

Festival Operator LBD License

A Festival Operator May Obtain an LBD License to Sell Alcohol at a Festival

Tennessee law authorizes a for-profit festival operator, or a third-party vendor who has contracted with the festival operator, to obtain a liquor-by-the-drink (LBD) license for sales of alcohol for consumption on the premises of a festival that lasts up to seven days. The Tennessee Alcoholic Beverage Commission (ABC) issues the license for a fee of \$1,000 per day of the festival.

Note that because this LBD license is obtained by for-profit organizations only, it does not affect the special occasion licenses that nonprofits can obtain.

Festival Operator LBD Licensees Must Follow All Requirements of LBD Licensees

Festival operator LBD licensees must follow the same legal requirements as all other LBD licensees. These requirements include, but are not limited to:

- Before obtaining a license with the ABC, a licensee must post a \$10,000 indemnity bond, cash deposit, or bond secured by a certificate of deposit with the Department.
- Licensees must purchase the alcohol they sell at a festival from a licensed wholesaler.
- Licensees must register for and pay the 15% LBD tax on their sales of alcoholic beverages, as well as collect and remit sales tax on each drink. For more information on how to set up an LBD account, click [here](#).
- Licensees must file LBD returns, which are due monthly on the 15th day of the month following the month in which the festival took place.

- Licensees must file a price schedule of their drinks sold with their first LBD return. For more information on price schedules, see [Important Notice 15-15](#) or click [here](#). Returns and price schedules must be filed online under the licensee's TNTAP account.

After the festival is over and the license has expired, the licensee may choose to keep its account and bond open if it intends to hold regular festivals. Licensees who choose to do this must also do the following:

- After a year and for each subsequent year, the Department will conduct a bond review and notify the licensee if the amount should increase or decrease. The bond amount should be four times the average monthly tax liability, but no less than \$1,000.
- For any month the licensee does not have a festival operator license and does not make sales subject to LBD tax, the licensee should file a return on the 15th day of each month indicating zero sales.
- The licensee must file a price schedule annually, during the month the first return was filed.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 57-4-101(a)(22); Tenn. Code Ann. § 57-4-102; Tenn. Code Ann. § 57-4-301; Public Chapter 755 (2018); TENN. COMP. R. & REGS. 1320-04-02-.02