

PUBLIC CHAPTER NO. 1133

SENATE BILL NO. 274

By Ketron

Substituted for: House Bill No. 499

By Todd, Tindell

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 57-4-101(a), is amended by adding the following language as a new, appropriately designated subdivision:

() Limited service restaurant as defined in § 57-4-102, wherein such is authorized under § 57-4-103;

SECTION 2. Tennessee Code Annotated, Section 57-4-102, is amended by adding the following language as a new, appropriately designated subdivision:

() "Limited service restaurant" means a facility possessing each of the following characteristics:

(A) Is a public place which has a seating capacity for at least forty (40) patrons and that is kept, used, maintained, advertised and held out to the public as a place where during regular hours of operation:

(i) Alcoholic beverages, beer or wine are served to patrons;

(ii) A menu of prepared food is made available to patrons;

(iii) The gross revenue from the sale of prepared food is fifty percent (50%) or less. For purposes of determining the gross revenue from the sale of prepared food, chips, popcorn, pretzels, peanuts and similar snack items shall not be included in gross revenue from the sale of prepared food sold;

(iv) The facility affirmatively establishes, to the satisfaction of the commission, that it has complied and will comply with the requirements of § 57-4-204;

(v) The facility provides adequate security during the regular hours of operation; and

(vi) Sleeping accommodations are not provided;

(B) Is located within the jurisdictional boundaries of a political subdivision which has authorized the sale of alcoholic beverages for consumption on the premises as provided in § 57-4-103; and

(C) Is located in an area which is properly zoned for facilities authorized to sell alcoholic beverages for consumption on the premises.

SECTION 3. Tennessee Code Annotated, Section 57-4-102(27)(A), is amended by deleting the language "and if the serving of meals is the principal business conducted each day the restaurant is open;" and by substituting instead the language "and more than fifty percent (50%) of the gross revenue of the restaurant is generated from the serving of meals;".

SECTION 4. Tennessee Code Annotated, Section 57-4-301(b)(1), is amended by adding the following language as a new subdivision (V):

(V) Limited service restaurant, based on the gross sales of prepared food:

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|---|------------|
| (i) at least 30% but not more than 50% of gross sales | \$2,000.00 |
| (ii) at least 20% but not more than 30% of gross sales | \$3,000.00 |
| (iii) at least 15% but not more than 20% of gross sales | \$4,000.00 |

SECTION 5. Tennessee Code Annotated, Section 57-4-201(b), is amended by adding the following language as a new, appropriately designated subdivision:

() (A) If a license has been issued to an establishment as a restaurant pursuant to § 57-4-102 and such licensee desires to exchange its license as a restaurant for a license as a limited service restaurant, the commission may issue the establishment a license as a limited service restaurant in accordance with the provisions of this act upon the filing of an application by the licensee for the issuance of a license as a limited service restaurant, together with the payment of the application fee required pursuant to § 57-4-301(b)(1) and a sworn statement indicating the gross revenue from the previous year derived from food sales and the gross revenue derived from liquor sales, and, if approved, paying the license fee, or the prorated difference between its restaurant license fee and the license fee, if applicable, required pursuant to § 57-4-301(b)(1)(V). Such statement shall determine the appropriate license fee to be paid. It is the intent that on-premises licenses permitting the sale of alcoholic beverages at restaurants shall not be required to fulfill any other requirements in order to be issued a license to serve alcoholic beverages as a limited service restaurant.

(B) Should the commission find that any restaurant fails to satisfy the requirements of § 57-4-102(27)(A) but would otherwise qualify as a limited service restaurant, such establishment shall be permitted thirty (30) days following such finding to elect to exchange its license for a limited service restaurant license upon paying to the commission a new

application fee and the prorated difference between its restaurant license fee and the license fee required pursuant to § 57-4-301(b)(1)(V).

(C) For purposes of exchanging a restaurant license as a limited service restaurant license, if the licensee had been issued a license by the Alcoholic Beverage Commission as a restaurant, the initial license fee shall be based on the percentage of gross sales the establishment generated from the service of meals during the year previous to the year the license as a limited service restaurant is requested.

(D) Any establishment applying for a renewal of its license shall submit a sworn statement indicating the gross revenue from the previous year derived from food sales and the gross revenue derived from liquor sales. Such statement shall determine the license fee to be paid pursuant to § 57-4-301(b)(1)(V).

(E) If a license is requested by an applicant who does not hold an existing license as a restaurant, it shall be a rebuttable presumption that the amount of gross sales from prepared food will be at least fifteen percent (15%) but not more than twenty percent (20%).

SECTION 6.

If, a smaller city located in a county having a population in excess of five hundred thousand (500,000), according to the 2000 federal census or any subsequent federal census retained its charter when the metropolitan form of government was adopted in such county; and

If, such city later by action of its governing body abolishes its charter and by such action becomes a part of the general services district of such county having a metropolitan form of government; and

If, while the charter of such smaller city was in existence, licenses were issued for the retail sale of alcoholic beverages for off-the-premises consumption;
Then:

Notwithstanding any provision of the charter of such metropolitan government to the contrary, licenses may continue to be issued for the retail sale of alcoholic beverages for off-the-premises consumption for those stores which were located within the municipal boundaries of the city while the charter was in force even though, once the charter is abolished, such area will be designated as being included in the general services district of such county.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: June 9, 2010



RON RAMSEY
SPEAKER OF THE SENATE



KENT WILLIAMS, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 30th day of June 2010



PHIL BREDESEN, GOVERNOR