



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3139 Amended by Senate Judiciary on April 19, 2018  
**Author:** Stavrinakis  
**Subject:** Permits  
**Requestor:** Senate Judiciary  
**RFA Analyst(s):** Mitchell and Gable  
**Impact Date:** April 25, 2018

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	Undetermined	Undetermined
Other and Federal	Undetermined	Undetermined
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill will have no impact on the Department of Revenue’s (DOR) or Department of Insurance’s expenditures because it does not materially alter the oversight or regulatory activities of these agencies.

The bill could minimally decrease General Fund and Other Funds revenues because the bill may reduce insurance premium tax collections by the Department of Insurance (DOI) by an undetermined amount as a result of lower premium insurance tax revenue. This may result in a partial impact beginning in FY 2018-19 and a full impact beginning in FY 2019-20.

**Explanation of Fiscal Impact**

**Amended by Senate Judiciary on April 19, 2018**

**State Expenditure**

This bill allows a soccer complex to apply for a permit to purchase and sell beer and wine for on-premises consumption. The bill also permits a soccer complex to apply for a biennial license to purchase and sell alcoholic liquors by the drink. A soccer complex is defined as a soccer facility, along with its ancillary grounds and facilities, that hosts a professional league soccer team. Current law allows a motorsports entertainment complex, tennis specific complex, or baseball complex to apply for these permits.

The bill also stipulates that individuals licensed to sell alcoholic beverages for on-premises consumption are required to maintain a liquor liability insurance policy or a general liability

insurance policy equal to \$1,000,000 or the total coverage in §15-78-120(a)(2), which is currently \$600,000. Current law requires total liability coverage of at least \$1,000,000.

**Department of Revenue.** DOR currently issues permits for the sale of beer and wine and licenses for alcoholic liquors by the drink to the owners of sports complexes. DOR indicates that this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds, as any additional permits or licenses can be managed within existing appropriations.

**Department of Insurance.** Section 3 of this bill could reduce insurance premium tax collections by DOI, as discussed below. The process of collecting insurance premium taxes is within the scope of current practice for DOI. As such, this bill will have no expenditure impact to the General Fund, Other Funds, or Federal Funds.

### **State Revenue**

Section 3 of this bill as amended sets a minimum coverage requirement for liquor liability insurance or general liability insurance policy with a liquor liability endorsement of either \$1,000,000 or the amount equal to the liability limitation provided in §15-78-120(a)(2), which is currently \$600,000 for a single occurrence. This minimum coverage limit applies to persons licensed to serve or permitted to sell alcoholic beverages for on-premises consumption, which remains open after five o'clock p.m. to sell alcoholic beverages for on-premises consumption. This bill takes effect upon the signing of the Governor.

Currently, persons licensed to serve or permitted to sell alcoholic beverages for on-premises consumption, which remains open after five o'clock p.m. to sell alcoholic beverages for on-premises consumption must maintain a minimum liability coverage of \$1,000,000.

This bill as amended may result in a decrease in the premium insurance tax revenue, dependent on the number of persons subject to the minimum requirement that choose to lower their insurance coverage below \$1,000,000, resulting in lower premiums. The insurance premium tax is one and one quarter percent of premiums and are paid quarterly. Therefore, lower premiums result in a decrease in premium insurance tax revenue.

The first three insurance premium tax payments, paid in June, September, and December of the current year, are estimated using the prior calendar year's actual tax liability. The final payment is made in March of the following year and is the difference between the actual premium tax liability owed in that calendar year and the prior payments made. Because this bill takes effect as of July 1, 2018, assuming anyone who wishes to lower his insurance coverage does so immediately, only six months of lower premiums would be captured in FY 2018-19 premium insurance tax revenue. The full impact of lower premiums as a result of this bill would not be captured in the insurance premium tax revenue until FY 2019-20.

Beginning July 1, 2017, insurance premium tax revenue is allocated as follows: one percent to the South Carolina Forestry Commission, one percent to the aid to fire district account within the State Treasury, one quarter of one percent to the aid to emergency medical services regional councils within the Department of Health and Environmental Control (DHEC), and the remaining ninety-seven and three-fourths percent to the General Fund. Therefore, this bill may

prompt a minimal decrease in Other Funds and the General Fund as a result of lower premium insurance tax revenue with a partial impact beginning in FY 2018-19 and a full impact beginning in FY 2019-20.

**Local Expenditure**

N/A

**Local Revenue**

This bill permits DOR to issue a biennial permit for the purchase and sale of beer and wine for on-premises consumption and a biennial license for the purchase and sale of alcoholic liquors by the drink for on-premises consumption to the owner or designee of a soccer complex that hosts a professional soccer team. In the event that the owner or designee applies for both a license and a permit, only one fee is required, equal to the fee imposed pursuant to Section 61-6-2010. The revenue derived from the permit and license must be distributed to the municipality or county in which the retailer who paid the fee is located.

DOR indicates that the professional soccer team in Charleston, South Carolina currently has a biennial permit for the purchase and sale of beer and wine for on-premises consumption and a biennial license for the purchase and sale of alcoholic liquors by the drink for on-premises consumption. Therefore, the bill will have no revenue impact to the General Fund, Other Funds, or Federal Funds for DOR.

**Amended by the House of Representatives on February 22, 2018**

**State Expenditure**

This bill allows a soccer complex to apply for a permit to purchase and sell beer and wine for on-premises consumption. The bill also permits a soccer complex to apply for a biennial license to purchase and sell alcoholic liquors by the drink. A soccer complex is defined as a soccer facility, along with its ancillary grounds and facilities, that hosts a professional league soccer team. Current law allows a motorsports entertainment complex, tennis specific complex, or baseball complex to apply for these permits. DOR currently issues the aforementioned permits and licenses to the owners of sports complexes.

DOR indicates that this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds, as any additional permits or licenses can be managed within existing appropriations.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

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Frank A. Rainwater, Executive Director