

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2265 – HB 2240

April 7, 2014

SUMMARY OF ORIGINAL BILL: Authorizes non-alcoholic substances to be blended with alcoholic beverages to manufacture infused spirits. Authorizes hotels anywhere in the state, to dispense sealed alcoholic beverages and beer to adult guests through locked, in room units, rather than being restricted to hotels in municipalities having a population exceeding 100,000, if such municipality has approved on-premises consumption of alcoholic beverages by referendum. Changes the definition of a “hotel”, for purposes of on-premises consumption licensing, by removing the requirement that hotels serve food and have public dining rooms with a seating capacity of a least 75 tables where meals are regularly served to guests. Adds language to the definition of “limited service restaurant” that would allow food not prepared on the premises to be included in the calculation of prepared food sales. Deletes the requirement that caterers have a permanent dining hall and provide food in order to serve alcoholic beverages.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$461,000/One-Time/ABC Fund
Exceeds \$648,200/Recurring/ABC Fund

SUMMARY OF AMENDMENT (015888): Deletes all language after the enacting clause. Authorizes non-alcoholic substances to be blended with alcoholic beverages to manufacture infused spirits. Authorizes hotels anywhere in the state, to dispense sealed alcoholic beverages and beer to adult guests through locked, in room units, rather than being restricted to hotels in municipalities having a population exceeding 100,000, if such municipality has approved on-premises consumption of alcoholic beverages by referendum. Additionally, the amendment authorizes a commercially-operated facility in Jefferson County to be issued a license as a premier-type tourist resort for the purpose of selling liquor-by-the-drink.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$300/One-Time/ABC Fund
\$2,000/Recurring/ABC Fund

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Assumptions for the bill as amended:

- Based upon information provided by the Alcoholic Beverage Commission, any increase in expenditures to provide oversight for the production of infused beverages can be handled utilizing existing resources.
- Only one entity will qualify as a premier-type tourist resort.
- Premier-type tourist resorts are subject to an initial application fee of \$300 and a \$2,000 annual renewal fee to the ABC.
- No additional personnel or resources will be required by the ABC related to the licensing of an additional premier-type tourist resort.
- The new premier-type tourist resort will be assessed state and local taxes on alcoholic beverage sales, a 15 percent liquor-by-the-drink tax on all alcoholic beverages sold, and any applicable county or privilege tax. These taxes will not have a significant state or local fiscal impact.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

/cce