

Tennessee Legislature Passes Legislation to Create Limited Service Restaurant License

The Tennessee Legislature passed legislation last week to ensure that Tennessee's entertainment venues and others can continue to serve liquor without the threat of fines or suspensions from the Tennessee Alcoholic Beverage Commission.

The law creates a new category of licensure called limited service restaurants. The license will allow venues that derive less than 50% of its revenue from the service of food to obtain a license to sell alcoholic beverages. In order to qualify for this license a venue must have a seating capacity of 40, must offer prepared food to patrons, and must be properly zoned. The law recognizes the way many establishments have been operating for many years. The only difference will be that restaurants will not have to worry about paying fines to the Tennessee Alcoholic Beverage Commission just because they had a good Saturday night in liquor sales.

The law should also generate some revenue for the state as each new licensee is estimated to bring in \$20,000 in sales tax per year. It will also raise some amount in increased licensure fees. The law provides for the payment of licensure fees based on a sliding scale: venues serving between 30 and 50 percent food will pay \$2,000; those serving between 20 and 30 percent food will pay \$3,000; and those serving between 15 and 20 percent food will pay \$4,000.

Establishments currently licensed as restaurants will be able to transfer those licenses to limited service restaurant licenses once the law is signed by the Governor.

The Tennessee Alcoholic Beverage Commission has not yet developed a standard form for applying for the limited service restaurant license. We have determined that an applicant will need to provide additional documents regarding zoning, security, compliance with pornographic conduct laws, and food sales.

For further information about limited service restaurant licenses, please contact Dan Haskell or Matthew Scanlan at 615.244.4994 or by email at dhaskell@gsm.com or mscanlan@gsm.com.



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