

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 1722 - SB 1753**

May 22, 2020

**SUMMARY OF BILL:** Authorizes beer manufacturers to self-distribute beer within a 100 mile radius of the manufacturing facility. Requires the manufacturer to acquire a wholesaler license to participate in the self-distribution from the Department of Revenue (DOR). Prohibits counties and cities from imposing an additional permit fee but authorizes them to impose a separate privilege tax.

**ESTIMATED FISCAL IMPACT:**

On February 23, 2020, a fiscal note was issued estimating a fiscal impact as follows:

Increase State Revenue –

\$100/FY20-21 and Subsequent Years/Department of Revenue

\$100/FY20-21 and Subsequent Years/Tennessee Highway Patrol

Increase Local Revenue – \$900/FY20-21 and Subsequent Years

After further consideration, the estimated impact has been corrected as follows:

**(CORRECTED)**

**Increase State Revenue –**

**\$200/FY20-21 and Subsequent Years/Department of Revenue**

**\$200/FY20-21 and Subsequent Years/Tennessee Highway Patrol**

**Increase Local Revenue – \$2,300/FY20-21 and Subsequent Years**

Corrected Assumptions:

- It is assumed that at least 23 current manufacturers in the state will obtain a self-distribution permit pursuant to this legislation, upon payment of the wholesaler registration fee and the local privilege tax.
- Pursuant to Tenn. Code Ann. § 57-5-102(b) and (d), the wholesaler registration fee is \$20; 50 percent of the proceeds are retained by DOR and 50 percent are allocated to the Tennessee Highway Patrol (THP).
- Pursuant to Tenn. Code Ann. § 57-5-104(b), the local privilege tax is \$100.

- The recurring increase in revenue, beginning in FY20-21, is estimated to be:
  - \$230 for DOR (23 manufacturers x \$20 fee x 50% allocation);
  - \$230 for THP (23 manufacturers x \$20 fee x 50% allocation); and
  - \$2,300 for the local government (23 manufacturers x \$100 tax).

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

/abw