



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3137 Signed by Governor on May 19, 2017
Author: Stavrinakis
Subject: Sale of the Alcoholic Liquors
Requestor: House of Representatives
RFA Analyst(s): Kokolis
Impact Date: January 2, 2018

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	Undetermined	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will have no expenditure impact to the General Fund, Other Funds, or Federal Funds; because it does not change the responsibilities of the agency. This bill will have no revenue impact to the General Fund, Other Funds, or Federal Funds, because the bill codifies existing administrative procedures required by the South Carolina Supreme Court’s decision in Retail Services & Systems, Inc., d/b/a Total Wine & More v. South Carolina Department of Revenue & ABC Stores of South Carolina, 419 S.C. 469, 799 S.E.2d 665 (2017). The South Carolina Department of Revenue (SCDOR) began implementing the ruling in April 2017.

Explanation of Fiscal Impact

Signed by Governor on May 19, 2017

State Expenditure

The bill raises the size limit on alcohol samples that a licensed micro-distillery or manufacturer may serve to an individual customer at a tasting from 1.5 ounces to 3 ounces per day. The micro-distillery or manufacturer may provide free mixers, which must be nonalcoholic and carry zero percent of alcohol by weight. The bill removes the limitation on the size bottle of alcohol a micro-distillery or manufacturer may sell at retail on premises, while maintaining the overall daily volume limit on bottle sales per customer. Minors are not allowed into the portion of the facility where tastings are occurring.

This bill increases the number of retail dealer licenses that may be held by one licensee from three to an indefinite number beginning April 5, 2018. Breweries may apply for a retail on-premises consumption permit for the sale of beer and wine not produced on the licensed

premises. This bill removes a brewery's ability to offer samples of beer on its premises, and they must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement. The Department of Revenue, in addition to the Department of Alcohol and Other Drug Abuse Services, may now approve alcohol enforcement training that breweries must provide to their employees.

Department of Revenue. This bill will have no expenditure impact to the General Fund, Other Funds, or Federal Funds. This bill increases the ounces of alcohol a micro-distillery or manufacturer may dispense as a sample to a consumer in a day and eliminates the requirement that these businesses sell alcohol at retail on their premises in bottles no larger than 750 milliliters. This bill increases the number of retail dealer licenses that may be held by one licensee from three to an indefinite number beginning April 5, 2018. The department indicates that the additional licenses allowed will only cover those locations that are currently in a grandfathered status. Breweries may apply for a retail on-premises consumption permit for the sale of beer and wine not produced on the licensed premises. This bill removes a brewery's ability to offer samples of beer on its premises, and they must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement. The Department of Revenue, in addition to the Department of Alcohol and Other Drug Abuse Services, may now approve alcohol enforcement training that breweries must provide to their employees. This bill does not change the department's responsibilities and therefore, will not have any expenditure impact on the agency.

State Revenue

This bill increases the number of retail dealer licenses that may be held by one licensee from three to an indefinite number beginning April 5, 2018. Based upon data provided by the Department of Revenue, there are currently 989 retail liquor stores in the State. Of this number, twenty-seven licensees, or approximately 3 percent, currently have three retail liquor stores. This bill codifies the South Carolina Supreme Court's decision in the *Retail Services & Systems, Inc.* case where it was held that the SCDOR cannot limit the number of liquor licenses held by a retail liquor store owner. Previously, an owner was limited to three retail liquor licenses within the State. As a result of the Supreme Court's ruling, the SCDOR began implementing the licensing change in April 2017. This bill will not have a revenue impact on the General Fund, Other Funds, or Federal Funds.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director