TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL MEMORANDUM

HB 592 – SB 787

March 26, 2018

SUMMARY OF ORIGINAL BILL: Authorizes a person located in Davidson County to obtain and hold a non-manufacturer non-resident seller's permit if the person operates a specific entity licensed for on premise consumption.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - $3,000/ABC

SUMMARY OF AMENDMENT (015814): Adds language to the proposed legislation to authorize the retail sale of alcoholic beverages for Tellico Village, located primarily in Loudon County.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - $300/One-Time/ABC
$3,900/Recurring/ABC

Other Fiscal Impact – Due to numerous unknown factors, any increase in state and local tax collections cannot be determined with reasonable certainty; however, any impact to state and local sales tax revenue is estimated to be positive. In addition, local governments are estimated to experience a recurring increase in fee revenue; however, any such increases cannot be determined with reasonable certainty.

Assumptions for the bill as amended:

- One person in Davidson County will be eligible for a non-manufacturer non-resident seller's permit.
- An annual permit fee of $3,000 is paid to the Alcoholic Beverage Commission (ABC).
- The recurring increase in state revenue to ABC is estimated to be $3,000.
- No additional personnel or resources will be required by ABC.
- Any additional state or local government taxes collected relative to provisions of the legislation are assumed to be not significant.

- This legislation authorizes the retail sale of alcoholic beverages within the premises of the Tellico Village, an unincorporated residential community located in both the City of Loudon and the City of Vonore.
- Pursuant to Tenn. Code Ann. § 57-3-204(b), a one-time application fee of $300 and an annual licensure fee of $850, payable to the Tennessee Alcoholic Beverage Commission (ABC).
- In addition, the City of Loudon levies a five percent inspection fee on the gross purchase of any alcoholic beverages acquired by the licensee for retail sale from any wholesaler or any other source.
- According to the 2010 federal census, Tellico Village had a population of approximately 5,791 in 2010.
- There are several retail liquor stores located around the perimeters of Tellico Village.
- To the extent that Tellico Village begins to sell alcoholic beverages for consumption off-the-premises of the retail location, such sales are estimated to be in lieu of current sales made by surrounding retail liquor stores.
- Any impact to state and local tax collections from the provisions added by amendment 015814 cannot be determined with any reasonable certainty; however, any impact to such tax collections is assumed to be positive.
- A one-time increase in state revenue to the ABC of $300; and a recurring increase in state revenue to the ABC of $3,850 ($3,000 + $850).

CERTIFICATION:

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

Krista M. Lee

Krista M. Lee, Executive Director

/jdb