

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
91st General Assembly  
Regular Session, 2017

As Engrossed: S3/27/17  
**A Bill**

SENATE BILL 643

By: Senators G. Stubblefield, Standridge

### For An Act To Be Entitled

AN ACT TO AMEND THE AUTHORITY OF MUNICIPALITIES TO  
TAX ARKANSAS WINERIES; TO USE REVENUE FROM WINE  
EXCISE TAXES TO PROMOTE RESEARCH CONCERNING THE  
PRODUCTION AND MARKETING OF ARKANSAS WINE AND  
ARKANSAS WINE GRAPES; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE AUTHORITY OF MUNICIPALITIES  
TO TAX ARKANSAS WINERIES; AND TO USE  
REVENUE FROM WINE EXCISE TAXES FOR THE  
PRODUCTION AND MARKETING OF ARKANSAS WINE  
AND WINE GRAPES.

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

*SECTION 1. Arkansas Code § 3-5-903 is amended to read as follows:*

*3-5-903. Rules ~~and regulations~~.*

*(a) The Director of the Department of Finance and Administration may establish reasonable rules ~~and regulations~~ to be followed by wineries in this state in making application for the subsidy payments and to prevent abuse of the subsidy payments.*

*(b) An application for a grant under this section shall include a certification in substantially the following form:*

*"I hereby certify that this winery is actively involved in the sale of wine as an Arkansas-bonded winery and has been for a minimum of five (5) years or has a federal license and has been licensed by the State of Arkansas as of January 1, 2016. I also certify that this winery grows two (2) or more acres*



of grapes and produced a minimum of one thousand gallons (1,000 gal.) of wine by fermentation on the winery premises in the previous calendar year. I also acknowledge that only those applicants receiving certification of compliance of eligibility requirements from the Arkansas Wine Producers Council shall be eligible to receive grants under the provisions under this law. I also certify that this winery uses not less than seventy-five percent (75%) of Arkansas grown and produced grapes, fruits, berries, or vegetables.

Date: \_\_\_\_\_

Name of Winery: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone, Fax, email (Optional): \_\_\_\_\_

Number of years as Bonded Arkansas Winery: \_\_\_\_\_

Date of Arkansas or Federal License: \_\_\_\_\_

Ownership of Winery & Contact: \_\_\_\_\_

Signature: \_\_\_\_\_

When I sign this Application I hereby authorize the release to the Department of Finance and Administration my TTB forms 5000.24 which contain the Federal Excise Taxes that I have paid on all the wine I have sold in the previous fiscal year, and further authorize the release of all the forms that report the excise taxes that I have paid in all the states that I have sold wine in the previous fiscal year to enable the Department of Finance and Administration to properly and accurately ascertain the exact excise taxes that I have paid in Arkansas, in order to Prevent Theft by Deception of Grant Funds.

Such theft when the value of stolen property or services is between one thousand dollars (\$1,000) and five thousand dollars (\$5,000) is classified as a Class D Felony in Arkansas. Such theft when the value of property is worth five thousand dollars (\$5,000) to twenty-five thousand dollars (\$25,000) is a class C Felony. A felony in Arkansas may be punishable by a prison term."

SECTION 2. Arkansas Code § 3-7-108 is amended to read as follows:  
3-7-108. Disposition of funds.

(a)(1) All taxes, penalties, and costs collected by the Director of the Department of Finance and Administration under ~~the provisions of §§ 3-7-101—3-7-104~~ § 3-7-103, § 3-7-104(1)-(3), § 3-7-104(5)-(7), and §§ 3-7-106 – 3-7-110 shall be general revenues and shall be deposited in the State Treasury to the credit of the State Apportionment Fund.

(2) The Treasurer of State, on or before the fifth day of the month next following the month during which such funds shall have been received by him or her, shall allocate and transfer the funds to the various State Treasury funds in the proportions to each as provided by law, after first transferring to the General Revenue Fund Account of the State Apportionment Fund an amount equivalent to the cost of collection and other charges as also provided by law.

(b)(1) Taxes, penalties, and costs collected by the director under § 3-7-104(4) on or before June 30, 2017, shall be disposed of under subsection (a) of this section.

(2)(A) Taxes, penalties, and costs collected by the director under § 3-7-104(4) on or after June 30, 2017, in an amount equal to the taxes, penalties, and costs collected by the director in fiscal year 2016, shall be disposed of under subsection (a) of this section.

(B)(i) Taxes, penalties, and costs collected by the director under § 3-7-104(4) on or after June 30, 2017, in an amount in excess of the taxes, penalties, and costs collected by the director in fiscal year 2016, shall be deposited into the State Treasury as special revenues to the credit of the Arkansas Agricultural Marketing Grants Fund.

(ii) The grant funds deposited under subdivision (b)(2)(B)(i) of this section shall be divided as follows:

(a) Twenty percent (20%) to the Arkansas Wine Producers Council Fund; and

(b) Eighty percent (80%) to eligible Arkansas wineries.

SECTION 3. Arkansas Code § 26-77-203 is amended to read as follows:

26-77-203. ~~Native~~ Small farm wine producers.

(a) A municipality in which the manufacturing facilities of a ~~native small farm~~ wine producer are located and which producer ~~produces four hundred thousand gallons (400,000 gals.)~~ has the facilities and production capacity

to produce one million gallons (1,000,000 gal.) or more of wine per year ~~or~~  
~~more is authorized to~~ may levy a tax ~~of~~ not to exceed three percent (3%) on  
the gross receipts derived from the sale at retail of ~~native~~ small farm wines  
and a tax of one percent (1%) on the gross receipts derived from the sale of  
beer at the retail outlet and restaurant of the ~~native~~ small farm wine  
producer located within the municipality.

(b) The tax authorized in this section may be levied by ordinance of  
the governing body of the municipality and shall be collected and remitted to  
the city treasurer in such manner, and the proceeds ~~thereof~~ of the tax may be  
used for such purposes, as may be prescribed by ordinance.

/s/Standridge