

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 206 - HB 1066

March 28, 2019

**SUMMARY OF ORIGINAL BILL:** Establishes that the statistical report required of the Tennessee Alcoholic Beverage Commission (ABC) must be made available on the ABC website, rather than made available to any person filing a written request for a copy of such report.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (006768):** Deletes all language after the enacting clause. Deletes the current requirement, that prior to engaging in the manufacturing of intoxicants, a business must first pay a privilege tax of \$1,000 to the state and the county or municipality, as applicable, in which the manufacturing plant is located; and that a license must be issued by the Department of Revenue (DOR) and the respective county legislative body which authorizes such manufacturing business within the boundaries of such county.

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

**Forgone State Revenue – Exceeds \$1,000**

**Forgone Local Revenue – Exceeds \$1,000**

Assumptions for the bill as amended:

- According to the DOR, there have been varying levels of compliance with Tenn. Code Ann. § 57-2-102, among the various types of alcohol manufacturers. For example, distilleries have generally paid the tax to the state, while other types of manufacturers generally have not.
- The DOR recently became aware of this situation while preparing alcohol manufacturer accounts for conversion to the new tax system, TNTAP.
- Those manufacturers who have been paying the tax have generally done so on an annual basis. The Department collected \$65,312 in FY17-18 from this tax. The extent to which local governments have been collecting this tax is unknown.

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- The DOR interprets the statute as requiring the \$1,000 privilege tax to be paid once, not annually.
- In the absence of this legislation, the DOR would no longer collect the tax annually from licensees; therefore, this legislation is estimated to result in no decrease in state tax revenue. However, there will be state and local forgone revenue, as newly licensed manufacturers will no longer need to pay such one-time privilege tax.
- It is assumed that there will be at least one new licensed manufacturer in the state per year; therefore, recurring state forgone revenue estimated to exceed \$1,000 and recurring local forgone revenue estimated to exceed \$1,000.

**CERTIFICATION:**

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

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

Krista Lee Carsner, Executive Director

/jdb