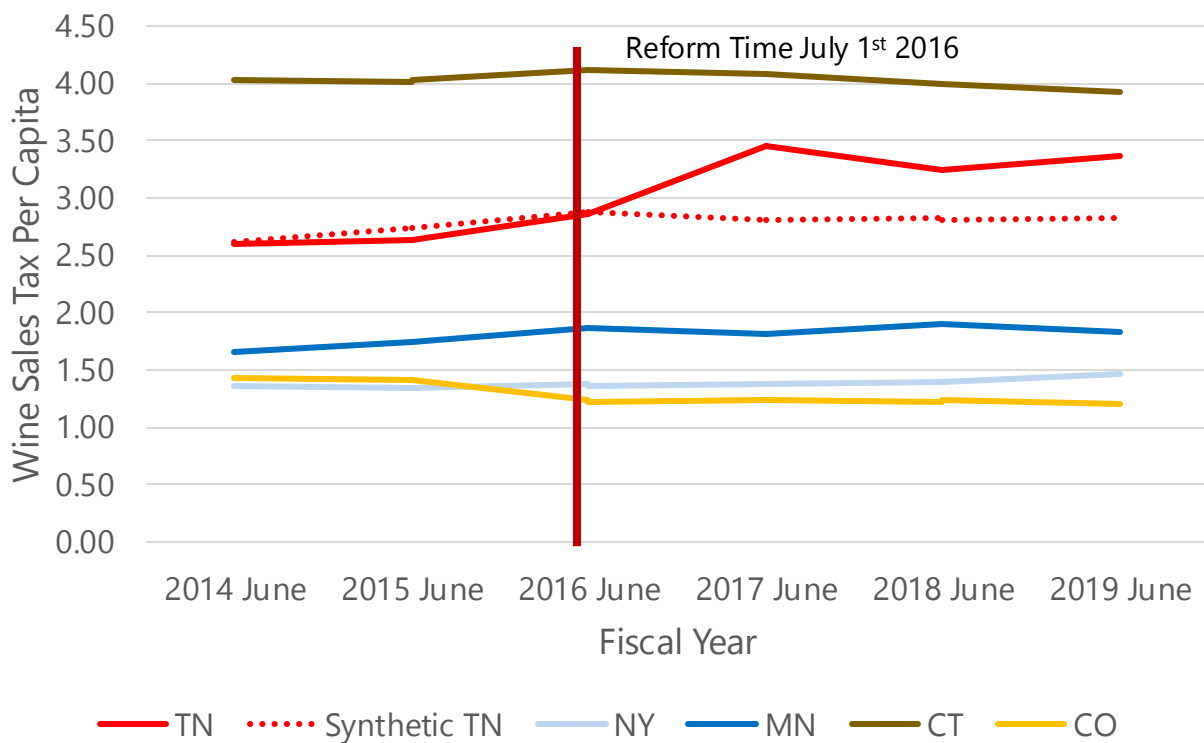


# Assessing the Impact of Wine Sale Reform: A Case Study of Tennessee

## Changes in Wine Sales Tax Volume

In the United States, alcohol-related policies vary significantly across states and are constantly evolving. While 39 states allow the sale of wine in grocery stores, a central ongoing policy debate in the remaining eleven is whether grocery stores should be permitted to sell wine and how such a change would affect the operational activities of liquor stores and overall alcohol consumption.

This study evaluates the effects of a 2016 Tennessee policy allowing wine sales in retail food stores, including grocery and convenience stores. One component examined in the study is the shift in wine sales tax volume prior to and following the execution of the reform.



This chart presents the trend in wine sales tax per capita from FY 2014 to 2019 across Tennessee, synthetic Tennessee, and the control states. Synthetic Tennessee represents Tennessee, had Tennessee not enacted wine sales reform in 2016.

Notably, the wine sales tax per capita in Tennessee increases in FY 2017, a trend not observed in the control states. The difference between wine sales tax per capita in Tennessee and synthetic Tennessee after the reform represents the net effect of the reform. Comparing outcomes post-reform, it is evident that wine sales tax per capita in synthetic Tennessee remains stable, while in actual Tennessee, it increased in FY 2017 before stabilizing. This suggests that the wine sales reform led to an increase in wine sales tax per capita in Tennessee, contrasting with states where the reform was not implemented, and wine sales tax per capita remained unchanged.