

HOUSE BILL 1285

By Hulsey

AN ACT to amend Tennessee Code Annotated, Title 57
and Title 67, relative to manufacturers of alcoholic
beverages.

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

SECTION 1. Tennessee Code Annotated, Section 57-3-302, is amended by deleting subsection (b) and substituting instead the following:

(1) Except as otherwise provided in subdivision (b)(2), there is levied upon the sale or distribution by sale or gift a tax of four dollars and forty cents (\$4.40) on each gallon of spirits, and a like or proportional rate per gallon on spirits sold or distributed in any container of more or less than one gallon (1 gal.).

(2)

(A) If a distillery ferments and distills spirits using not less than fifty-one percent (51%) agricultural products that are grown in this state, the distillery may certify on a form prescribed by the commissioner of revenue that the spirits are fermented and distilled using not less than fifty-one percent (51%) agricultural products that are grown in this state. Upon certification of the spirits, the distiller shall deliver a copy of the certification with the spirits to a wholesaler and provide the department of revenue with a copy of each certification.

(B) The tax under subdivision (b)(1) must not be levied on any spirits of a distillery for which a certification has been delivered in accordance with subdivision (b)(2)(A).

SECTION 2. Tennessee Code Annotated, Section 57-3-303(b), is amended by adding the following language after the second sentence in subdivision (1):

The wholesaler shall transmit with the return a copy of each certification received from a distiller under § 57-3-302(b)(2)(A) during the month for which taxes are due.

SECTION 3. Tennessee Code Annotated, Section 57-3-303(e), is amended by designating the existing language as subdivision (e)(1) and is further amended by adding the following language as new subdivisions (e)(2) and (e)(3):

(2) Notwithstanding subdivision (e)(1) or any other law to the contrary, a wholesaler is not liable, nor subject to any other administrative or disciplinary action by the commission or commissioner, for any taxes that are determined to be due and owing on any spirits of a distillery for which a certification was delivered to the wholesaler in accordance with § 57-3-302(b)(2)(A).

(3) If the commissioner determines that taxes are due and owing on any spirits of a distillery for which a certification was delivered to the wholesaler in accordance with § 57-3-302(b)(2)(A), the certifying distillery is solely liable for such taxes, plus any penalties and interest.

SECTION 4. Tennessee Code Annotated, Section 57-3-202(i)(1), is amended by deleting the following language in the subdivision:

Such samples may be made available at any location on the manufacturing premises permitted by federal law. The manufacturer shall disclose to the commission the location where samples are available.

and by substituting instead the following language:

A manufacturer may sell at retail alcoholic beverages for consumption on the premises of the manufacturer if such alcoholic beverages are distilled on the premises of the manufacturer. Such samples and alcoholic beverages sold may be made available or sold at any location on the manufacturing premises permitted by federal law; provided, that alcoholic beverages sold for consumption on the premises must be sold at a location separate from any tasting room or location where samples are offered or sealed bottles or containers of the manufacturer's spirits are sold. The manufacturer shall

disclose to the commission the location where samples are made available and, if applicable, where alcoholic beverages are sold at retail for consumption on the premises.

SECTION 5. This act shall take effect July 1, 2017, the public welfare requiring it.