

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1930 - SB 2492

June 8, 2020

**SUMMARY OF ORIGINAL BILL:** Deletes Tenn. Code Ann. § 57-4-202(e), which required the Executive Director of the Alcoholic Beverage Commission to submit a report by March 15, 2014 regarding the success or failure of a pilot project concerning local and municipal beer boards.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (018332, 018049):** Amendment 018049 deletes all language after the enacting clause. Authorizes multiple entities to sell alcoholic beverages for on-premises consumption.

Amendment 018332 adds language to the bill as amended by amendment 018049 to authorize Tucker's Gap Event Center in Wilson County to sell alcoholic beverages for on-premises consumption.

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

**Increase State Revenue - \$49,300/FY20-21/ABC Fund**

**\$41,500/FY21-22 and Subsequent Years/ABC Fund**

**\$388,900/FY20-21 and Subsequent Years/General Fund**

**Increase Local Revenue - \$316,500/FY20-21 and Subsequent Years/Permissive**

Assumptions for the bill as amended:

*Restaurant – Henry County*

- This section only applies to one restaurant located in Paris, Henry County.
- There is an initial application fee of \$300 and a \$270 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$570 (\$300 + \$270) in FY20-21 and an increase in state revenue to ABC of \$270 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.

- Local privilege tax is estimated to be \$270 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Henry County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$65,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$9,260 [ $(\$65,000 \times 7.0\%) - (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)$ ].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$7,097 [ $\$270 + (\$65,000 \times 2.75\%) + (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)$ ].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Three entities – Hickman County*

- This section only applies to three “premier type tourist resorts” located in Bon Aqua, Hickman County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$6,900 [ $(\$300 + \$2,000) \times 3$ ] in FY20-21 and an increase in state revenue to ABC of \$6,000 ( $\$2,000 \times 3$ ) in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.

- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Hickman County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishments will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of these particular venues, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$55,563  $\{[(\$130,000 \times 7.0\%) - (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)] \times 3\}$ .
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$46,962  $\{[\$2,000 + (\$130,000 \times 2.75\%) + (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)] \times 3\}$ .
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Willow Creek Golf Club – Knox County*

- This section only applies to one “premier type tourist resort” located in Knoxville, Knox County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Knox County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.

- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$15,004 [\$2,000 + (\$130,000 x 2.25%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*HarborChase – Shelby County*

- This section only applies to one “premier type tourist resort” located in Memphis, Shelby County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Memphis is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and

larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.

- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$15,654 [\$2,000 + (\$130,000 x 2.75%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

#### *Cherokee Marina and Steakhouse – Wilson County*

- This section only applies to one “premier type tourist resort” located in Lebanon, Wilson County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Wilson County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.

- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$15,004 [\$2,000 + (\$130,000 x 2.25%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Bigfoot Adventure – Grundy County*

- This section only applies to one “premier type tourist resort” located in Tracy City, Grundy County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Grundy County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$65,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$9,260 [(\$65,000 x 7.0%) – (\$65,000 x 7.0% x 3.617%) + (\$65,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$8,502 [\$2,000 + (\$65,000 x 2.25%) + (\$65,000 x 7.0% x 3.617%) + (\$65,000 x 15.0% x 50.0%)].

- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Nearest Green Distillery – Bedford County*

- This section only applies to one “premier type tourist resort” located in Shelbyville, Bedford County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$300 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Bedford County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$13,954 [\$300 + (\$130,000 x 2.75%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*East port Marina and The Farm – Pickett County; Mitchell Creek Marina and Willow Grove Dock – Clay County*

- This section applies to four “premier type tourist resorts”; two in Clay County and two in Pickett County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$9,200  $[(\$300 + \$2,000) \times 4]$  in FY20-21 and an increase in state revenue to ABC of \$8,000  $(\$2,000 \times 4)$  in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually per resort. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate is 2.75 percent in Pickett County and 2.75 percent in Clay County; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$65,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$37,040  $\{[(\$65,000 \times 7.0\%) - (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)] \times 4\}$ .
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$35,310  $[\$2,000 + (\$65,000 \times 2.75\%) + (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)] \times 4\}$ .
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.



*Defeated Creek Marina – Smith County*

- This section only applies to one “premier type tourist resort” located in Carthage, Smith County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$300 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Smith County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$13,954 [\$300 + (\$130,000 x 2.75%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant

*Lucky Rooster – Wilson County*

- This section only applies to one restaurant located in Old Hickory, Wilson County.
- There is an initial application fee of \$300 and a \$750 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$1,050 (\$300 + \$750) in FY20-21 and an increase in state revenue to ABC of \$750 in FY21-22 and subsequent years.

- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$750 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Wilson County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [ $(\$130,000 \times 7.0\%) - (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)$ ].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$13,754 [ $\$750 + (\$130,000 \times 2.25\%) + (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)$ ].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Indian River Marina – Campbell County*

- This section only applies to one restaurant located in Jacksboro, Campbell County.
- There is an initial application fee of \$300 and a \$750 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$1,050 (\$300 + \$750) in FY20-21 and an increase in state revenue to ABC of \$750 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$750 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.

- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Campbell County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$13,754 [\$750 + (\$130,000 x 2.25%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Graystone Quarry – Williamson County*

- This section only applies to one entity located in Franklin, Williamson County.
- It is assumed that Graystone Quarry will seek a caterer’s license.
- There is an initial application fee of \$300 and a \$625 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$925 (\$300 + \$625) in FY20-21 and an increase in state revenue to ABC of \$625 in FY21-22 and subsequent years.
- An increase in local privilege tax of \$300. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Williamson County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.

- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [ $(\$130,000 \times 7.0\%) - (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)$ ].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$13,954 [ $\$300 + (\$130,000 \times 2.75\%) + (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)$ ].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Lilly Pad Hopyard Brewery – Morgan County*

- This section only applies to one “premier type tourist resort” located in Lancing, Morgan County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 ( $\$300 + \$2,000$ ) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Morgan County is 2.0 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishments will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to

conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.

- Given the size and location of these particular venues, the recurring increase in sales is estimated to be \$65,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$9,260 [ $(\$65,000 \times 7.0\%) - (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)$ ].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$8,340 [ $\$2,000 + (\$65,000 \times 2.00\%) + (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)$ ].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

#### *Cumberland County Playhouse – Cumberland County*

- This section only applies to one “community theater” located in Crossville, Cumberland County.
- There is an initial application fee of \$300 and a \$150 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$450 ( $\$300 + \$150$ ) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$150 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Cumberland County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$65,000 per year.

- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$9,260  $[(\$65,000 \times 7.0\%) - (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)]$ .
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$6,977  $[\$150 + (\$65,000 \times 2.75\%) + (\$65,000 \times 7.0\% \times 3.617\%) + (\$65,000 \times 15.0\% \times 50.0\%)]$ .
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Soaky Mountain Waterpark – Sevier County*

- This section only applies to one “premier type tourist resort” located in Sevierville, Sevier County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300  $(\$300 + \$2,000)$  in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Sevierville is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521  $[(\$130,000 \times 7.0\%) - (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)]$ .
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$15,654  $[\$2,000 + (\$130,000 \times 2.75\%) + (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)]$ .

- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Aspire – Anderson County*

- This section only applies to one “premier type tourist resort” located in Clinton, Anderson County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300 (\$300 + \$2,000) in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Anderson County is 2.75 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishment will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of this particular venue, the recurring increase in sales is estimated to be \$130,000 per year.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$18,521 [(\$130,000 x 7.0%) – (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$15,654 [\$2,000 + (\$130,000 x 2.75%) + (\$130,000 x 7.0% x 3.617%) + (\$130,000 x 15.0% x 50.0%)].
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Commercial passenger boat companies – Sumner County*

- This section is estimated to effect to four “commercial passenger boat companies” which dock in Sumner County.

- There is an initial application fee of \$300 and a \$1,250 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$6,200  $[(\$300 + \$1,250) \times 4]$  in FY20-21 and an increase in state revenue to ABC of \$5,000  $(\$1,250 \times 4)$  in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Local privilege tax is estimated to be \$1,250 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- State and local sales taxes and a 15.0 percent liquor-by-the-drink (LBD) tax will be assessed on alcoholic beverage sales.
- The current state sales tax rate is 7.0 percent; the local option sales tax rate in Sumner County is 2.25 percent; the effective rate of apportionment to local government pursuant to the state-shared allocation is estimated to be 3.617 percent.
- Pursuant to Tenn. Code Ann. § 57-4-306(a), 50.0 percent of the 15.0 percent LBD tax is allocated to the state General Fund and 50.0 percent is distributed to the local government.
- It is assumed that the establishments will begin selling alcohol in FY20-21.
- Based on the interquartile average of FY18-19 LBD tax returns and assuming reasonable growth rates in LBD tax collections, the average taxable base per establishment is estimated to be approximately \$130,000 per year.
- Given current limitations on the availability of LBD sales data by venue type and size, it is assumed that there are three venue-type categories: smaller than average; average; and larger than average. For the purpose of estimating the tax base for entities authorized to conduct LBD sales pursuant to legislation, the following ratios relative to the average LBD taxable base for all sized entities are utilized: 50 percent for smaller than average; 100 percent for average; and 150 percent for larger than average.
- Given the size and location of these particular venues, the recurring increase in sales is estimated to be \$130,000 per year per each venue.
- The recurring increase in state revenue to the General Fund in FY20-21 and subsequent years is estimated to be \$74,084  $\{[(\$130,000 \times 7.0\%) - (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)] \times 4\}$ .
- The recurring increase in local revenue in FY20-21 and subsequent years is estimated to be \$57,016  $\{[\$1,250 + (\$130,000 \times 2.25\%) + (\$130,000 \times 7.0\% \times 3.617\%) + (\$130,000 \times 15.0\% \times 50.0\%)] \times 4\}$ .
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

*Tucker's Gap Event Center – Wilson County*

- This section only applies to one “premier type tourist resort” located in Lebanon, Wilson County.
- There is an initial application fee of \$300 and a \$2,000 annual fee payable to the Tennessee Alcoholic Beverage Commission (ABC).
- A total increase in state revenue to ABC of \$2,300  $(\$300 + \$2,000)$  in FY20-21 and an increase in state revenue to ABC of \$2,000 in FY21-22 and subsequent years.
- No additional personnel or resources will be required by the ABC.



- Local privilege tax is estimated to be \$2,000 annually. Any increase in local government expenditures for collecting local privilege taxes is estimated to be not significant.
- Currently, Tucker's Gap Event Center has a built in bar used for the events held at their facility.
- It is assumed that the loss of revenue from vendors who would typically provide mixed drinks and spirits at these events will be offset by allowing Tucker's Gap Event Center to provide spirits and mixed drinks on their own.

*Total – State and Local Revenue*

- The total recurring increase in state revenue to the General Fund is estimated to be \$388,937 (\$9,260 + \$55,563 + \$18,521 + \$18,521 + \$18,521 + \$9,260 + \$18,521 + \$37,040 + \$18,521 + \$18,521 + \$18,521 + \$18,521 + \$9,260 + \$9,260 + \$18,521 + \$18,521 + \$74,084).
- The total one-time increase in state revenue to the ABC in FY20-21 is estimated to be \$49,345 (\$570 + \$6,900 + \$2,300 + \$2,300 + \$2,300 + \$2,300 + \$2,300 + \$9,200 + \$2,300 + \$1,050 + \$1,050 + \$925 + \$2,300 + \$450 + \$2,300 + \$2,300 + \$6,200 + \$2,300).
- The total recurring increase in state revenue to the ABC beginning in FY21-22 is estimated to be \$41,545 (\$270 + \$6,000 + \$2,000 + \$2,000 + \$2,000 + \$2,000 + \$2,000 + \$8,000 + \$2,000 + \$750 + \$750 + \$625 + \$2,000 + \$150 + \$2,000 + \$2,000 + \$5,000 + \$2,000).
- The total permissive recurring increase in local revenue is estimated to be \$316,544 (\$7,097 + \$46,962 + \$15,004 + \$15,654 + \$15,004 + \$8,502 + \$13,954 + \$35,310 + \$13,954 + \$13,754 + \$13,754 + \$13,954 + \$8,340 + \$6,977 + \$15,654 + \$15,654 + \$57,016).

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

/abw