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Grandfather Provisions

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

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Reference Number: CTAS-361

When a county adopts a distance rule, the rule cannot be used as grounds to revoke a permit where a church, school or other place of public gathering is built after a beer permit is issued, as that would constitute an arbitrary and unreasonable exercise of discretion. Sparks v. Beer Committee of Blount County, 339 S.W.2d 23 (Tenn. 1960). The court stated that while there is no property right in a permit to sell beer, there are some rights which cannot be taken away by unreasonable regulations adopted after the permit was granted. Sparks, at page 24. See also Attorney General Opinion 02-061 (5/8/02).

Under T.C.A. § 57-5-109, a beer permit cannot be suspended, revoked or denied on the basis of proximity to a school, residence, church or other place of public gathering if a valid permit was issued to any business on that same location. The phrase "on that same location" is defined in the statute as being within the boundaries of the real property on which the business was located, and the protection applies regardless of whether the business moves the building on the location or whether the business was a conforming or nonconforming use at the time of the move. T.C.A. § 57-5-109(b). Under this statute, a validly permitted building which meets the distance requirements can be demolished and rebuilt in a different location on the same property which does not meet the distance requirements and the permit cannot be denied. Exxonmobil Oil Corp. v. Metropolitan Government of Nashville, 2005 WL 1528252 (Tenn. Ct. App. 12/12/05).

This grandfather provision does not apply if there has been a six-month gap in beer sales at the location. However, if the discontinuance of beer sales for more than six months is caused by a beer board's refusal to issue a permit, the applicant does not lose the protection of the statute if the applicant appeals the denial; a new six- (6) month period begins to run on the date when the appeal of the denial is final. T.C.A. § 57-5-109(c).

The current provisions of this statute are a result of litigation between Exxon and the Metropolitan Government of Nashville and Davidson County. See Exxon Corp. v. Metropolitan Government of Nashville and Davidson County, 72 S.W.3d 638 (Tenn. 2002) and Exxonmobil Oil Corp. v. Metropolitan Government of Nashville and Davidson County, 2005 WL 1528252 (Tenn. Ct. App. 12/12/05). In the Exxon cases, the original building was not in violation of the distance requirement. Exxon purchased the business, demolished the building and relocated it in a position that did violate the distance requirement. The statute was amended to allow Exxon to fall within its provisions regardless of whether the business was conforming at the time the building was moved. This has caused the statute to be broader than a typical "grandfather" provision.

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