



Municipal Technical Advisory Service  
INSTITUTE *for* PUBLIC SERVICE

## MEMORANDUM

TO: City Attorneys  
FROM: Stephanie O'Hara, MTAS Legal Consultant  
DATE: August 18, 2021  
RE: Alcohol Referendum Requirements

Below are the steps necessary for a municipality to authorize liquor by the drink, retail package stores, and wine in grocery stores.

In order for a municipality to offer high gravity beer manufacturing, the Tennessee Alcoholic Beverage Commission ("ABC") maintains that a municipality must authorize both liquor by the drink and retail package stores by referendum or meet one of the other qualifications under Tennessee Code Annotated § 57-2-103(d)(1).

You will also find the requirements for the manufacturer on the ABC website [HERE](#).

Please contact MTAS if you have any additional questions.

## Liquor by the Drink

1. For liquor by the drink to be authorized in a city, the city must first meet the requirements in Tennessee Code Annotated § 57-3-106. With some exceptions, a city must have a population of 700 or more. See Tennessee Code Annotated § 57-3-101.
2. If a city meets those requirements, the authority must be adopted by referendum at the next regular election of the city. Tennessee Code Annotated §§ 57-4-103(a)(1), 57-3-106(c)(1). In order for the question to be placed on the ballot, either a petition must be signed by at least ten percent (10%) or more of the registered voters who voted in the most recent gubernatorial election (see Tennessee Code Annotated § 57-3-106) **or** a resolution must be adopted by two-thirds (2/3) vote of the city's governing body (see Tennessee Code Annotated § 57-4-103).
3. The petition or resolution must be submitted to the county election commission not less than 75 days before the August or November election nor more than 90 days before the November election. See Tennessee Code Annotated § 2-3-204. If the petition and/or resolution are properly executed, the election commission conducts the election.
4. Pursuant to Tennessee Code Annotated § 57-4-103, the question submitted to the voters shall be in the following form for an election:
  - a. For legal sale of alcoholic beverages for consumption on the premises in \_\_\_\_\_ (here insert name of political subdivision).
  - b. Against legal sale alcoholic beverages for consumption on the premises in \_\_\_\_\_ (here insert name of political subdivision).
5. If the referendum passes, the city must enact an ordinance. The [MTAS Model Code](#) contains sample code language that may be adopted by ordinance.

## Retail Package Stores

1. For package stores to be authorized in a city, the city must first meet the requirements in Tennessee Code Annotated § 57-3-106. With some exceptions, a city must have a population of 700 or more. See Tennessee Code Annotated § 57-3-101.
2. If a city meets those requirements, the authority must be adopted by referendum at the next regular election of the city. Tennessee Code Annotated § 57-3-106(c)(1). In order for the question to be placed on the ballot, a petition must be signed by at least ten percent (10%) or more of the registered voters who voted in the most recent gubernatorial election (*see Tennessee Code Annotated § 57-3-106*). The governing body does not have authority to adopt a resolution calling for the referendum of packages stores.
3. The petition must be submitted to the county election commission not less than 75 days before the August or November election nor more than 90 days before the November election. See Tennessee Code Annotated § 2-3-204. If the petition is properly executed, the election commission conducts the election.
4. Pursuant to Tennessee Code Annotated § 57-3-106, the question submitted to the voters shall be in the following form for an election:
  - a. To permit retail package stores to sell alcoholic beverages in \_\_\_\_\_ (here insert name of municipality).
  - b. Not to permit retail package stores to sell alcoholic beverages in \_\_\_\_\_ (here insert name of municipality).
5. If the referendum passes, the city must enact an ordinance. The [MTAS Model Code](#) contains sample code language that may be adopted by ordinance. If voters approve retail package stores, the Alcoholic Beverage Commission will issue retail licenses. In order to receive a retail license, applicants must submit a certificate from the city signed by the mayor or a majority of the governing body to the ABC. That process is outlined in the model code language. See Tennessee Code Annotated § 57-3-208.

## Wine in Grocery Stores

1. For wine in grocery stores to be authorized in a city, the city must have previously approved sales of alcohol, either package stores or by the drink. Then, the city may hold a referendum on whether or not to approve the sale of wine in grocery stores at the next regular election of the city. Tennessee Code Annotated § 57-3-106(c)(1). However, counties may also conduct county-wide referenda on the issue, and cities within those counties that participate in such referenda will be impacted by approval of the measure, even if the cities do not have liquor sales. Tennessee Code Annotated § 57-3-805.
2. The process for getting the question on the ballot is the same as for package store approval. Pursuant to Tennessee Code Annotated § 57-3-106, a petition must be signed by at least ten percent (10%) or more of the registered voters who voted in the most recent gubernatorial election. The governing body does not have authority to adopt a resolution calling for the referendum of wine in grocery stores.
3. The petition must be submitted to the county election commission not less than 75 days before the August or November election nor more than 90 days before the November election. See Tennessee Code Annotated § 2-3-204. If the petition is properly executed, the election commission conducts the election.
4. Pursuant to Tennessee Code Annotated § 57-3-801, the question submitted to the voters shall be in the following form for an election:
  - a. For legal sale of wine at retail food stores in \_\_\_\_\_ city.
  - b. Against legal sale of wine at retail food stores in \_\_\_\_\_ city.
5. If the referendum passes, the city must enact an ordinance. The [MTAS Model Code](#) contains sample code language that may be adopted by ordinance. If voters approve the sale of wine in grocery stores, the Alcoholic Beverage Commission will issue “retail food store wine licenses.” In order to receive a license, applicants must submit a certificate from the city signed by the mayor or a majority of the governing body to the ABC. That process is outlined in the model code language. See Tennessee Code Annotated § 57-3-806.