



February 25, 2023

SUMMARY OF BILL: Extends the authorization for licensed establishments to sell alcoholic beverages to-go indefinitely. Requires each licensee who offers sales of alcoholic beverages to-go to take additional, Alcoholic Beverage Commission (ABC) approved, training focused on avoiding sales to persons under 21 years of age and compliance with other regulations that apply to selling alcoholic beverages to-go.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$3,390,000/FY23-24 and Subsequent Years

Increase Local Revenue – \$3,390,000/FY23-24 and Subsequent Years

Assumptions:

- Pursuant to Public Chapter 451 of 2021, restaurants, limited service restaurants, and wine-only restaurants are able to offer drive-through, pickup, or carryout orders of alcoholic beverages and beer under certain conditions, until July 1, 2023.
- The proposed legislation would allow eligible entities to serve to-go alcoholic beverages indefinitely.
- Fiscal Review Committee staff estimates liquor-by-the-drink (LBD) tax collections in FY23-24 to be \$226,000,000. For the purposes of this analysis, this number is expected to remain constant into perpetuity.
- It is estimated extending the authorization to permanently allow licensed establishments to sell alcoholic beverages to-go, while continuing to require licensed establishments to collect LBD taxes on all to-go drinks, will increase LBD tax collections by three percent each fiscal year.
- The total increase in revenue as a result of the proposed legislation is estimated to be \$6,780,000 ($\$226,000,000 \times 3\%$) in FY23-24 and subsequent years.
- 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 local government.
- The increase in state revenue is estimated to be \$3,390,000 ($\$6,780,000 \times 50\%$) and the corresponding increase in local revenue is estimated to be \$3,390,000 in FY23-24 and subsequent years.
- Because sales taxes are already applied to off-premises alcohol sales, and because cannibalization of alcohol sales is estimated to be higher with to-go orders than with on

premises consumption, any increase in sales and use tax collections as a result of this proposed legislation is estimated to be not significant. Any overall change in state or local sales tax revenue is estimated to be not significant.

- The proposed legislation will require all licensed establishments selling alcoholic beverages to-go to take additional training approved by ABC focused on complying with all regulations and avoiding selling alcoholic beverages to minors.
- No significant increase in fee revenue for the ABC.
- It is assumed that licensees will utilize one of the ABC approved vendors for any additional training; therefore, any impact to ABC is estimated to be not significant.

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

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