

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1118 - HB 1297**

March 2, 2019

**SUMMARY OF BILL:** Establishes that is unlawful for any retailer to advertise, offer to sell, or sell beer that has an alcoholic content of more than eight percent by weight at less than five percent below the cost to the retailer. Any violation is a Class C misdemeanor, with a \$250 fine for first violations, a \$500 fine for second violations, and a \$1,000 fine for a third or subsequent violations. Requires the Department of Revenue (DOR) to administer and enforce these requirements.

Defines “cost to the retailer” as the replacement cost of beer to the retailer at the time of the sale less any legitimate trade discounts, exclusive of cash discounts for prompt payment, plus a mark-up amounting to not less than the minimum cost of transportation, stocking, and shelving.

Establishes that any person damaged or who is threatened with loss or damage due to any such violation to seek an injunction in a court of competent jurisdiction to enjoin a violation of this section.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$59,900/One-Time  
\$110,210/Recurring**

Assumptions:

- The DOR is charged with enforcing the provisions of this legislation.
- The DOR will require two new special investigations positions to conduct inspections of retailers across the state.
- A recurring increase in state expenditures estimated to be \$110,210 {[((\$41,200 salary + \$13,405 benefits) x 2 positions] + \$1,000 vehicle maintenance, fuel, etc.}; and a one-time increase in state expenditures of \$59,900 (\$57,200 vehicle + \$2,700 laptop and software).
- There will not be a sufficient number of Class C misdemeanor prosecutions for the state or local government to experience any significant increase in revenue or additional expenditures.

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**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