

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

State of Arkansas
95th General Assembly
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As Engrossed: H3/10/25 H3/31/25

A Bill

HOUSE BILL 1476

By: Representative B. McKenzie

By: Senator Hester

For An Act To Be Entitled

AN ACT TO AMEND THE DIRECT SHIPMENT OF VINOUS LIQUOR ACT; TO ESTABLISH A WINE DIRECT SHIPPER LICENSE; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE DIRECT SHIPMENT OF VINOUS LIQUOR ACT; AND TO ESTABLISH A WINE DIRECT SHIPPER LICENSE.

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

SECTION 1. Arkansas Code § 3-5-1703 through 3-5-1707 are amended to read as follows:

3-5-1703. ~~Registration~~ Wine direct shipper license – Renewal fee.

(a) ~~(1)~~ Unless ~~registered~~ licensed under this subchapter, a winery, supplier, importer, wholesaler, distributor, or retailer licensed by this state or the state where its principal place of business is located shall not ship vinous liquor to an Arkansas consumer.

~~(2) This section does not apply to a small farm winery licensed under § 3-5-1601 et seq.~~

(b) ~~Prior to the winery's first shipment into or within the state~~ In order to obtain a wine direct shipper license, the a winery, supplier, or importer shall:

(1) ~~Register~~ File an application for a wine direct shipper license with the Alcoholic Beverage Control Division;

(2) Provide the division with a true copy of the ~~winery's~~ applicant's current alcoholic beverage license ~~to manufacture wine~~ issued by:



(A) The state of domicile; and

(B) The Alcohol and Tobacco Tax and Trade Bureau of the United States Department of the Treasury; and

(3) Pay a registration fee of ~~twenty-five dollars (\$25.00)~~ fifty dollars (\$50.00).

(c) A ~~winery~~ wine direct shipper licensee shall renew its application each year with the division by:

(1) Providing the division with a copy of the licenses required under subdivision (b)(2) of this section; and

(2) Paying a renewal fee of *twenty-five dollars (\$25.00)*.

(d) A wine direct shipper licensee may ship vinous liquor that is registered with the division directly to a resident in a wet county as provided in § 3-5-1705.

(e) A winery, a supplier, or an importer shall submit to the division an Alcohol and Tobacco Tax and Trade Bureau Certificate of Label Approval for:

(1) Each brand of vinous liquor; and

(2) Each brand label extension of vinous liquor to be shipped for the first time by the wine direct shipper licensee into or within the state.

~~3-5-1704. Purchase—~~ Payment of taxes – Reporting – Consent to jurisdiction.

~~(a) A consumer must:~~

~~(1) Be physically present at the winery to purchase the vinous liquor to be shipped into or within the state; and~~

~~(2) Provide identification to the winery proving that he or she is twenty-one (21) years of age or older.~~

~~(b)(1)~~ A ~~winery~~ wine direct shipper licensee shall collect all sales taxes and excise taxes due on a sale to an individual of this state as if the sale took place on the premises of an Arkansas small farm winery, including without limitation taxes under §§ 3-5-1605, 3-7-104, 3-7-111, and 3-7-201.

(2) Taxes collected by the ~~winery~~ wine direct shipper licensee shall be submitted to the Department of Finance and Administration as directed without limitation under §§ 3-5-1605, 3-7-104, 3-7-111, and 3-7-201.

(3) A ~~winery~~ wine direct shipper licensee shall source the

collection of sales and use taxes to the purchaser's delivery address in accordance with § 26-52-521(b)(2).

(b)(1) A wine direct shipper licensee located outside of the state shall report to the Alcoholic Beverage Control Division annually on the amount of vinous liquor the wine direct shipper licensee shipped into the state during the preceding calendar year.

(2) A wine direct shipper licensee located inside the state shall provide the division with any requested by the division to ensure compliance with this subchapter.

(c) A wine direct shipper licensee:

(1) Shall permit the department or division to perform an audit of the records of the wine direct shipper licensee upon request; and

(2) Is subject to the jurisdiction of the department or other state agency and the courts concerning enforcement of this subchapter and related laws or rules.

3-5-1705. Direct shipment.

(a) A ~~winery~~ wine direct shipper licensee shall ship only a vinous liquor to a private residence.

(b) A ~~winery~~ wine direct shipper licensee may ~~only ship one (1) case of vinous liquor per consumer in any calendar quarter up to twenty-four (24) nine-liter cases of wine annually only to a recipient who:~~

(1) Is twenty-one (21) years of age or older;

(2) Resides in a wet county where the manufacture or retail sale of alcoholic beverages is permitted; and

(3) Is receiving the vinous liquor directly for personal use and not for resale.

~~(c)(1)~~ A shipment of a vinous liquor shall have a shipping label provided by the ~~Alcoholic Beverage Control Division~~ affixed to the shipping package that conspicuously states "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY".

~~(2) The fee for each label for a shipment shall not exceed ten dollars (\$10.00).~~

3-5-1706. Delivery - Enforcement - Penalties.

(a) A ~~winery~~ wine direct shipper licensee shall have the vinous liquor

delivered to an Arkansas consumer during the hours of the day that alcoholic beverages may be purchased in the state.

(b) A wine direct shipper licensee shall not ship vinous liquor to a resident located in a dry territory.

(c) The Alcoholic Beverage Control Division shall verify compliance with this subchapter by the following audit methods, including without limitation:

(1) Reviewing quarterly reports submitted by wine direct shipper licensees to confirm shipments are made only to wet counties;

(2) Investigating any suspected shipments to dry territories;
and

(3) Issuing cease and desist orders to wine direct shipper licensees that fail to comply with this subchapter.

(d) A wine direct shipper licensee who violates this subchapter is subject to the following penalties:

(1) For the first violation, written notice of noncompliance issued by the division to the wine direct shipper licensee;

(2) For the second violation, a fine of five hundred dollars (\$500);

(3) For the third violation, a fine of one thousand dollars (\$1,000); and

(4) For the fourth and subsequent violations:

(A) Suspension of the wine direct shipper licensee for up to one (1) year; and

(B) Additional fines up to five thousand dollars (\$5,000) per violation.

(e) A winery, an importer, or a supplier that knowingly ships to a dry territory is subject to immediate suspension of the wine direct shipper license pending an investigation by the division.

(f) The division, in coordination with state and local law enforcement, may seize and hold an illegal shipment of wine until a final order for destruction is obtained from the Alcoholic Beverage Control Board.

3-5-1707. Rules.

~~The Director of the Alcoholic Beverage Control Division, the Alcoholic Beverage Control Board, the Secretary of the Department of Finance and Administration, and any other affected agency of this state may~~ shall adopt

rules to implement this subchapter.

SECTION 2. Arkansas Code §§ 3-5-1709 - 3-5-1710 are repealed.

~~3-5-1709. Small farm winery shipment.~~

~~(a)(1) A small farm winery licensee with a wine wholesale permit under § 3-5-1602(c)(1)(E) may ship small farm winery wine or mead under this subchapter to a private resident without the private resident having been physically present or having made an in-person purchase at the small farm winery if the shipment includes only small farm winery wine or mead.~~

~~(2) Additional shipping registration of a small farm winery is not required for a shipment under subdivision (a)(1) of this section.~~

~~(b) A private resident shall provide identification to the small farm winery proving that he or she is twenty-one (21) years of age or older.~~

~~(c) A small farm winery may ship only one (1) case of small farm winery wine and one (1) case of mead per private resident in any month.~~

~~(d) A small farm winery shipping under this subchapter shall ensure that all containers of small farm winery wine or mead delivered within this state are conspicuously labeled as follows:~~

~~“CONTAINS ALCOHOL; SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY”.~~

~~(e)(1) A small farm winery shall collect all sales taxes and excise taxes due on a sale to an individual of this state as if the sale took place on the premises of the small farm winery, including without limitation taxes under §§ 3-5-1605, 3-7-104, 3-7-111, and 3-7-201.~~

~~(2) Taxes collected by the small farm winery shall be submitted to the Department of Finance and Administration as directed without limitation under §§ 3-5-1605, 3-7-104, 3-7-111, and 3-7-201.~~

~~(3) A small farm winery shall source the collection of sales and use taxes to the purchaser's delivery address in accordance with § 26-52-521(b)(2).~~

~~(4) A small farm winery shipping mead under this section shall collect all taxes due on the mead in the same manner as required for wine.~~

~~(f) A small farm winery that makes a direct shipment of small farm winery wine or mead under this section shall maintain records regarding each shipment of small farm winery wine or mead that include the:~~

~~(1) Name and address of the person to whom the small farm winery~~

~~wine or mead is:~~

- ~~(A) Sold; and~~
- ~~(B) Billed; and~~
- ~~(2) Date of shipment.~~

~~3-5-1710. Permits—Drawing—Issuance.~~

~~(a)(1) Within sixty (60) days after April 3, 2017, the Alcoholic Beverage Control Board shall notify by mail all small farm wineries licensed under § 3-5-1602 and holding a small farm wine wholesale permit under § 3-5-1602(c)(1)(E) issued on or before April 15, 2017, that they are eligible for a small farm winery private-resident shipping permit if the winery produced by fermentation at least eight hundred gallons (800 gals.) of wine in the previous calendar year as shown on the winery's TTB F 5120-17.~~

~~(2) The board shall issue a small farm winery private-resident shipping permit to a small farm winery holding a small farm wine wholesale permit under § 3-5-1602(c)(1)(E) issued on or before April 15, 2017, upon receipt of the following:~~

~~(A) Proof that the winery produced by fermentation at least eight hundred gallons (800 gals.) of wine in the previous calendar year as shown on the winery's TTB F 5120-17; and~~

~~(B) Payment of a licensing fee of twenty five dollars (\$25.00).~~

~~(b)(1) In each subsequent year, the board may issue up to five (5) small farm winery private-resident shipping permits to small farm wineries licensed under § 3-5-1602 and holding a small farm wine wholesale permit under § 3-5-1602(c)(1)(E) issued after April 15, 2017, if the winery produced by fermentation at least eight hundred gallons (800 gals.) of wine in the previous calendar year as shown on the winery's TTB F 5120-17.~~

~~(2) The board shall notify the public at large by legal notice and internet posting that the board will accept applications for small farm winery private-resident shipping permits.~~

~~(3) The notice required under subdivision (b)(2) of this section shall include:~~

- ~~(A) The number of permits to be issued;~~
- ~~(B) The last date applications will be accepted; and~~
- ~~(C) The date of a drawing to determine which applicants~~

~~will be awarded a permit if the number of applicants exceeds the number of permits authorized by the board.~~

~~(4) The board shall not accept an application more than ninety (90) days after the date of publication of the notice required under subdivision (b)(2) of this section.~~

~~(5)(A) If the number of applicants for a permit exceeds the number of permits authorized by the board, the Director of the Alcoholic Beverage Control Division shall conduct a drawing not earlier than one hundred twenty (120) days after the publication of the notice specified in subdivision (b)(2) of this section, nor later than one hundred eighty (180) days after publication of the notice.~~

~~(B)(i) On the date of the drawing, each applicant for a permit or his or her agent shall draw a number between one (1) and a number equal to the number of permits to be granted of applications filed.~~

~~(ii) Position numbers shall not be transferred or assigned.~~

~~(6) Upon payment of a licensing fee of twenty five dollars (\$25.00), the director shall issue a permit to each eligible licensee that draws a number one (1) through the number authorized by the board for the drawing.~~

~~(c) A small farm winery shall renew its small farm winery private-resident shipping permit each year with the division by paying a renewal fee of twenty five dollars (\$25.00).~~

SECTION 3. DO NOT CODIFY. Rules.

(a) When adopting the rules required to implement this act, the Alcoholic Beverage Control Division shall file the final rules with the Secretary of State for adoption under § 25-15-204(f):

(1) On or before one hundred eighty (180) days from the effective date of this act; or

(2) If approval under § 10-3-309 has not occurred by one hundred eighty (180) days from the effective date of this act, as soon as practicable after approval under § 10-3-309.

(b) The department shall file the proposed rules with the Legislative Council under § 10-3-309(c) sufficiently in advance of one hundred eighty (180) days from the effective date of this act, so that the Legislative

Council may consider the rules for approval before one hundred eighty (180) days from the effective date of this act.

/s/B. McKenzie