

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

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1163

By: Representative Maddox

For An Act To Be Entitled

AN ACT TO AMEND THE LAW REGARDING PRIVATE CLUBS; TO
ALLOW PRIVATE CLUBS TO PURCHASE ALCOHOLIC BEVERAGES
FROM WHOLESALERS; AND FOR OTHER PURPOSES.

Subtitle

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

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

SECTION 1. Arkansas Code § 3-4-405(a)(21), concerning Class C permit violations, is amended to read as follows:

(21) Unauthorized purchasing by a private club from other than a retailer or wholesaler;

SECTION 2. Arkansas Code § 3-5-1904(a)(1)-(3), concerning the microbrewery-restaurant private club permit, are amended to read as follows:

(1) Operate a microbrewery-restaurant private club and manufacture one (1) or more varieties of beer, malt beverage, or hard cider in an aggregate quantity not to exceed forty-five thousand (45,000) barrels per year from all facilities under common ownership with the microbrewery;

(2)(A) Store beer, malt beverage, and hard cider manufactured by the microbrewery-restaurant private club and any other beer, malt beverage, and hard cider that the microbrewery-restaurant private club permittee may purchase from retailers, wholesalers, and small brewers permitted by this state on the microbrewery-restaurant private club permitted premises and on



the premises of the one (1) separate brewing facility of a microbrewery-restaurant private club authorized under subdivision (a)(8) of this section.

(B) Two (2) or more microbrewery-restaurant private clubs sharing common ownership or a brewery of any size sharing common ownership with a microbrewery-restaurant private club shall be considered one (1) entity for purposes of:

(i) Calculating barrel production; and

(ii) The transportation of beer, malt beverage, or hard cider produced by one (1) entity among no more than three (3) microbrewery-restaurant private clubs of the one (1) entity;

(3) Operate a restaurant that is the sales outlet for beer, malt beverage, or hard cider manufactured by the microbrewery-restaurant private club and that sells the beer, malt beverage, or hard cider and any other beer, malt beverage, hard cider, or wine that the microbrewery-restaurant private club permittee may purchase from retailers or wholesalers permitted by this state for consumption on the permitted premises or purchased directly from permitted small brewers allowed to distribute directly to the microbrewery-restaurant private club;

SECTION 3. Arkansas Code § 3-9-221 is amended to read as follows:

3-9-221. Private clubs – Exception from alcoholic beverage laws.

(a) The General Assembly recognizes that:

(1) Many individuals in this state serve mixed drinks containing alcoholic beverages to their friends and guests in the privacy of their homes and, in addition, that many individuals associated together in private nonprofit corporations established for fraternal, patriotic, recreational, political, social, or other mutual purposes as authorized by law, established not for pecuniary gain, have provided for their mutual convenience and for the preparation and serving to themselves and their guests mixed drinks prepared from alcoholic beverages ~~owned by the members individually or in common under a so-called “locker”, “pool”, or “revolving fund” system;~~

(2) Many individuals travel to this state to assemble at regional meetings and conventions to associate with other individuals who are members of professional and social organizations and that:

(A) Many of the restaurants and entertainment facilities used for the meetings and conventions promote the hospitality of the host

communities where the restaurants, ~~convention~~ conventions, and entertainment facilities are located;

(B) Many of the host organizations plan to serve mixed drinks containing alcoholic beverages to their friends and guests at these meetings and while entertaining and dining during these conventions; and

(C) Many of the host communities have individuals who have associated together in private nonprofit corporations established for recreational, social, community hospitality, professional association, entertainment, or other mutual purposes established, not for pecuniary gain, but for their mutual convenience and to provide for the preparation and serving to themselves and their guests mixed drinks prepared from alcoholic beverages ~~owned by the members individually or in common under a so-called locker, pool, or revolving fund system~~; and

(3)(A)(i) ~~That there~~ There are a number of counties or parts of counties where the public retail sale of intoxicating liquors has not been approved by the voters.

(ii) However, within those counties or parts of counties there are significant developments of tourism facilities and large-event facilities that promote the economic development of ~~the~~ this state.

(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~~ this state, a new hotel 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 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 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 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~~ hotels 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.~~

(b)(1) In order to clarify the alcoholic beverage control laws of this state and to regulate and prohibit the sale of alcoholic beverages in violation of the provisions of this subchapter and other applicable alcoholic beverage control laws of this state, the General Assembly determines that the preparation, mixing, and serving of mixed drinks, beer, and wine for consumption only on the premises of a private club as defined in § 3-9-202~~(14)~~ by the members thereof and their guests and the making of a charge for such services shall not be deemed to be a sale or be in violation of any law of this state prohibiting the manufacture, sale, barter, loan, or giving away of intoxicating liquor whenever:

~~(A) The alcoholic beverages, beer, and wine so consumed have been furnished or drawn from private stocks thereof belonging to such members, individually or in common under a so-called locker, pool, or revolving fund system and are replenished only at the expense of such members; and~~

~~(B) The private club has acquired a permit from the Alcoholic Beverage Control Board, in such form as the board may appropriately determine; and~~

(B) The private club purchases the alcoholic beverages, beer, and wine consumed by its members from a licensed retailer or wholesaler.

(2)(A) A private club may serve any alcoholic beverage ~~furnished or drawn~~ under the provisions of subdivision (b)(1) of this section on the golf course on which the private club is located when the private club is hosting a professional golf tournament or other charitable golf tournament sponsored by a charitable organization described in 26 U.S.C. § 501(c)(3) and the Director of the Alcoholic Beverage Control Division has been notified by the private club at least sixty (60) calendar days prior to the beginning of the event.

(B) Persons attending the event shall be deemed guests of the private club, and the private club may serve the alcoholic beverages to the guests for cash.

(C) The director may promulgate rules he or she deems necessary to implement this subdivision (b)(2).

(c) In order to clarify the alcoholic beverage control laws of this state and to regulate and prohibit the sale of alcoholic beverages in violation of the provisions of this subchapter and other applicable alcoholic beverage control laws of this state, the General Assembly determines that the preparation, mixing, and serving of wine and beer for consumption only by the lodging guests on the premises of a bed and breakfast private club as defined in § 3-9-202~~(2)~~ and the making of a charge for such services shall not be deemed to be a sale or to be in violation of any law of this state prohibiting the manufacture, sale, barter, loan, or giving away of intoxicating liquor whenever:

~~(1) The wine and beer so consumed have been furnished or drawn from private stocks belonging to an owner of the bed and breakfast private club and are replenished only at the expense of such owner;~~

~~(2)~~ The wine and beer consumed ~~must have been~~ must be purchased in by the owner of the bed and breakfast private club from an Arkansas licensed retail alcoholic beverage store or licensed wholesaler, as authorized by the director;

~~(3)~~(2) The average annual volume of wine and beer consumed shall not exceed three gallons (3 gals.) per month per guest room; and

~~(4)~~(3) The bed and breakfast private club has acquired a permit from the board in such form as the board may appropriately determine.

SECTION 4. Arkansas Code § 3-9-223(b), concerning the supplemental tax on gross proceeds or gross receipts derived by the private clubs, is amended to read as follows:

(b)(1) In addition, there is levied a supplemental tax of ten percent (10%) upon the gross proceeds or gross receipts derived by the private club from the charges to members for the preparation and serving of mixed drinks or for the ~~cooling and~~ serving of beer and wine, ~~drawn from the private stocks of the members~~ as provided in § 3-9-221~~7~~, for consumption only on the premises where served.

(2) In addition to the tax levied under subdivision (b)(1) of this section, a supplemental tax of four percent (4%) is levied on the gross proceeds or gross receipts derived by the private club from the charges to members for the preparation and serving of mixed drinks ~~drawn from the private stocks of the members~~ as provided in § 3-9-221 for consumption only on the premises where served.