

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 3626 – HB 3732

May 27, 2010

**SUMMARY OF AMENDMENT (018635):** Deletes the language of the original bill. Authorizes the sale of alcoholic beverages for on-premises consumption at a restaurant within a Tennessee River Resort District with an indoor seating capacity of at least 40 people and an outdoor seating capacity of at least 75 people. Prohibits any portion of a licensed restaurant to extend beyond the designated outdoor seating area. Prohibits the sale of items at a boat marina unrelated to a restaurant to be used when determining the principal business conducted at the restaurant. Defines “seasonal closing” as the period between November 1 and March 1 or the period as filed by the restaurant with the Alcoholic Beverage Commission (ABC).

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$2,700/ABC Fund/One-Time  
\$6,800/ABC Fund/Recurring  
Exceeds \$100,000/General Fund/Recurring  
Increase State Expenditures – Not Significant  
  
Increase Local Revenue – Exceeds \$20,000/Recurring  
Increase Local Expenditures – Not Significant/Permissive

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions applied to amendment:

- One restaurant in each of the nine River Resort Districts will be authorized to sell alcoholic beverages for on-premises consumption.
- No additional personnel or resources will be needed by the ABC.
- There will be an initial license application fee of \$300 and an average \$750 annual renewal fee to the State ABC Fund resulting in a one-time increase of revenue to the State ABC Fund of \$2,700 (\$300 x 9) and a recurring increase to the State ABC Fund of \$6,750 (\$750 x 9).

SB 3626 – HB 3732

- Any increase in local government expenditures related to the administrative cost of collecting local privilege taxes associated with such licenses is estimated to be not significant.
- According to ABC, the local privilege tax is \$600.
- Based on information previously provided by the Department of Revenue, state and local governments are expected to realize an increase of revenue derived from liquor-by-the-drink taxes and sales taxes. The increases are reasonably estimated to exceed \$100,000 and \$20,000 respectively.
- More restrictive standards to determine the principal business conducted by a restaurant will not result in a decrease in the number of licensed establishments.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "James W. White". The signature is written in a cursive style with a large initial "J" and "W".

James W. White, Executive Director

/agl