



January 23, 2022

SUMMARY OF BILL: Authorizes the Nashville Soccer Club (NSC) stadium in Davidson County to sell alcoholic beverages for on-premises consumption.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$2,300/FY22-23/ABC Fund
\$2,000/FY23-24 and Subsequent Years/ABC Fund
Exceeds \$13,500/FY21-22/General Fund
Exceeds \$45,000/FY22-23 and Subsequent Years/General Fund

Forgone State Revenue –
Exceeds \$7,900/FY22-23/General Fund
Exceeds \$26,200/FY23-24 and Subsequent Years/General Fund

Increase Local Revenue –
Exceeds \$23,900/FY21-22/Permissive
Exceeds \$77,300/FY22-23 and Subsequent Years/Permissive

Assumptions:

- This legislation only applies to one entity located in Nashville, Davidson 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 FY22-23 and an increase in state revenue to ABC of \$2,000 in FY23-24 and subsequent years.
- No additional personnel or resources will be required by the ABC.
- Pursuant to Tenn. Code Ann. § 57-4-301(b)(2), the local privilege tax is estimated to be \$1,000 for a Sports Facility.
- 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 Davidson 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. §§ 67-6-712(c)(1)(A) and 67-6-103(d)(1)(A)(i) 5.5 percent of the state sales tax and all of the local option sales tax is designated to the Nashville Metropolitan Sports Authority, totaling 7.75 percent (5.5% + 2.25%).
- Pursuant to Tenn. Code Ann. § 67-6-103(c) 1.5 percent of the 7.0 percent state sales tax is designated for the General Fund.
- The effective rate of apportionment to local government for the remaining 5.5 percent is estimated to be 4.603 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 May 2022.
- NSC played home games at Nissan Stadium in Davidson County in 2021, which currently holds a license to serve alcoholic beverages for on-premises consumption.
- NSC is scheduled to have six home games in FY21-22 and is estimated to have twenty home games in FY22-23 and subsequent years; therefore, in FY21-22, it is anticipated that the Nashville Soccer Club will receive 30.0 percent (6 / 20) of the revenue received in a typical fiscal year.
- Opening of the new NSC stadium is expected to increase average attendance at home games, resulting in additional alcoholic beverage sales exceeding \$500,000 per year.
- The increase in state revenue to the General Fund in FY21-22 is estimated to be at least \$13,500 $\{30\% \times [(\$500,000 \times 1.5\%) + (\$500,000 \times 15.0\% \times 50.0\%)]\}$.
- The recurring increase in state revenue to the General Fund in FY22-23 and subsequent years is estimated to be at least \$45,000 $[(\$500,000 \times 1.5\%) + (\$500,000 \times 15.0\% \times 50.0\%)]$.
- The increase in foregone state revenue in FY21-22 is estimated to be at least \$7,870 $\{30\% \times [(\$500,000 \times 5.5\%) - (\$500,000 \times 5.5\% \times 4.603\%)]\}$.
- The recurring increase in foregone state revenue in FY22-23 and subsequent years is estimated to be at least \$26,234 $[(\$500,000 \times 5.5\%) - (\$500,000 \times 5.5\% \times 4.603\%)]$.
- The permissive increase in local revenue in FY21-22 is estimated to be at least \$23,875 $\{ \$1,000 + \{30\% \times [(\$500,000 \times 2.25\%) + (\$500,000 \times 5.5\%) + (\$500,000 \times 15.0\% \times 50.0\%)]\} \}$.
- The permissive recurring increase in local revenue in FY22-23 and subsequent years is estimated to be at least \$77,250 $[\$1,000 + (\$500,000 \times 2.25\%) + (\$500,000 \times 5.5\%) + (\$500,000 \times 15.0\% \times 50.0\%)]$.
- Any revenue collected from any state or local taxes imposed on manufacturers or wholesalers is estimated to be not significant.

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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