

**TITLE 8****ALCOHOLIC BEVERAGES**<sup>1</sup>**CHAPTER**

1. PACKAGE LIQUOR STORES.
2. BEER.
3. ON-PREMISES CONSUMPTION OF LIQUOR AND WINE.

**CHAPTER 1****PACKAGE LIQUOR STORES****SECTION**

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**8-101. Alcoholic beverages subject to regulation.** It shall be unlawful to engage in the business of selling, storing, transporting, distributing, or to purchase or possess alcoholic beverages within the corporate limits of this town, except as provided by *Tennessee Code Annotated*, title 57, chapter 3.

**8-102. Application for certificate.**<sup>2</sup> (1) Before any certificate, as required by *Tennessee Code Annotated*, § 57-3-208 or a renewal as required by

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<sup>1</sup>State law reference  
*Tennessee Code Annotated*, title 57.

<sup>2</sup>State law reference  
*Tennessee Code Annotated*, § 57-3-208.

*Tennessee Code Annotated*, § 57-3-213 shall be signed by the mayor, or by any aldermen<sup>1</sup>, an application in writing shall be filed with the city recorder on a form to be provided by the city, giving the following information:

- (a) Name, age and address of the applicant.
- (b) Time of residence in the city.
- (c) Occupation or business and length of time engaged in such occupation or business.
- (d) Whether or not the applicant has been convicted of a violation of any state or federal law or of the violation of this code or any city ordinance, and the details of any such conviction.
- (e) If employed, the name and address of employer.
- (f) If in business, the kind of business and location thereof.
- (g) The location of the proposed store for the sale of alcoholic beverages.
- (h) The name and address of the owner of the store.
- (i) If the applicant is a partnership, the name, age and address of each partner, and his occupation, business or employer. If the applicant is a corporation, the name, age and address of the stockholders and their degrees of ownership of stock in the corporation.
- (j) Certain financial information pertinent to the applicant, partnership, corporation and partners or stockholders.

(2) The information in the application shall be verified by the oath of the applicant. If the applicant is a partnership or a corporation, the application shall be verified by the oath of each partner, or by the president of the corporation. (Ord. #12-03, Aug. 2012)

**8-103. Applicant to agree to comply with laws.** The applicant for a certificate of compliance shall agree in writing to comply with the state and federal laws and ordinances of the city and rules and regulations of the alcoholic beverage commission of the state for sale of alcoholic beverages. (Ord. #12-03, Aug. 2012)

**8-104. Applicant to appear before board of mayor and aldermen; duty to give information.** An applicant for a certificate of compliance may be required to appear in person before the board of mayor and aldermen for such reasonable examination as may be desired by the board. (Ord. #12-03, Aug. 2012)

**8-105. Action on application.** (1) Every application for a certificate of compliance shall be referred to the chief of police for investigation and to the

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<sup>1</sup>*Tennessee Code Annotated*, § 57-3-208 requires the certificate to be signed by the mayor or a majority of the governing body.

city attorney for review, each of whom shall submit his findings to the board of mayor and aldermen within thirty (30) days of the date each application was filed.

(2) The board of mayor and aldermen may issue a certificate of compliance to any applicant, which shall be signed by the mayor or by a majority of the board of mayor and aldermen. (Ord. #12-03, Aug. 2012)

**8-106. Applicants for certificate who have criminal record.** No certificate of compliance for the manufacture or sale at wholesale or retail of alcoholic beverages, or for the manufacture or vinting of wine, shall be issued to any person, (or if the applicant is a partnership, any partner, or if the applicant is a corporation, any stockholder), who, within ten (10) years preceding the application for such certificate of compliance, has been convicted of any felony or of any offense under the laws of the state or of the United States prohibiting the sale, possession, transportation, storage or otherwise handling of intoxicating liquors, or who has during such period been engaged in business, alone or with others, in violation of such laws. (Ord. #12-03, Aug. 2012)

**8-107. Only one establishment to be operated by retailer.** No retailer shall operate, directly or indirectly, more than one (1) place of business for the sale of alcoholic beverages in the town. The word "indirectly," as used in this section, shall include and mean any kind of interest in another place of business by way of stock, ownership, loan, partner's interest or otherwise. (Ord. #12-03, Aug. 2012)

**8-108. Where establishments may be located.** It shall be unlawful for any person to operate or maintain any retail establishment for the sale, storage or distribution of alcoholic beverages in the town except at locations zoned for that purpose. In addition, no such establishment shall be permitted to operate within two hundred fifty feet (250') of any existing school or its playground, day care, church, city park or a private residence. For purposes of this section, all distances shall be measured in a straight line from the closest point of the applicant's building to the closest point of the building of the nearest church, day care, or residence (building-to-building); or from the closest point of applicant's building to the closest point of the property boundary of a city park (building-to-property boundary). (Ord. #13-01, Feb. 2013)

**8-109. Limitation on number of retailers.**<sup>1</sup> Provided that each proposed retail establishment for the sale, storage or distribution of alcoholic beverages in the town shall meet all of the other requirements of this chapter

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<sup>1</sup>State law reference

*Tennessee Code Annotated*, § 57-3-208(c).

and is properly licensed through the State of Tennessee, there shall be no limitation on the number of retail package liquor stores within the town. (Ord. #12-06, Dec. 2012)

**8-110. Sales for consumption on premises.** No alcoholic beverages shall be sold for consumption, or shall be consumed, on the premises of the retail seller. (Ord. #12-03, Aug. 2012)

**8-111. Radios, amusement devices and seating facilities prohibited in retail establishments.** No radios, television sets, pinball machines, slot machines or other devices which tend to cause persons to congregate in such place shall be permitted in any retail establishment. No seating facilities shall be provided for persons other than employees. (Ord. #12-03, Aug. 2012)

**8-112. Inspection fee.** Pursuant to *Tennessee Code Annotated*, § 57-3-501, *et seq.*, there is hereby imposed an inspection fee of eight percent (8%) of the wholesale price of alcoholic beverages supplied by wholesalers to licensees operating within the town. This fee shall be collected by the wholesaler making such sales, who shall remit the fees to the town at such times and in such manner as provided in *Tennessee Code Annotated*, § 57-3-503, accompanied by such forms and other information as the town may prescribe. Wholesalers collecting and remitting this inspection fee shall be allowed to deduct the collection fee authorized by the above statute. (Ord. #17-1, April 2017)

**8-113. Violations and penalty.** Any violation of this chapter shall constitute a civil offense and shall, upon conviction, be punishable by a penalty under the general penalty provision of this code. Upon conviction of any person under this chapter, it shall be mandatory for the city judge to immediately certify the conviction, whether on appeal or not, to the Tennessee Alcoholic Beverage Commission. However, nothing herein shall be construed to prevent the city from exercising any criminal or civil remedies that it may have with respect to violations of this chapter. (Ord. #12-03, Aug. 2012)

**CHAPTER 2****BEER**<sup>1</sup>**SECTION**

- 8-201. Purpose.
- 8-202. Definitions.
- 8-203. Beer board established.
- 8-204. Meetings of the beer board.
- 8-205. Record of beer board.
- 8-206. Requirements for beer board quorum and action.
- 8-207. Powers and duties of the beer board.
- 8-208. Permit required for engaging in beer business.
- 8-209. Privilege tax.
- 8-210. Restrictions on granting permits.
- 8-211. Application and issuance of permits.
- 8-212. Beer permits restricted to certain businesses.
- 8-213. Compliance with zoning ordinance.
- 8-214. Requirements of retail stores; on premises permit holders.
- 8-215. Issuance of permits to persons convicted of certain crimes prohibited.
- 8-216. Prohibited conduct or activities by permit holders.
- 8-217. Permit must be in the name of the person who owns business.
- 8-218. Permit to be posted.
- 8-219. Premises selling beer subject to inspection.
- 8-220. Revocation of beer permits.
- 8-221. Civil penalty in lieu of suspension.
- 8-222. Beer permits issued by Marshall County.
- 8-223. Special events permit; restrictions.
- 8-224. Violations and penalty.

**8-201. Purpose.** This chapter is adopted to regulate the sale of beer or other beverages of like content as herein defined, within the Town of Chapel Hill, Tennessee. (2005 Code, § 8-201)

**8-202. Definitions.** The following definitions are applicable to this chapter:

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<sup>1</sup>State law reference

For a leading case on a municipality's authority to regulate beer, see the Tennessee Supreme Court decision in *Watkins v. Naifeh*, 635 S.W.2d 104 (1982).

(1) "Beer" shall mean all beer of alcoholic content of not more than eight percent (8%) by weight, or any other beverage of like content, except wine as defined in *Tennessee Code Annotated*, § 57-3-101(a)(20).

(2) "Beer board" shall mean beer board as hereinafter established in § 8-203.

(3) "Board" shall mean the Board of Mayor and Aldermen of the Town of Chapel Hill, Tennessee.

(4) "Mayor" shall mean the Mayor of the Town of Chapel Hill, Tennessee or vice mayor when acting in the absence of the mayor.

(5) "Notice" shall mean publication in a newspaper of general circulation in the town if notice to the public, by U.S. mail, postage prepaid, if notice is to the beer board members, and by U.S. mail certified return receipt requested from permit holder, postage prepaid, if notice is to a permit holder.

(6) "Person" shall mean person, firm, corporation, joint-stock company, syndicate or association.

(7) "Premises" shall mean the interior of a building or structure including contiguous interior spaces which are not separated by a permanent solid wall from other portions of the building or structure under the same roof, and where applicable shall include the parking areas adjacent to or servicing the premises.

(8) "Town" shall mean the Town of Chapel Hill, Tennessee. (2005 Code, § 8-202)

**8-203. Beer board established.** (1) There is hereby established a beer board to be composed of three (3) members appointed by the mayor, with consent of the board, each of whom shall hold office for three (3) years or until their successors are appointed; however, the mayor, without consent of the board, shall and upon passage of this chapter, appoint in writing one (1) member for a term to expire July 1, 2002, one (1) member for a term to expire July 1, 2003, and one (1) member for a term to expire July 1, 2004;

(2) Members of the beer board shall be residents of the town and shall receive no compensation;

(3) An annual organizational meeting of the beer board shall be held in July of each year and from its membership shall be elected a chairman and secretary. (2005 Code, § 8-203)

**8-204. Meetings of the beer board.** All actions and meetings of the beer board shall be open to the general public and no action shall be taken in secret. The beer board shall hold regular meetings in the town hall on the second Tuesday of each January and July at 5:00 P.M. When there is business to come before the beer board, a special meeting may be called by the chairman or two members. Notice of regular and special meetings shall be published not less than six (6) days before the meeting. Notice of special meetings shall

contain items to be considered and no other items shall be considered by the board. (2005 Code, § 8-204)

**8-205. Record of beer board.** The town recorder shall keep minutes of the meetings and proceedings of the beer board, which shall be a public record kept in the town hall, contain the dates of all meetings, the names of the board members present and a record of all matters heard by the beer board and all action taken thereon. All votes shall be by roll call duly recorded in the minutes. (2005 Code, § 8-205)

**8-206. Requirements for beer board quorum and action.** The attendance of a majority of the members of the beer board shall be required to constitute a quorum for the purpose of transacting business. Matters before the beer board shall be decided by a majority of the members present. Any member present but not voting shall be deemed to have cast a "nay" vote. (2005 Code, § 8-206)

**8-207. Powers and duties of the beer board.** The beer board shall have the authority to regulate the transporting, storing, selling, distributing, possessing or receiving of beer within the town in accordance with the provisions of this chapter. The beer board is hereby given broad powers to investigate and shall have authority to inspect the premises of any applicant or permit holder at reasonable hours. (2005 Code, § 8-207)

**8-208. Permit required for engaging in beer business.** It shall be unlawful for any person to sell or store for sale beer without making application to and obtaining a permit from the beer board. Applications shall be filed not less than fourteen (14) days before being considered at either a regular or special meeting. Upon receipt of an application, the town recorder shall mail/deliver copies of the application to board members. The application shall be made on such form as the board shall prescribe and/or furnish, and pursuant to *Tennessee Code Annotated*, § 57-5-104(a), and shall be accompanied by a non-refundable application fee of two hundred fifty dollars (\$250.00). If this fee is not paid or if the check is returned for any reason, the application shall not be considered by the board. Each applicant must be a person of good moral character, and certify that he has read and is familiar with the provisions of this chapter. (2005 Code, § 8-208)

**8-209. Privilege tax.** There is hereby imposed on the business of selling beer an annual privilege tax of one hundred dollars (\$100.00), which shall be paid in January of each year. If a permit is issued in any month other than January, the applicant shall pay a privilege tax prorated to the next January before the board issues a permit. Notice to each permit holder shall be mailed to the address specified on the permit. If a permit holder does not pay the tax by January 31, the town shall notify the permit holder that the tax payment is

past due and is subject to a penalty of one thousand dollars (\$1,000.00). If the permit holder does not pay the tax within ten (10) days after receiving such notice, then the permit shall be void and shall not be reinstated without a new applicant and application fee being submitted to the beer board. At the time a new permit is issued to any business subject to this tax, the permit holder shall be required to pay the privilege tax on a prorated basis for each month or portion thereof remaining until the next tax payment date. (2005 Code, § 8-209)

**8-210. Restrictions on granting permits.** No permit shall be issued to sell beer in violation of any state law, town ordinance, or this chapter or any amendment thereto. The judgment of the beer board on such matters shall be final subject to review pursuant to *Tennessee Code Annotated*, § 57-5-109. (2005 Code, § 8-210)

**8-211. Application and issuance of permits.** Applications shall be issued only to the owner of the business and each applicant must state:

- (1) The applicant's permanent address;
- (2) The location of the premises at which the business shall be conducted;
- (3) The owner or owners of the premises and the terms of any lease relative thereto;
- (4) The names and addresses of all persons having a financial interest in the beer business proposed to be established;
- (5) The name and address of person operating the business;
- (6) No person will be employed in the handling or sale of beer that has been convicted within the past ten (10) years of any law against possession, sale, manufacturing or transportation of alcohol or any crime involving moral turpitude;
- (7) That applicant will not engage in the sale of beer except on the premises for which the permit has been issued;
- (8) That no sale of alcohol will be made except in accordance with the permit and in accordance with all state laws;
- (9) That no sale shall be made for consumption on premises and no consumption will be permitted on the premises;
- (10) No sale shall be made to minors; and
- (11) Such other information as may be requested on the application for beer permit. (2005 Code, § 8-211)

**8-212. Beer permits restricted to certain businesses.** The beer board shall only issue or renew permits:

- (1) To sell in retail packages for off premises consumption, if the business satisfies the requirements of § 8-214;
- (2) To a local chapter of a nationally organized and recognized club or lodge wherein beer may be sold at retail to its members to be consumed on the premises of the club or lodge; or



(3) To sell for on premises consumption, if the business satisfies the requirements of § 8-214. (2005 Code, § 8-212)

**8-213. Compliance with zoning ordinance.** The beer board shall not issue any permit authorizing the sale of beer unless the proposed use is permitted at the location of premises at which the business will be conducted under the town's zoning ordinance. The beer board shall require approved employee training and certification by the State of Tennessee Alcohol and Beverage Commission for businesses that apply for on-premises consumption for each employee who will serve alcohol, and each such employee may have a background check to establish that he or she has not been in violation of alcohol beverage law for the past ten years. The beer board may require that businesses who conduct the sale of alcohol have written policies and procedures to deter underage and high-risk alcohol consumption. The Town of Chapel Hill Police Department has the right to request copies of documentation of these rules, procedures and certification, and failure to comply or produce documentation may result in the revocation or suspension of an alcoholic beverage permit. Schools, churches and day care facilities established prior to November 2010 shall remain protected under the two hundred fifty feet (250') rule during established and recurring operating hours or recurring gathering times. (Ord. #15-05, Dec. 2015)

**8-214. Requirements of retail stores; on premises permit holders.**

(1) Retail stores. The beer board shall not issue a permit to sell beer except at retail packages by a duly permitted business where the total inventory of beer shall not at any time exceed twenty-five percent (25%) of the total value of all inventory for said business. Consumption of beer shall not be permitted on the premises unless the business obtains a dual permit in addition to the retail permit.

(2) On premises consumption. The beer board shall not issue a permit to sell beer for on premises consumption except to duly permitted restaurants that maintain adequate kitchen facilities, serve at least one (1) meal per day, five (5) days per week, and where at least fifty-one percent (51%) of all revenue of the business is derived from the sale of food each day. Copies of receipts for all revenue of the business for each month must be delivered or mailed to town hall not later than the tenth day of the following month. All such businesses must have freestanding tables for the service of food and may not have pool tables on the premises. All sales of beer shall be made along with the sale of food prepared at the restaurant. All beer consumed on the premises must be served by employees of the business to the tables where the customers are served food (beer may not be "self service" from coolers or refrigerators directly by customers for consumption on the premises). An on premises permit shall not be issued to any establishment selling gasoline. No alcoholic beverages shall be consumed

or open for consumption on or about any premises licensed hereunder after 12:15 A.M.

(3) Dual permits. A business may obtain permits for both the retail sale of beer and for on premises consumption so long as it meets all of the requirements of both (1) and (2) above, pays a two hundred fifty dollar (\$250.00) fee for each permit and has two (2) separate doors to the business, one (1) dedicated for the retail store and the other dedicated for the restaurant.

(4) The consumption of beer shall not be allowed on the premises of a permit holder outside of the building structure. (2005 Code, § 8-214)

**8-215. Issuance of permits to persons convicted of certain crimes prohibited.** No beer permits shall be issued to any person who has been convicted for possession, sale, manufacture or transportation of alcohol or any crime involving moral turpitude within the past ten (10) years.

No person, firm, corporation, joint-stock company, syndicate or association having at least a five percent (5%) ownership interest in the applicant shall have been convicted of any violation of the laws against possession, sale, manufacture, or transportation of beer or alcoholic beverages or any crime involving moral turpitude within the past ten (10) years. (2005 Code, § 8-215)

**8-216. Prohibited conduct or activities by permit holders.** It shall be unlawful for any beer permit holder to:

(1) Employ any person convicted for the possession, sale, manufacture, or transportation of intoxicating liquor, or any crime involving moral turpitude within the past ten (10) years.

(2) Employing any person under the age of eighteen (18) years in the sale, storage, distribution, or manufacture of beer. (This provision shall not apply to grocery stores selling beer for off premises consumption only.)

(3) Make or allow any sale of beer between the hours of 3:00 A.M. and 8:00 A.M. on weekdays and between 3:00 A.M. and 10:00 A.M. on Sundays.

(4) Allow any loud, unusual or obnoxious noises to emanate from the premises.

(5) Make or allow any sale of beer to any person under the age of twenty-one (21) years of age. The holder of the beer permit shall be strictly accountable for the violation of this provision and the burden of ascertaining age of such persons shall be upon the holder and operator, or their servants, of such place of business.

(6) Allow any person under eighteen (18) years of age to loiter in or about the place of business.

(7) Make or allow any sale or gift of beer to any intoxicated person.

(8) Allow drunk or disreputable persons to loiter about the premises.

(9) Serve, sell, give or allow the consumption on the premises of any alcoholic beverage with an alcoholic content higher than beer.

(10) Permit the consumption of beer on any parking lot which services and/or is adjacent to the premises which the permit holder has any interest in or control over. (2005 Code, § 8-216, as amended by Ord. #2019-06, \_\_ \_\_\_\_, modified)

**8-217. Permit must be in the name of the person who owns business.** The permit issued by the beer board shall be in the name of the person owning the business rather than the manager, operator or employee of the owner. (2005 Code, § 8-217)

**8-218. Permit to be posted.** Permits issued by the beer board shall be visible and displayed to the general public. (2005 Code, § 8-218)

**8-219. Premises selling beer subject to inspection.** All premises selling beer are subject to inspection by board members and town police during any hours the premises are open. (2005 Code, § 8-219)

**8-220. Revocation of beer permits.** The beer board shall have the power to revoke any beer permit issued under the provisions of this chapter when the holder thereof is guilty of making a false statement or misrepresentation in his application or of violating any of the provisions of this chapter or any of the laws of the State of Tennessee in regard to selling and storing for sale beer. However, no beer permit shall be revoked until a public hearing is held by the board after reasonable notice to all the known parties in interest, board members and the general public. Revocation proceedings may be initiated by the police chief or by any member of the city council or board. (2005 Code, § 8-220)

**8-221. Civil penalty in lieu of suspension.** The beer board may, at the time it imposes a revocation or suspension, offer a permit holder the alternative of paying a civil penalty not to exceed one thousand five hundred dollars (\$1,500.00) for each offense of making or permitting to be made any sales to minors or, a civil penalty not to exceed one thousand dollars (\$1,000.00) for any other offense. If a civil penalty is offered as an alternative to revocation or suspension, the holder shall have seven (7) days within which to pay the civil penalty before the revocation or suspension shall be imposed. If the civil penalty is paid within that time, the revocation or suspension shall be deemed withdrawn. (2005 Code, § 8-221)

**8-222. Beer permits issued by Marshall County.** Any person holding a beer permit issued by Marshall County for a premises subsequently included in an area annexed by the town, shall continue to be permitted to sell beer subject to the terms and provisions of this chapter, except such person shall not be required to pay the permit fee required in § 8-208 and shall pay the privilege

tax required in § 8-209 prorated from the months from the date of annexation to the next due date. (2005 Code, § 8-222)

**8-223. Special events permit; restrictions.** The beer board is authorized to issue special events beer permits for the sale of beer for on-premises consumption at events hosted by charitable or nonprofit organizations within the town. A special event permit may only be issued to a beer permit holder that has been issued by the town. The special events permit shall not be issued for longer than one (1) seventy-two (72) hour period, and shall be subject to the same hours of sale imposed by law. The application for a special events permit shall include the written consent of the hosting organization. The permit holder shall comply with all state and local laws regarding server training and may only purchase beer for resale from a licensee as required by state law. A "charitable or non-profit organization" means any corporation recognized as exempt under section 501(c)(3) of the Internal Revenue Code, being 26 U.S.C. § 501(c)(3). In approving a special event permit, the beer board may impose any conditions reasonably necessary to protect the public welfare. (Ord. #17-3, June 2017, modified)

**8-224. Violations and penalty.** Except as provided in § 8-221, any violation of this chapter shall constitute a civil offense and shall, upon conviction, be punishable by a penalty under the general penalty clause of this code. Each day a violation shall be allowed to continue shall constitute a separate offense. (2005 Code, § 8-223)

## CHAPTER 3

### ON-PREMISES CONSUMPTION OF LIQUOR AND WINE

#### SECTION

- 8-301. On-premises consumption of liquor and wine.
- 8-302. Privilege tax.
- 8-303. Hours of sale.

**8-301. On-premises consumption of liquor and wine.** Pursuant to the approval by referendum, any prohibition within this code on the sale of liquor and wine for on-premises consumption, within the Town of Chapel Hill is repealed, and *Tennessee Code Annotated*, title 57, chapter 4, as may be amended from time to time, shall be applicable to all such sales within the Town of Chapel Hill, Tennessee. (Ord. #16-6, Dec. 2016)

**8-302. Privilege tax.** Pursuant to the authority contained in *Tennessee Code Annotated*, § 57-4-301, there is hereby levied an annual privilege tax (in the same amounts set forth therein) upon any person, firm, corporation, or other entity engaging in the business of selling liquor or wine for on-premises consumption within the town. Any person, firm, corporation, or other entity exercising the privilege of selling liquor or wine for on-premises consumption shall remit annually to the town recorder the appropriate privilege tax. Such payments shall be remitted not less than thirty (30) days following the end of each twelve (12) month period from the original date of the license. Upon the transfer of ownership of such business or the discontinuance of such business, said tax shall be filed within thirty (30) days following such event. Any person, firm, corporation, or other entity failing to make payment of the appropriate tax when due shall be subject to the penalty provided by law. (Ord. #16-6, Dec. 2016)

**8-303. Hours of sale.** Any person, firm, corporation or other entity that is permitted by the state to sell liquor or wine for on-premises consumption shall also be allowed to sell beer during the hours set forth in *Tennessee Code Annotated*, § 57-4-203, provided the establishment has lawfully obtained a beer permit as required by this title. (Ord. #16-6, Dec. 2016)