



TACIR INSIGHT

TENNESSEE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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STRIKING A BALANCE BETWEEN TENNESSEE'S ALCOHOL REGULATION AND THE HOSPITALITY INDUSTRY: A TALE OF PUBLIC HEALTH AND SAFETY, BARRIERS TO ENTRY AND STAFF CHALLENGES, AND PATHWAYS TO IMPROVEMENT

Background

Balancing alcohol regulation in Tennessee with the interests of the hospitality industry poses a complex challenge, requiring careful consideration of public health concerns and potential avenues for change. Tennessee's regulations and taxes on alcohol sales are intricate and multifaceted and include a mixture of state and local oversight, taxes that target specific types of alcohol but not others, and tax revenue earmarked for elementary and secondary education (K-12) education. Although changes to the state's alcohol regulations and taxes may affect businesses' profitability, their primary objective is to achieve a balance between the needs of businesses, state and local revenue generation, and public health and safety. Responding to concerns from the restaurant industry that several aspects of the current regulatory and tax structure are out of balance, Senate Bill 2262 by Senator Briggs and House Bill 2419 by Representative Mannis, in the 112th General Assembly directed TACIR to study the liquor-by-the-drink tax and restaurant regulations in Tennessee.

Findings and Recommendations

The Tennessee Alcohol Beverage Commission (TABC) requires businesses applying for a liquor license to obtain several documents from federal, state, and local agencies. The TABC could reduce the cost and time to apply by clarifying which documents are accepted and by further automating parts of the process. The TABC could reduce the cost and time to apply by clarifying which documents are accepted and by further automating parts of the process. Therefore, **the Commission recommends that the TABC inform applicants that it accepts temporary occupancy and use permits for liquor license applications, and the commission recommends that Strategic Technology Solutions continue to investigate automating parts of the liquor licensing application process.**

See TACIR's full report at the following link for additional information:

<https://www.tn.gov/tacir/tacir-publications/publications-by-date.html>.