

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 101 - SB 1329**

March 28, 2011

**SUMMARY OF BILL:** Removes the exemption for an adult cabaret relating to the hours of operation for live adult entertainment establishments. Prohibits certain specified contact between customers and operators, entertainers, and employees of adult-oriented establishments or adult cabarets. Establishes a state-wide permit requirement for adult entertainers and employees, regardless of whether the business located within a county has adopted the Adult-Oriented Establishment Registration Act of 1998. Adds that a second offense for violation of adult-oriented establishment provisions is punishable by a fine of \$50 in addition to suspension or revocation of the violator's permit. Classifies any violation continuing more than one hour as a separate offense for each hour of violation.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – \$34,600/FY11-12  
\$72,700/FY12-13 and Subsequent Years**

**Increase Local Expenditures – \$109,700\***

Assumptions:

- Local governments are authorized to charge a permit fee in an amount determined by the Adult-Oriented Establishment Board or by a Beer Board or Massage Registration Board authorized to act as the Adult-Oriented Establishment Board. Currently, Davidson County licenses these entertainers.
- Davidson County currently licenses approximately 410 entertainers with fees varying depending on whether it is a new application (\$50), renewal (\$100), or late renewal (additional \$50).
- Davidson County estimates its annual licensing cost at \$64,977, or approximately \$158.48 (\$64,977 / 410) per licensee.
- Based on population data from the 2000 federal census, the per capita number of adult entertainers in Davidson County is estimated to be 0.000691987.
- Counties with a combined population of 1,000,000 residents will enact an entertainer permit system at a cost of \$158.48 per licensee. New permits will be \$50, renewals will be \$100, and late renewals will be \$150.
- Based on information provided by Davidson County, approximately 10 percent of all licensed adult entertainers pay the late renewal fee each year.

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- Approximately 692 (1,000,000 x 0.000691987) new adult entertainers will be registered in the first year resulting in an increase to local revenue of \$34,600 (692 x \$50) in FY11-12.
- Approximately 692 adult entertainer permits will be renewed in the second and each subsequent year of the program. Approximately 69 entertainers will be required to pay the late renewal fee each year resulting in a recurring increase to revenue of \$72,650 [(623 x \$100) + (69 x \$150)] beginning in FY12-13.
- Local government expenditures will increase by \$109,668 (692 entertainers x \$158.48).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.

\*Article II, Section 24 of the Tennessee Constitution provides that: *No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

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



James W. White, Executive Director

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