

HOUSE BILL 2027

By Haynes

AN ACT to amend Tennessee Code Annotated, Title 57,  
relative to alcoholic beverages.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-207, is amended by adding the following language as a new, appropriately designated subsection:

(q)

(1) For purposes of this subsection (q), "satellite facility" means any facility or location other than the primary business location of a winery or farm wine permit holder.

(2) Any winery or any farm wine permit holder licensed by this section may conduct business at any two (2) satellite facilities in any jurisdiction where it is lawful to manufacture intoxicating liquors or intoxicating drinks pursuant to § 57-2-103(c) and (d). At its satellite facilities, the winery may conduct any business that is authorized at the licensed winery, except for the manufacturing and bottling of wine. At its satellite facilities, a farm wine permit holder may conduct any business that is authorized under subsection (o).

(3) Any winery licensed by this section or any farm wine permit holder shall obtain a satellite permit for each satellite facility utilized by the winery or farm wine permit holder from the commission in order to:

- (A) Serve samples with or without charge;
- (B) Sell wine; and
- (C) Sell any other products under subsections (h) and (o).

(4) Any winery licensed under this section or any farm wine permit holder that has obtained a satellite permit pursuant to this subsection (q) shall be allowed to transport wine to its satellite facility.

(5) A satellite permit issued to a winery or farm wine permit holder pursuant to this subsection (q) shall only be available upon the payment of a one-time application fee to the commission of three hundred dollars (\$300) per satellite location and upon the payment of an annual license fee of one hundred fifty dollars (\$150).

SECTION 2. Tennessee Code Annotated, Section 57-3-207, is amended by deleting subdivision (f)(1) in its entirety and by substituting instead the following language:

(f)

(1) A winery licensed under this section may serve wine, with or without charge, as samples for tasting at the winery and may sell wine at retail in sealed containers at the winery, but not for consumption on the bonded premises. The size of each sample shall be no greater than approximately one half ounce ( $\frac{1}{2}$  oz.) for each wine sample.

SECTION 3. Tennessee Code Annotated, Section 57-3-207, is amended by adding the following language as a new subsection:

(r) Any winery or farm wine permit holder licensed pursuant to this section may qualify for and hold a license under chapter 4 of this title as a restaurant or limited service restaurant; provided, that notwithstanding chapter 4 of this title related to restrictions or prohibitions on licensees under chapter 4, a restaurant or limited service restaurant may sell for off-premises consumption, wine manufactured pursuant to this section at such location or at any other restaurant or limited service restaurant licensed under chapter 4 that is owned by the same person.

SECTION 4. Tennessee Code Annotated, Section 57-3-207(o)(4)(C), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

(C) Offer on the premises of the farm single servings of its wine, with or without charge, as tastings no greater than approximately one half ounce (½ oz.) for each wine sample; and

SECTION 5. Tennessee Code Annotated, Title 57, Chapter 3, Part 2, is amended by adding the following language as a new section:

57-3-221.

(a) Any person, firm or corporation that is in the business of producing, manufacturing, bottling or rectifying wine in an amount not exceeding fifty thousand (50,000) gallons in a calendar year, may apply to the commission for a small winery wholesaler license.

(b) As a condition to the issuance of a small winery wholesaler license as authorized in this section, an applicant for the license must pay to the commission a one-time nonrefundable fee in the amount of three hundred dollars (\$300) when the application is submitted for review. A small winery wholesaler license under this section shall not be issued until the applicant has paid to the commission the annual license fee of one hundred fifty dollars (\$150).

(c) A small winery wholesaler may sell not more than three thousand (3,000) cases of wine each calendar year to any establishment licensed to serve wine for consumption on the premises and to retail package stores. A small winery wholesaler shall be permitted to transport the wine to establishments licensed to serve wine for consumption on the premises, and to retail package stores authorized to purchase wine.

(d)

(1) The commission may enforce the requirements of this section by administrative action, may suspend or revoke a small winery wholesaler license and may accept an offer in compromise in lieu of suspension.

(2) A small winery wholesaler that is found to have violated this title, in addition to any fine imposed by the commission, shall reimburse the commission for all costs incurred in connection with the investigation and administrative action, including the out-of-pocket costs and reasonable personnel costs.

(3) No small winery wholesaler may avoid liability under this section by subcontracting with a third party to perform its obligations required pursuant to this section.

(4) A small winery wholesaler shall remit the gallonage tax as imposed by § 57-3-302.

(5) The taxes levied on sales made by a small winery wholesaler as authorized by this section shall become due and payable on the first day of each month following the month during which the sales occur, and shall become delinquent if not paid on or before the twentieth day of each such following month. For the purpose of ascertaining the amount of tax due, it is the duty of any small winery wholesaler licensed pursuant to this section to transmit to the commissioner of revenue appropriate returns on forms prescribed by the commissioner.

SECTION 6. Tennessee Code Annotated, Section 57-3-201, is amended by adding the following language as a new, appropriately designated subdivision:

(9) Small winery wholesaler license;

SECTION 7. Tennessee Code Annotated, Section 57-3-402(b), is amended by deleting the language "or wholesaler" and by substituting instead the language ", wholesaler, or small winery wholesaler".

SECTION 8. Tennessee Code Annotated, Section 57-3-202(h)(1), is amended by deleting the language "The manufacturer may serve samples of the product manufactured or

distilled at the premises to any person of legal drinking age without cost" in the second sentence and by substituting instead the language "The manufacturer may serve samples of the product manufactured or distilled at the premises to any person of legal drinking age with or without cost".

SECTION 9. Tennessee Code Annotated, Section 57-3-204(e)(6), is amended by deleting the language "without cost or may include" and by substituting instead "with or without cost or may include".

SECTION 10. Tennessee Code Annotated, Section 57-3-404(h)(2)(A), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(A) A retail licensee may offer samples of the products it sells for tastings, with or without charge, to be held on the premises of the retail licensee. Such tastings shall be for sales, education and promotional purposes. No person holding a license under § 57-3-203 shall, directly or indirectly, provide any products, funding, labor, support or reimbursement to a retailer for the consumer tastings authorized by this subdivision (h)(2).

SECTION 11. This act shall take effect upon becoming a law, the public welfare requiring it.