~(4)(A)(3)(A) A hotel holding a hotel, restaurant, or large-event facility private club permit under this section may lease a sleeping room to a hotel or large event facility private club permittee for the service of alcoholic beverages.~~

~~(B) The hotel holding a hotel or large event facility private club permit may use room service to serve the alcoholic beverage.~~

~~(C)(B) The hotel holding a hotel, restaurant, or large-event facility private club permit may stock ~~the leased~~ a sleeping room with alcoholic beverages, and the hotel or large-event facility private club permittee through the hotel's employees shall inventory the alcoholic beverages in the ~~leased~~ sleeping room.~~

~~(D)(C) Sleeping rooms that are solely occupied by persons twenty (20) years of age and under shall not receive alcoholic beverages through room service or be stocked with alcoholic beverages.~~

~~(5) A hotel or large event facility that leases space to a hotel or large event facility private club permittee shall provide a means of entering the hotel or large event facility to allow a person to knowingly decide if he or she would like to become a member of the hotel or large event facility private club permittee.~~

~~(g)(1) A hotel leasing its premises to a hotel or large event facility private club permittee may include a membership application to the hotel or~~

~~large event facility private club permittee as part of its registration materials.~~

~~(2) A guest of a hotel becoming a member of the hotel or large event facility private club permittee shall receive a membership card.~~

~~(3) A hotel that includes a membership application to the hotel or large event facility private club permittee as part of its registration materials shall retain the registration materials as required by the division.~~

~~(4) A hotel or large event facility private club permittee may refuse a membership or revoke a membership of a person that does not abide by the hotel or large event facility private club permittee rules.~~

~~(h)(1)(A)~~(g)(1)(A) For a hotel and a restaurant, the application and renewal fee for a hotel, restaurant, or large-event facility private club permit is one thousand five hundred dollars (\$1,500) per year payable on or before June 30 of each calendar year for the fiscal year beginning July 1.

(B) In an area in which the sale of intoxicating liquor has not been authorized by local option as provided under § 3-8-201 et seq., the application for a hotel, restaurant, or large-event facility private club permit shall be accompanied by an additional application fee of one thousand five hundred dollars (\$1,500).

(2) The application and renewal fee for a large-event facility for a hotel, restaurant, or large-event facility private club permit is two thousand five hundred dollars (\$2,500) per year payable on or before June 30 of each calendar year for the fiscal year beginning July 1.

~~(i)~~(h) The director shall promulgate rules to enforce this section.

/s/ Irvin

APPROVED: 3/25/25