



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0116 Amended by Senate Judiciary on February 21, 2017
Author: Rankin
Subject: Alcohol License Requirements
Requestor: Senate Judiciary
RFA Analyst(s): Kokolis and Jolliff
Impact Date: March 2, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$50,000	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	1.00	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 as amended will have an expenditure impact of \$50,000 to the General Fund for the Department of Revenue to hire one FTE to monitor and maintain the required documentation. This bill will have no expenditure impact on Other Funds or Federal Funds. The amendment may result in an increase in General Fund insurance premium tax revenue. However, the amount is undetermined, as the revenue will depend upon the number of individuals who must obtain new or additional liability insurance coverage.

Explanation of Fiscal Impact

Amended by Senate Judiciary on February 21, 2017

State Expenditure

This amendment requires a person licensed or permitted to sell alcoholic beverages for on-premises consumption to maintain either a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement with coverage of at least one million dollars during the period of the biennial permit or license.

Department of Revenue. The department indicates this amended bill will have an expenditure impact of \$50,000 on the General Fund for the Department of Revenue to hire one FTE to monitor and maintain the required documentation. The department will have to track information and provide notification to the licensees in order to keep the applicants current. This bill will have no expenditure impact on Other Funds or Federal Funds.

State Revenue

This amended bill requires persons licensed or permitted to sell alcoholic beverages for on-premises consumption to maintain a liquor license insurance policy or a general liability insurance policy with a liquor liability endorsement with coverage of at least \$1,000,000 during the biennial license period. This requirement may result in an increase in General Fund insurance premium tax revenue. The tax equals 1.25 percent of the total premiums written. The amount of the revenue impact will depend upon how many persons do not currently maintain \$1,000,000 of liquor liability coverage or general liability with a liquor liability endorsement and must increase or purchase liability insurance in accordance with this provision. Therefore, the amount of the potential increase is undetermined.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 10, 2017**State Expenditure**

This bill requires a person licensed or permitted to sell alcoholic beverages for on-premises consumption to maintain liability insurance with coverage of at least one million dollars during the period of the biennial permit or license. Failure to maintain this coverage constitutes grounds for suspension or revocation of the permit or license.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$50,000 on the General Fund for the Department of Revenue to hire one FTE to monitor and maintain the required documentation. The department will have to track information and provide notification to the licensees in order to keep the applicants current. This bill will have no expenditure impact on Other Funds or Federal Funds.

State Revenue

This bill requires persons licensed or permitted to sell alcoholic beverages for on-premises consumption to maintain liability insurance with coverage of at least \$1,000,000 during the biennial license period. This requirement may result in an increase in General Fund insurance premium tax revenue. The tax equals 1.25 percent of the total premiums written. The amount of the revenue impact will depend upon how many persons do not currently maintain \$1,000,000 of liability coverage and must increase or purchase liability insurance in accordance with this provision. Therefore, the exact amount of the potential increase is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director