



# State of Tennessee

## PUBLIC CHAPTER NO. 689

HOUSE BILL NO. 2238

By Representative Freeman

Substituted for: Senate Bill No. 2197

By Senators Johnson, Yarbro

AN ACT to amend Tennessee Code Annotated, Title 57, Chapter 3, relative to manufacturers of alcohol.

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

SECTION 1. Tennessee Code Annotated, Section 57-3-101(a), is amended by adding the following new subdivision:

( ) "Alternating proprietorship agreement" means an agreement between two (2) or more licensed manufacturers to share all or a portion of a bonded or general premises, or both, pursuant to § 57-3-202(m);

SECTION 2. Tennessee Code Annotated, Section 57-3-202, is amended by adding the following as a new subsection (m):

(m)

(1) A manufacturer licensed under this section may enter into an alternating proprietorship agreement with one (1) or more manufacturers, subject to the restrictions of this subsection (m).

(2) Parties to an alternating proprietorship agreement may alternate the use of a bonded or general premises, or both, or part of a bonded or general premises, or both, for the purpose of manufacturing alcoholic beverages, including high alcohol content beer.

(3) A manufacturer that is a party to an alternating proprietorship agreement shall maintain a room or separate area of the general premises that is exclusively occupied by that manufacturer and is not alternated with another manufacturer. There is no size requirement for this exclusive premises.

(4) Each manufacturer that is a party to an alternating proprietorship agreement shall individually receive approval of the agreement from the TTB and the commission prior to commencing operations at the general premises.

(5) A manufacturer seeking approval for an alternating proprietorship agreement shall submit to the commission:

(A) A description of the areas, equipment, resources, rooms, or buildings, or combination of areas, equipment, resources, rooms, or buildings, that will alternate between manufacturers;

(B) Diagrams of the parts of the general premises that will and will not be alternated;

(C) A copy of the written alternating proprietorship agreement between manufacturers; and

(D) An acknowledgement from each manufacturer that they will maintain adequate records that track the alternating premises. Such records are subject to inspection by the commission upon request.

(6) The commission may require additional information under this subsection (m) that is necessary for the commission to verify compliance with this chapter and other applicable laws.

(7) Only the manufacturer participating in an alternating proprietorship agreement that is the property owner or primary lessee of the general premises may exercise retail rights and privileges under this subsection (m). If there are two (2) or more manufacturers that are property owners or are primary lessees, only one (1) manufacturer may exercise the retail rights and privileges under this subsection (m).

(8) The manufacturers that are parties to an alternating proprietorship agreement must not be owned by the same individual or entity or by substantially similar ownership. "Substantially similar ownership" includes, but is not limited to:

(A) An individual who owns more than a forty percent (40%) interest in two (2) or more of the manufacturers that are parties to the alternating proprietorship agreement;

(B) An individual who owns a manufacturer that is a party to the alternating proprietorship agreement whose spouse is the owner of another manufacturer that is a party to the agreement; or

(C) A manufacturer that is a party to the alternating proprietorship agreement that is owned by a trust that is for the benefit of an owner of another manufacturer that is a party to the agreement or the owner's spouse or children.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.

HOUSE BILL NO. 2238

PASSED: March 14, 2022



CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES



RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 28<sup>th</sup> day of March 2022



BILL LEE, GOVERNOR