

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

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H4/7/25

A Bill

SENATE BILL 523

By: Senator Irvin

By: Representative Dalby

For An Act To Be Entitled

AN ACT TO AMEND THE LAW REGARDING ALCOHOLIC BEVERAGES; TO REMOVE THE REQUIREMENT THAT A PRIVATE CLUB BE A NONPROFIT ORGANIZATION; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW REGARDING ALCOHOLIC BEVERAGES; AND TO REMOVE THE REQUIREMENT THAT A PRIVATE CLUB BE A NONPROFIT ORGANIZATION.

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) The regulatory framework governing private clubs in this state needs to be modernized to reflect evolving economic realities;

(2) Permitting flexibility in business structures can enhance efficiency and economic viability and encourage broader investment and growth;

(3) Allowing private clubs in dry counties to operate through diverse business entities, including without limitation corporations, partnerships, and limited liability companies, will foster competitive fairness, stimulate local economic development, and attract increased investment by offering businesses greater operational flexibility; and

(4) Permitting private clubs in dry counties to function through any legally recognized business entity structure, including without limitation



corporations, partnerships, limited liability companies, or sole proprietorships, aligns regulatory practices with modern business practices and enhances the state's overall economic competitiveness.

SECTION 2. Arkansas Code § 3-4-108(b), concerning the selling of alcoholic beverages with a food purchase by a private club, is amended to read as follows:

(b) A private club holding a valid alcoholic beverage permit may serve alcoholic beverages in a sealed container during legal operating hours directly to a ~~member or a guest of a member of the private club~~ who is twenty-one (21) years of age or older along with the purchase of a meal as defined in § 3-9-202:

- (1) At the point of sale to be consumed off-premises;
- (2) At the drive-through to be consumed off-premises;
- (3) At the curbside to be consumed off-premises; or
- (4) Delivered to a consumer at a location off-premises.

SECTION 3. Arkansas Code § 3-4-405(a)(18)-(20), concerning certain actions by private clubs that are Class C permit violations, are repealed.

~~(18) Failure to maintain membership books or properly maintain guestbooks by a private club;~~

~~(19) Allowing an unauthorized guest in a private club;~~

~~(20) Dispensing to nonmembers or nonguests by a private club;~~

SECTION 4. Arkansas Code § 3-5-1901(7), concerning the definition of a microbrewery-restaurant private club" under the law regarding microbrewery-restaurant private club permits, is amended to read as follows:

(7) "Microbrewery-restaurant private club" means a nonprofit organization, corporation, partnership, limited liability company, or sole-proprietorship organized and existing or authorized to do business under the laws of this state that+

~~(A) Is is both a microbrewery and a restaurant;~~

~~(B) Has members, which are not directly or indirectly benefitted by the entity's net revenues;~~

~~(C) Exists for some common recreational, social, patriotic, political, national, benevolent, athletic, community hospitality,~~

~~professional association, entertainment, or other object or purpose other than the consumption of alcoholic beverages; and~~

~~(D) Has existed for at least one (1) year;~~

SECTION 5. Arkansas Code § 3-5-1902 is amended to read as follows:

3-5-1902. Microbrewery-restaurant private club.

(a) A microbrewery-restaurant private club applicant shall be an entity organized and existing or authorized to do business under the laws of this state before applying for a microbrewery-restaurant private club permit as prescribed in this subchapter.

~~(b) The net revenues of the microbrewery-restaurant private club shall not directly or indirectly benefit its members, except for the payment of bona fide expenses of the microbrewery-restaurant private club's operations.~~

~~(c) Activities at the microbrewery-restaurant private club shall be conducted for some common recreational, social, patriotic, political, national, benevolent, athletic, community hospitality, professional association, entertainment, or other object or purpose and not solely for the consumption of alcoholic beverages.~~

~~(d)(1) At the time of application for a microbrewery-restaurant private club permit, the entity shall 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 for the reasonable comfort and accommodation of its members and the families and guests of its members.~~

~~(2) The microbrewery-restaurant private club shall restrict the use of club facilities to its members and the families and guests of its members.~~

~~(e) For purposes of this subchapter, a person is a member of the microbrewery-restaurant private club only upon ordering an alcoholic beverage as defined in § 3-5-1901.~~

~~(f)(c)~~ If the entity holding a microbrewery-restaurant private club permit additionally holds another alcoholic beverage permit, the hours of operation authorized for the microbrewery-restaurant private club apply to all permits of the entity.

SECTION 6. Arkansas Code § 3-5-1904(a)(4) and (5), concerning the selling and serving certain alcoholic beverages on-premises by the holder of

a microbrewery-restaurant private club permit are amended to read as follows:

(4) Sell on the premises beer, malt beverage, or hard cider manufactured by the microbrewery-restaurant private club or commonly owned facility to a ~~member~~ guest for on-premises consumption during legal operating hours;

(5) Serve to a ~~member~~ guest on-premises complimentary samples of beer, malt beverages, or hard cider produced by the microbrewery-restaurant private club;

SECTION 7. Arkansas Code § 3-5-1904(e)(3), concerning advertising of a social function by a microbrewery-restaurant private club, is amended to read as follows:

(3) The advertising for the social function shall be preceded by ~~the words "Notice to Members" and~~ the name of the club or organization sponsoring the social activity.

SECTION 8. Arkansas Code § 3-5-1905(a), concerning sales prohibited by a microbrewery-restaurant private club, is amended to read as follows:

(a) A microbrewery-restaurant private club permitted under this subchapter shall not sell alcoholic beverages either by the package or by the drink to a guest+

~~(1) Nonmember for on-premises or off-premises consumption; or~~

~~(2) Member for off-premises consumption.~~

SECTION 9. Arkansas Code § 3-5-1906(1), concerning the permit fee for a microbrewery-restaurant private club, is amended to read as follows:

(1) Pay the applicable city or county permit fees and barrelogage or taxes and shall pay a state permitting fee to the Alcoholic Beverage Control Division of seven hundred fifty dollars (\$750) per fiscal year to manufacture and sell to ~~members~~ guests its beer, malt beverages, and hard cider for on-premises consumption and to sell to ~~members~~ guests other beer, malt beverages, hard cider, and spirituous liquor purchased from a permitted retailer for on-premises consumption;

SECTION 10. Arkansas Code § 3-5-1907(a)(3), concerning the information required for an application of an applicant that is reapplying for a

microbrewery-restaurant private club permit within two (2) years of denial, is amended to read as follows:

(3) The petition on which the signatures are obtained under this section shall state clearly that the purpose of the petition is to obtain an alcoholic beverage permit for a microbrewery-restaurant private club and to serve alcoholic beverages to ~~members~~ guests.

SECTION 11. Arkansas Code § 3-9-202(14), as amended by Acts 2025, No. 421, § 3, concerning the definition of a 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, sole proprietorship, corporation, partnership, or limited liability company organized and existing or authorized to do business 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 12. Arkansas Code § 3-9-221, as amended by Acts 2025, No. 421, § 3, 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, 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)(1)(A)~~ 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)(B)~~ 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 state; i

~~(B)(2)~~ 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; i

~~(C)(3)~~ 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; i

~~(D)(4)~~ 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; i and

~~(E)(5)~~ 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 hotel facilities, ~~restaurants,~~ or large-event facilities should be allowed to offer alcoholic beverages to guests.

(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)~~ § 3-9-202 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~~ If the private club permittee is a nonprofit organization, the alcoholic beverages, beer, and wine ~~so consumed have been~~ may be furnished or drawn from private stocks thereof belonging to ~~such~~ the members, individually or in common under a so-called locker, pool, or revolving fund system ~~and are~~ that is replenished only at the expense of ~~such~~ the members; and

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

(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 may purchase alcoholic beverages from the private club ~~shall be deemed guests of the private club, and the 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)~~ § 3-9-202 and the making of a charge for ~~such~~ the 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 purchased in an Arkansas licensed retail alcoholic beverage store, 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 13. Arkansas Code § 3-9-222(c)(3), as amended by Acts 2025, No. 421, § 4, 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;

(B) That he or she is of good moral character;

(C) That he or she has never been convicted of a felony or had a license to sell or dispense alcoholic beverages revoked within the five (5) years preceding the date of the notice; and

(D) That he or she has never been convicted of violating the laws of this state or of any other state governing the sale or dispensing of alcoholic beverages.

SECTION 14. Arkansas Code § 3-9-223(b), concerning a supplemental tax on gross receipts for 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 or guests 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,~~ 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 or guests 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.

SECTION 15. Arkansas Code § 3-9-223(e), concerning the passing on of taxes prescribed on a private club, is amended to read as follows:

(e) The taxes herein prescribed may be passed on to the members or guests.

SECTION 16. Arkansas Code § 3-9-224 is repealed.

~~3-9-224. Private clubs—Sales prohibited.~~

~~(a) No private club permitted hereunder shall sell alcoholic beverages either by the package or drink.~~

~~(b) Alcoholic beverages, beer, and wine owned by members may be stored on the premises of the club.~~

~~(c) If any permittee shall sell, barter, loan, or give away any intoxicating liquor in violation of this subchapter or other alcoholic beverage control laws of this state, the permit of the club shall be revoked.~~

SECTION 17. Arkansas Code § 3-9-226(b)(2), concerning the prohibition on advertising or promoting the consumption of alcoholic beverages by private clubs, is amended to read as follows:

(2) *The prohibition on advertising or promoting the consumption of alcoholic beverages under subdivision (b)(1) of this section does not require a private club to block visibility through the private club's windows, ~~or~~ doors, or barriers to prevent the general public from viewing patrons consuming alcoholic beverages, including without limitation through the use of window tinting.*

SECTION 18. Arkansas Code § 3-9-226(c)(3), concerning the requirement that advertising by a private club for a social function contain a "notice to members", is repealed.

~~(3) The advertising for the social function shall be preceded by the words "Notice to Members" and the name of the club or organization~~

~~sponsoring such social activity.~~

SECTION 19. Arkansas Code § 3-9-226, concerning advertising by a private club, is amended to add an additional subdivision to read as follows:

(d) This section shall not apply to a private club permit holder operating under substantially the same trade name in both wet and dry territories provided that the advertising is:

- (1) Not directed exclusively toward a dry territory; and
- (2) Otherwise compliant with applicable law.

SECTION 20. Arkansas Code § 3-9-240, as amended by Acts 2025, No. 421, § 5, 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 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 guests on the premises of a hotel, ~~restaurant,~~ or large-event facility for on-premises consumption.

(2) The areas of a hotel, ~~restaurant,~~ or large-event facility that may be 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) 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 person must be a guest 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.

(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.

(3)(A) A hotel holding a hotel, ~~restaurant~~, or large-event facility private club permit under this section may use room service to serve the alcoholic beverage.

(B) The hotel holding a hotel, ~~restaurant~~, or large-event facility private club permit may stock 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 sleeping room.

(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.

(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.

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

SECTION 21. DO NOT CODIFY. Transitional language.

(a) Upon the effective date of this act, a private club permit currently held by a nonprofit corporation shall, upon written request by the board of directors of the nonprofit corporation to the Alcoholic Beverage Control Division and the Alcoholic Beverage Control Enforcement Division, be transferred to a corporation, partnership, individual, or limited liability company organized and existing under or authorized to do business under the laws of this state operating at the same location.

(b) The successor entity and the entity's owners under a transfer

under subsection (a) of this section shall comply with all applicable private club permit application procedures under existing law, except that a new private club permit fee or application fee shall not be required.

(c) Upon approval of a transfer to the new entity, the board of directors of a nonprofit corporation holding a private club permit may transfer all assets of the nonprofit corporation, including without limitation all alcoholic beverage inventories, equipment, and property, to the successor business entity identified under subsection (a) of this section.

(d) For a period of five (5) years from the effective date of this act, the Secretary of State shall waive all fees associated with the dissolution of nonprofit corporations currently holding private club permits that become unnecessary due to the transfer authorized by this act.

/s/Irvin