

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1783 – SB 2095

February 24, 2016

**SUMMARY OF ORIGINAL BILL:** Increases from, three to seven, the number of members serving on the Alcoholic Beverage Commission. Requires two of the additional four members to be appointed by the Speaker of the Senate and the remaining two to be appointed by the Speaker of the House of Representatives. Requires the new members to serve four-year terms beginning on July 1, 2016. Deletes requirement that members be compensated \$6,000 per year. Continues current requirement that members be reimbursed for expenses incurred in connection with their official duties. Increases, from two to four, the number of members required for a quorum.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Net Impact - Exceeds \$2,400/ABC

**SUMMARY OF AMENDMENT (012796):** Deletes all language of the original bill.

Increases, from three to five, the number of members of the Alcoholic Beverage Commission. Sets age and residential requirements for the members. Requires that at least one member be of a racial minority. Deletes requirement that members be compensated \$6,000 per year and receive reimbursement for expenses. Requires members to receive \$300 compensation for each meeting. Requires a member missing more than 50 percent of the meetings to be removed as a member of the Commission. Requires three members for a quorum.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures – Net Impact – \$300/ABC

Assumptions for the bill as amended:

- Three members will continue to be appointed by the governor, one from each grand division, as required by Tenn. Code Ann. § 57-1-102.
- Deleting the requirement that members be paid annually will result in a recurring decrease in state expenditures of \$18,000 (3 existing members x \$6,000) to the ABC.

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- Based on information provided by the Alcohol Beverage Commission (ABC), recurring state expenditures for travel, training, and other expenses for each member are estimated to be \$5,100.
- Based on information provided by ABC, travel expenses averaged approximately \$2,100 per member in 2015.
- Training expenses and other miscellaneous expenses for supplies will still be required annually and are estimated to be \$3,000 (\$5,100 - \$2,100) per member per year.
- There will be a recurring decrease in state expenditures for travel reimbursement of \$6,300 (\$2,100 x 3 current members).
- The recurring increase in state expenditures to ABC relative to training and miscellaneous expenses for the two new members is estimated to be \$6,000 (\$3,000 x 2 new members).
- Meetings take place monthly for a total of 12 meetings annually.
- The recurring increase in state expenditures to ABC as a result of the proposed \$300 reimbursement for five members is estimated to be \$18,000 (\$300 x 12 meetings x 5 members).
- The total recurring decrease in state expenditures for ABC will be \$24,300 (\$18,000 + \$6,300); the total recurring increase in state expenditures for ABC will be \$24,000 (\$6,000 + \$18,000). Therefore, the net recurring decrease in state expenditures for ABC is estimated to be \$300 (\$24,300 - \$24,000).

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

/jaw