

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 730 – HB 1338

March 17, 2011

**SUMMARY OF AMENDMENT (004880):** Deletes Section 1 of the original bill. Authorizes the sale of alcoholic beverages in the unincorporated areas of any county having a charter form of government, regardless if the approved referendum being limited to the unincorporated areas of the county.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$2,700/One-Time/ABC Fund  
\$1,400/Recurring/ABC Fund  
\$60,000/Recurring/General Fund

Increase State Expenditures – Not Significant

Increase Local Revenue – \$9,400/Recurring/Permissive  
Increase Local Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions applied to amendment:

- Only Knox and Shelby counties have a charter form of government.
- According to the Alcoholic Beverage Commission, Knox County currently authorizes the sale of alcoholic beverages in the unincorporated areas of the county. This bill will only apply to Shelby County.
- There is a \$300 initial license application fee and a \$150 minimum annual fee to the State Alcoholic Beverage Commission (ABC) Fund.
- According to the Shelby County Clerk's office, nine permits were issued for the on-premises consumption of beer in 2010 in the unincorporated areas of Shelby County.
- There will be nine permits issued for the sale of liquor-by-the-drink in the unincorporated areas of Shelby County resulting in a one-time increase to state revenue of \$2,700 (\$300 x 9 permits) and a recurring increase to state revenue of \$1,350 (\$150 x 9 permits).
- No additional personnel or resources will be required by the ABC.

- Local privilege tax is estimated to be \$150. Any increase in local government expenditures for collecting local privilege taxes is estimated to be \$1,350 (\$150 x 9 permits).
- Newly licensed entities will be assessed state and local sales taxes on alcoholic beverage sales, a 15 percent liquor-by-the-drink tax on each alcoholic beverage sold, and any applicable county or city privilege tax.
- According to the Department of Revenue, there will be an increase to state revenue as a result of the sales tax and liquor-by-the-drink tax of approximately \$60,000. The increase to local revenue as a result of the local option sales tax will be \$8,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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