

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2435 – SB 2555

March 10, 2014

**SUMMARY OF ORIGINAL BILL:** Authorizes the issuance of special occasion licenses for on-premises consumption of alcoholic beverages up to six weeks in advance of the effective date of the event. Authorizes holders of a special occasion license to transport wine, beer, and other alcoholic beverages to the event location up to 48 hours prior to the event.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (013834):** Deletes all language after the enacting clause. Establishes a new alcoholic beverage license classification that would allow entities that are non-residents and not manufacturers of alcoholic beverages to have distillers, wineries and other manufacturers produce and bottle wine or distilled spirits on their behalf. These entities would be subject to a \$3,000 annual licensing fee and a one-time application fee of \$300.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue –**

**\$63,000/ABC Fund/FY14-15**

**\$102,000/ABC Fund/FY15-16**

**Exceeds \$102,000/ABC Fund/FY16-17 and Subsequent Years**

Assumptions for the bill as amended:

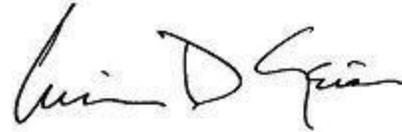
- According to the Alcoholic Beverage Commission, approximately 20 business entities that currently have licenses with an annual fee of \$150 would be re-classified and be subject to licensing under the new non-manufacturer, non-resident seller license classification.
- Current recurring revenue to the ABC Fund from the 20 entities subject to the \$150 licensing fee is estimated to be \$3,000 (\$150 x 20). Recurring revenue to the ABC Fund from the new license classification is estimated to be \$60,000 (\$3,000 x 20) for these entities. The net recurring increase in state revenue is estimated to be \$57,000 (\$60,000 - \$3,000).

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- Newly licensed entities would be subject to a \$300 one-time application fee. The one-time increase in state revenue to the ABC Fund attributable to the fee is \$6,000 ( $\$300 \times 20$ ).
- The total increase in state revenue to the ABC Fund for FY14-15 is estimated to be \$63,000 ( $\$57,000 + \$6,000$ ).
- It is assumed that fifteen additional licensees will be added in the second year. As a result there will be a one-time increase in state revenue to the ABC Fund of \$4,500 ( $\$300 \times 15$ ) in FY15-16. The recurring increase in state revenue to the ABC Fund from these entities is \$45,000 ( $\$3,000 \times 15$ ).
- The total increase in state revenue to the ABC Fund in FY15-16 is estimated to be \$102,000 ( $\$57,000$  from FY14-15 conversions +  $\$45,000$  from FY15-16 new licensees).
- The total recurring increase in state revenue to the ABC Fund in FY16-17 and subsequent years is estimated to exceed \$102,000.
- No additional personnel or resources will be required by ABC.
- Any additional state or local government taxes collected relative to provisions of the bill are assumed to be not significant.

**CERTIFICATION:**

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



Lucian D. Geise, Executive Director

/cce