



# State of Tennessee

## PUBLIC CHAPTER NO. 755

HOUSE BILL NO. 1976

By Representatives Marsh, Powell

Substituted for: Senate Bill No. 1820

By Senator Ketron

AN ACT to amend Tennessee Code Annotated, Title 57, Chapter 4, relative to consumption of alcoholic beverages on the premises.

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

SECTION 1. Tennessee Code Annotated, Section 57-4-101, is amended by adding the following new subsection (p):

(p) An entity licensed or applying for a license under subsection (a) may include in the entity's designation of its premises any contiguous area owned or controlled by the entity for purposes of on-premises consumption of alcoholic beverages and beer. If the contiguous area used for on-premises consumption is unenclosed, the entity shall make reasonable efforts to ensure that a customer cannot leave the premises with an alcoholic beverage or beer purchased on the premises by using barriers to prevent the ingress and egress of customers to and from the premises. If more than one (1) entity licensed under subsection (a) operates within the same building or facility, the designations of premises under this subsection (p) may overlap; provided, that each entity serves alcoholic beverages and beer in a glass or cup identifying the entity selling the alcoholic beverages or beer for on-premises consumption.

SECTION 2. Tennessee Code Annotated, Section 57-4-203(e)(2), is amended by deleting the subdivision and substituting instead the following:

(2) A licensee shall not give away any such sealed package or any drink of wine or alcoholic beverage to any patron or customer; provided, that:

(A) A hotel licensed under this chapter may include as part of the accommodations to a registered guest the provision of up to four (4) seven hundred fifty milliliter (750 ml.) or smaller complimentary sealed packages of wine or alcoholic beverages for which all applicable taxes have been paid; and

(B) A licensee may serve a sample of wine to a patron or customer that does not exceed one ounce (1 oz.).

SECTION 3. Tennessee Code Annotated, Section 57-4-101(a), is amended by adding the following new subdivision:

(22) Festival operator as defined in § 57-4-102, to those in attendance at a festival, subject to the further provisions of this chapter, and except as otherwise provided in § 57-4-102.

SECTION 4. Tennessee Code Annotated, Section 57-4-102, is amended by adding the following as a new, appropriately designated subdivision:

( )

(A) "Festival operator" means a person licensed under this subdivision ( ) who is either a for-profit business operating a festival for a period of up to seven (7) days in length in which alcoholic beverages or beer will be sold, given away, or otherwise dispensed or a third party with whom such for-profit business engages to conduct alcoholic beverage or beer sales during such festival.

(B) The commission shall issue a license to a festival operator upon the payment of a fee of one thousand dollars (\$1,000) per day of the festival, and the submission of an application on a form prescribed by the commission that provides proof satisfactory of the following information, to the satisfaction of the commission:

(i) The premises on which alcoholic beverages or beer will be served, sold, dispensed, or consumed is sufficiently designated, enclosed, secured, and maintained;

(ii) Adequate security for the festival is provided;

(iii) The number and location of each point of sale in which alcoholic beverages or beer will be served, sold, dispensed, or consumed is specified. If the operator of any such point of sale, including any person or entity that receives any portion of the proceeds of the sale of alcoholic beverages or beer from that point of sale, is different from the festival operator, the name and relevant information of such other operator must be specified on the application to the commission, and the commission may determine that such other operator is required to obtain an additional festival operator license;

(iv) The staff selling, serving, or dispensing alcoholic beverages or beer are adequately trained and supervised in the service of alcoholic beverages and beer and on the applicable laws regarding such service;

(v) The city or county in which, or the state governmental entity responsible for the property on which, the festival is to be held has approved the festival; and

(vi) If the applicant intends to sell, serve, or dispense beer, the applicant has a beer permit issued in accordance with chapter 5 of this title.

(C) No person licensed under this title, operating in conjunction with a festival operator licensee, or performing any activities for which a license is otherwise required under this title, other than a festival operator or special occasion licensee licensed under this section, may provide any service, item, or other thing of value to a festival operator or with respect to a festival operator's festival, except as may be expressly authorized by the commission. Additionally, no festival operator may receive or accept any item or service that a person under this subdivision ( ) is prohibited from providing. All alcoholic beverages used for the festival must be purchased from wholesalers licensed under § 57-3-203. Notwithstanding any law to the contrary, a wholesaler may buy back any unopened and resalable bottles of alcoholic beverages at the end of the festival. A wholesaler shall keep all records, as may be required by the commission, necessary to document the purchase of such products pursuant to this subdivision ( ).

(D) All applicable taxes, including the tax levied on the sale of alcoholic beverages for consumption on the premises under § 57-4-301, must be remitted as required by law.

(E) Alcoholic beverages and beer may be sold, given away, dispensed, or consumed only within hours sufficient to ensure adequate public health, safety, and welfare as determined by the commission or local beer board, as applicable.

(F) Notwithstanding any law to the contrary, if the commission finds that any of the requirements of this subdivision ( ) have not been, or are not being, met by a festival operator during a festival or after the completion of a festival, or that the festival operator misrepresented information in the person's application, the commission may use the failure or misrepresentation as the basis to summarily suspend the license of the festival operator, to deny any future applications for a festival operator license for a period of up to two (2) years after

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the festival in which the failure or misrepresentation occurred, or to issue a fine of up to ten thousand dollars (\$10,000) per violation, which disciplinary action must be resolved prior to the issuance of any new festival operator license to the festival operator.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.

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PASSED: April 2, 2018

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

  
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RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 18<sup>th</sup> day of April 2018

  
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BILL HASLAM, GOVERNOR