

February 17, 2016

City of Loretto, Tennessee
Mr. Keith A. Smith
City Manager
415 North Military
Loretto, Tennessee 38469

VIA ELECTRONIC MAIL

Dear Mr. Smith:

Responsive to your question regarding residency and ownership limitations for a retail alcoholic beverage license (package store) and retail food store wine license, the following is provided.

T.C.A. § 57-3-204 sets the residency requirement to receive a retail package liquor store license from the ABC:

(2) No retail license under this section may be issued to any individual:

(A) **Who has not been a bona fide resident of this state during the two-year period immediately preceding the date upon which application is made to the commission** or, with respect to renewal of any license issued pursuant to this section, who has not at any time been a resident of this state for at least ten (10) consecutive years; (my emphasis)

The statute provides a comparable requirement for corporations:

(3) The commission may, in its discretion, issue such a retail license to a corporation; provided, that no such license shall be issued to any corporation unless such corporation meets the following requirements:

(B) **All of its capital stock must be owned by individuals who are residents of this state and either have been residents of the state for the two (2) years immediately preceding the date application is made to the commission** or, with respect to renewal of any license issued pursuant to this section, who has at any time been a resident of this state for at least ten (10) consecutive years; (my emphasis)

Accordingly, a two-year residency requirement in Tennessee is required.

With respect to ownership limitations for a retail package liquor store license, please be advised that T.C.A. § 57-3-406 provides, in part, as follows:

(a)(1)(A) Except for retailers licensed under § 57-3-204, no person, corporation or other entity shall, directly or indirectly, operate any licensed retail establishment selling alcoholic spirituous beverages, not including wine, for off-premises consumption in this state.

(B) "Indirectly" means any kind of interest in such a retail business by way of stock ownership, loan, partner's interest or otherwise.

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(C) A landlord shall be deemed to have an indirect interest in such a retail business when the lease agreement is based upon a percentage of profits or any other factor based upon sales of alcoholic beverages by the tenant as distinguished from being simply an interest in land for a period of time at a definite rate.

(2) Except as provided in this subsection (a), nothing shall prohibit the holder of a retail license from having more than one (1) retail license. (My emphasis)

Accordingly, there is no provision in state law prohibiting an individual from having more than one retail license (package store). Notwithstanding the foregoing, § 57-3-406(c)(3) does limit the number of retail licenses that may be held by an individual under this specific circumstance:

(3) In any municipality or county in which the issuance of two (2) or more retail licenses have been authorized under § 57-3-208(c), no retail licensee shall hold more than fifty percent (50%) of the licenses authorized for issuance in such municipality or county.

T.C.A. § 57-3-204 does prohibit, however, a retail license (package store) from being issued to any individual:

(E) Who has an interest, whether direct or indirect, in a **manufacturer, distiller, rectifier, liquor wholesaler, winery, distributor, retail food store or farm winery selling alcoholic beverages that is licensed in this state**, except that the spouse of an applicant for a retail license may own and hold a farm wine permit if the spouse does not hold a retailer's license issued under this section;

(I) Who is the **holder of a valid existing license issued for the sale of wine in a retail food store** under § 57-3-803, and amendments thereto;

In summary, no individual can be licensed and hold a retail liquor package store (one or more) and a retail food store wine license, as well as the certain other alcoholic beverage license categories listed in § 57-3-204. Please note that not included in the list of prohibited categories is a license to sell alcoholic beverages for consumption on premises. Accordingly, an individual can hold both a package liquor store license and a liquor by the drink license in accordance with § 57-3-223.

Finally, you will be interested in knowing that nothing prohibits a holder of a retail food store wine license from having more than one (1) retail food store wine license (T.C.A. § 57-3-803).

Please let me know if you have further questions regarding this matter.

Very truly yours,



Jeffrey J. Broughton
Municipal Management Consultant

Cc: Elisha Hodge