ORDINANCE NO. 1151

AN ORDINANCE OF THE CITY OF ATHENS, TENNESSEE, AMENDING TITLE 8, CHAPTER III (BEER), TO ADD "CRAFT BEER RESTAURANT" AS A CLASSIFICATION OF BEER PERMIT AND AMENDING THE ATHENS ZONING ORDINANCE TO ADD A CRAFT BEER RESTAURANT LAND USE AND TO PERMIT ACCESSORY ON-SITE BEER MANUFACTURING IN CERTAIN BUSINESS DISTRICTS SUBJECT TO STANDARDS

WHEREAS, the City of Athens, Tennessee (the "City") is authorized to regulate the sale, storage, distribution, and manufacture of beer pursuant to Tennessee Code Annotated Title 57 and other applicable law; and

WHEREAS, Athens City Code ("ACC") Title 8, Chapter 8-III establishes a Beer Board and local beer permitting requirements; and

WHEREAS, the City further desires to ensure that beer permits issued under ACC Title 8 do not authorize any location or activity prohibited by the Athens Zoning Ordinance or other applicable city regulations; and

WHEREAS, the City Council is further authorized to adopt and amend zoning regulations pursuant to Tennessee Code Annotated Title 13, including T.C.A. §§ 13-7-201 et seq.; and

WHEREAS, the City has adopted the Athens Zoning Ordinance, which establishes zoning districts, permitted uses, and development standards; and

WHEREAS, it is necessary to amend the Zoning Ordinance to clearly identify and regulate the land use characteristics of a Craft Beer Restaurant and to coordinate zoning standards with the amended beer regulations;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF ATHENS AS FOLLOWS:

SECTION 1.
Athens City Code section 8-92(2)(a) is amended to read as follows:

(a) The minimum distance requirement for the various types of permit holders is as follows:

(i) Caterer: 300 feet.
(ii) Craft Beer Restaurant: 300 feet.
(iii) Golf course: 300 feet.
(iv) Grocery store (10,000 square feet or more): 300 feet.
(v) Grocery store (under 10,000 square feet): 500 feet.
(vi) Package store: 500 feet.
(vii) Restaurant: 300 feet.

SECTION 2.
Athens City Code section 8-92(2)(d) is amended to read as follows:

The minimum distance requirement from certain buildings in subsection (2)(a) of this section shall not be applicable with respect to the building of a restaurant permit holder or craft beer restaurant permit holder located within the downtown business district, which is defined as that area within the interior of the boundaries of Baxter Street, Green Street, College Street, Hill Street and Park Street as shown on the map of the city attached to the ordinance from which this section is derived and incorporated herein by reference.

SECTION 3.
Athens City Code section 8-92(3) is amended by adding a new subsection (i), which shall read as follows:

"Craft beer restaurant.

There shall be no limitation on the number of beer permits issued to craft beer restaurants. A craft beer restaurant shall constitute a separate classification of beer permit from a restaurant permit

issued under ACC 8-92(3)(a). The term 'craft beer restaurant' means an eating and drinking establishment having a minimum indoor seating capacity of forty (40), providing prepared food for purchase and consumption by patrons on the permitted premises during the permittee's posted hours of operation, and owned or operated by, or under common ownership or control with, a manufacturer authorized to manufacture beer under applicable federal and state law.

The restaurant establishment and any beer manufacturing operation conducted on the premises shall each meet all applicable federal, state, and local licensing, permitting, zoning, building, fire, health, and land use requirements, including Tennessee Code Annotated, section 57-5-101, as amended. Any beer manufacturing, storage, service, or sale occurring on the premises pursuant to this subsection shall be subject to all applicable provisions of the Athens Zoning Ordinance, this Code, and all other licenses and approvals required by applicable federal, state, and local law.

A craft beer restaurant permit shall not, by itself, authorize the storing for sale or distribution of beer except to the extent strictly incidental to retail sales expressly authorized by this subsection. Any separate storing for sale, distribution, or manufacturing activity shall require such separate beer permit or permits required by this Code and applicable law.

A craft beer restaurant permit may authorize both on-premises consumption and off-premises retail sale of beer; provided, however, that any off-premises sales under this classification shall be limited to beer lawfully manufactured on the permitted premises pursuant to all required federal, state, and local licenses and permits, no off-premises sale of guest beer shall be authorized under this classification, and beer sold for off-premises consumption shall be sold only in sealed containers, and shall not be opened or consumed within the permitted premises, including any approved outdoor serving area.

The gross beer sales limitation applicable to restaurant permits under ACC 8-92(3)(a) shall not apply to craft beer restaurant permits issued under this subsection. A craft beer restaurant shall not have monthly gross beer sales greater than forty-nine percent (49%) of the monthly gross sales of food. Exceeding this ratio for two (2) consecutive months, or for any three (3) months in any calendar year, shall constitute grounds for suspension or revocation of the permit. Food sales, for the purpose of this subsection, shall include the sale of food and non-alcoholic beverages and shall not include the sale of beer, wine, liquor, or any other alcoholic beverage. In addition, gross sales of sealed beer sold for off-premises consumption pursuant to this subsection shall be excluded from the gross beer sales ratio calculation under this subsection.

Food service for a craft beer restaurant may be provided through an on-site kitchen or through one (1) or more partner food providers. The term 'partner food provider' means a food service establishment properly permitted or licensed by the Tennessee Department of Health or other applicable authority to prepare and serve food, which provides prepared food for purchase and consumption by patrons on the permitted premises pursuant to a written agreement with the permittee and which provides such food service during the permittee's posted hours of operation. The term shall not include vending machines or the sale of prepackaged snack items only.

A permittee utilizing one (1) or more partner food providers shall maintain written agreements with each partner food provider, shall maintain records sufficient to verify food sales for purposes of this chapter, and shall make such agreements and records available to the city or beer board upon request. There shall be no limit on the number of partner food providers used by a craft beer restaurant, and partner food providers may operate simultaneously.

Any outdoor dining or serving area in which beer is sold, served, or consumed under a craft beer restaurant permit shall comply with the Athens Zoning Ordinance and all applicable provisions of Title 14 of the Athens City Code, including site plan approval under ACC 14-96 where applicable. The permittee shall comply with any production, retail sale, storage, and self-distribution limits applicable under Tennessee law."

SECTION 4.
Athens City Code section 8-92(4) is amended to read as follows:

"Each permit hereafter issued shall specify the classification of permit along with the kind of establishment as herein set forth. No beer sales other than the class designated shall be permitted except as stated herein. No on-the-premises consumption shall be legal where the establishment

has been granted an off-premises permit only. At establishments with permits allowing on-the-premises consumption, it shall be lawful for beer to be consumed on the premises only; provided, however, that a craft beer restaurant permit holder may also engage in off-premises sales to the extent expressly authorized in ACC 8-92(3)(i)."

SECTION 5.
Athens City Code section 8-94(4) is amended to read as follows:

"With the exception of a beer permit classified as a restaurant or craft beer restaurant, pool or billiard playing will not be permitted in the same room where beer is sold and/or consumed."

SECTION 6.
Athens City Code section 8-101(2) is amended, and the first sentence thereof shall read as follows:

"Notwithstanding subsection (1) of this section, for restaurant beer permit holders and craft beer restaurant permit holders, no sign, advertisement, or display indicating that beer may be purchased on the premises shall be erected or maintained on the exterior of the premises or on the interior of the premises if visible from the exterior."

SECTION 7.
AMENDMENT TO SECTION 3.04.06 (B-1 LOCAL BUSINESS DISTRICT).
Section 3.04.06(C), "Uses Permitted on Review," of the Athens Zoning Ordinance is hereby amended by adding a new item to the list of uses permitted on review to read as follows:

"Craft Beer Restaurant"

SECTION 8.
AMENDMENT TO SECTION 3.04.07 (B-2 CENTRAL BUSINESS DISTRICT).
Section 3.04.07(B), "Uses Permitted," of the Athens Zoning Ordinance is hereby amended by adding a new item to the list of uses permitted to read as follows:

"Craft Beer Restaurant"

SECTION 9.
AMENDMENT TO SECTION 3.04.08 (B-3 INTENSIVE BUSINESS DISTRICT).
Section 3.04.08(B), "Uses Permitted," of the Athens Zoning Ordinance is hereby amended by adding a new item to the list of uses permitted to read as follows:

"Craft Beer Restaurant"

SECTION 10.

CODIFICATION AUTHORITY.
The City Manager or designee is authorized to make ministerial, non-substantive corrections necessary to codify this ordinance, including formatting, numbering, lettering, internal sequencing, typographical, citation, and cross-reference corrections, and to update internal references affected by renumbering, provided that no change is made to the substantive meaning, effect, or legislative intent of this ordinance.

REPEALER.
All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

SEVERABILITY.
If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions hereof.

EFFECTIVE DATE.
This ordinance shall take effect upon final passage, the public welfare requiring it.

ORDINANCE NO. 1151

First Reading:	**April 21, 2026**	**Passed**
Public Hearing Notice:	**April 29, 2026**	**Published**
Second Reading:	**May 19, 2026**	**Passed**
Date of Public Hearing:	**May 19, 2026**	**6:13 p.m.**

Larry Eaton, Mayor

ATTEST:

Randall Dowling, City Manager

APPROVED AS TO FORM:

Christopher Caldwell, City Attorney