

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1948 - SB 2003**

February 12, 2018

**SUMMARY OF BILL:** Authorizes the manufacture of intoxicating liquors in Lenoir City.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Due to multiple unknown factors, an exact fiscal impact could not be reasonably estimated; however, should this legislation result in one or more manufacturers of intoxicating liquor being located in Lenoir City, any such fiscal impacts to state and local governments are estimated to be positive.**

Assumptions:

- It is unknown if this legislation will directly result in one or more new manufacturers of intoxicating liquors in Lenoir City.
- Pursuant to Tenn. Code Ann. § 57-2-102, before anyone shall engage in manufacturing of intoxicants within a county, and as applicable, a municipality, such person shall pay a \$1,000 privilege tax to the state, county, and municipality, as applicable. Upon payment of such privilege tax, the Department of Revenue (DOR), the county, and as applicable, a municipality shall issue a license authorizing the manufacturing plant to operate.
- Authorizing the manufacture of intoxicating liquors in Lenoir City could have potential impacts on state and local sales tax revenue (7.0% - state, up to 2.0% - local; Tenn. Code Ann. § 67-6-202), wholesale case tax revenue (15.0% per case; Tenn. Code Ann. § 57-6-201), gallonage tax (\$4.40 per gallon of spirits; Tenn. Code Ann. § 57-3-302(b)), as well as application (\$300, one-time) and permit fee revenue (\$1,000, recurring) to the Tennessee Alcoholic Beverage Commission (ABC).
- Pursuant to Tenn. Code Ann. § 57-3-202 (d), before any individual owner, officer, employee, or representative of any manufacturer may solicit orders from a licensed wholesaler in Tennessee, such owner, officer, or employee must acquire a permit from the ABC, for a fee of \$50.
- Pursuant to Tenn. Code Ann. § 57-3-202 (h), a municipal inspection fee could be charged to a manufacturer by the Lenoir City government, to be remitted by the wholesaler, which collected such fee from the manufacturer based upon its retail sales.
- Multiple unknown factors include: the number of manufacturers that will operate facilities in Lenoir City, the number of gallons of liquor produced from any such number of facilities, wholesale tax revenue on such gallons, state and local tax revenue from

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retail sales, liquor-by-the-drink tax revenue, the amount of permit revenue to the DOR, and the amount of application and permit fee revenue to the ABC.

- Due to the aforementioned unknown factors, an exact fiscal impact to state and local government entities cannot be reasonably estimated; however, should this legislation result in one or multiple manufacturers operating in Lenoir City, the fiscal impact to state and local government is assumed to be positive.

**CERTIFICATION:**

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb