

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 742 - SB 705**

February 27, 2021

**SUMMARY OF BILL:** Makes changes to the requirements of entities seeking a winery direct shippers (WDS) license. Removes any future WDS licensure or annual renewals from all fulfillment houses as defined in the proposed legislation. Prohibits other license holders from using fulfillment houses in their operations.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Due to multiple unknown factors regarding cannibalization of sales, the current capability of companies to adapt their logistics chain, and the unknown number of potential licensees affected by the proposed legislation, any fiscal impact is deemed to be undeterminable at this time.**

Assumptions:

- A large number of wine producers use fulfillment houses in their logistics chain. Eliminating these wine producers' ability to use the services of fulfillment houses would have a significant impact in the amount of wine that is able to be sold in Tennessee until wine producers are able to take over the services of these fulfillment houses on their own.
- Furthermore, the time it would take these companies to be able to take on these services and the number of wine producers that would choose to not sell their products in Tennessee, if any, for some unknown period of time is considered undeterminable at this point.
- Any impact to direct-to-consumer businesses or fulfillment houses or any increase in fines from this proposed legislation is assumed to be offset by decreasing the number of fulfillment houses to be monitored by ABC and by cannibalization of sales from other wine markets, delivery services, and "in-house" fulfillment houses.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, prominent 'B' and 'S'.

Bojan Savic, Interim Executive Director

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