



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0455 Amended by the Senate on May 8, 2019  
**Author:** Alexander  
**Subject:** Temporary Professional Licenses  
**Requestor:** Senate Labor, Commerce, and Industry  
**RFA Analyst(s):** A. Martin, Gardner, and Mitchell  
**Impact Date:** July 10, 2019

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### **Fiscal Impact Summary**

This bill will have no expenditure or revenue impact on the Department of Labor, Licensing and Regulation (LLR) because it does not materially alter the regulatory practices of the agency or its boards.

The bill will increase Other Fund expenditures by \$225,000 beginning in FY 2019-20 for salary and fringe benefits for 3 FTEs and 5 part-time employees to administer the new alcohol server training program requirements for the Department of Revenue (DOR). DOR is authorized to defray its expenditures from the Responsible Alcohol Server Training Fund (training fund). The training fund will include revenue from fees charged for approving training providers and issuing alcohol server certificates.

The bill may increase expenditures of Federal Funds by the Department of Alcohol and Other Drug Abuse Services (DAODAS) in the amount of \$16,000 beginning in FY 2020-21 to subsidize the new provider fees paid by the 32 county alcohol and drug abuse authorities currently delivering training. This bill will have no expenditure impact on the General Fund or Other Funds for DAODAS.

The bill will have no impact on the General Fund, Other Funds, or Federal Funds for the State Law Enforcement Division (SLED). SLED indicates that the bill tasks the division with new enforcement duties that can be accomplished within existing inspection processes.

The bill will have no impact on the General Fund, Other Funds, or Federal Funds for the Administrative Law Court, because it tasks the agency with activities will be conducted in the normal course of agency business.

The bill will increase DOR Other Funds revenue of the training fund by a range of \$2,500 to \$18,500 beginning in FY 2020-21 due to fees collected from approved training programs providers. This increase in Other Funds revenue is dependent upon the number of providers that are exempt from paying the provider fee. In addition, this bill will increase DOR Other Funds revenue of the training fund by as much as \$525,000 in FY 2020-21 and every third year thereafter for the issuance of alcohol server certificates. Other Funds revenue from administrative fines imposed for violations of provisions of this bill is undetermined due to lack of historical data.

The revenue and expenditure impact of the bill on local governments is undetermined because it is dependent upon the number of future violations.

## **Explanation of Fiscal Impact**

**Amended by the Senate on May 8, 2019**

### **State Expenditure**

Sections 1 through 4 of this bill require licensing agencies to issue a temporary professional license to a spouse of an active duty member of the United States Armed Forces who is assigned to a duty station in this state. In addition, this bill requires licensing agencies to apply education, training, and experience completed by a member of the Armed Forces or Reserves of the United States toward satisfying the qualifications of licensure or certification. This stipulation applies to members of reserve forces of any state.

**Department of Labor, Licensing and Regulation.** This bill applies to professional and occupation licenses and certifications issued pursuant to Title 40, which are regulated by LLR. This bill codifies current regulatory practices. Therefore, this bill will have no expenditure impact on LLR or its regulatory boards.

LLR has been tracking military spouse requests since October 2018. Since then, the agency has had twenty-four military spouse inquiries. Of this total, 13 people inquired but did not apply for a license, 3 temporary professional licenses were issued, 6 permanent professional licenses were issued, and 2 permanent license applications are currently in process.

Section 5 of the bill enacts the Responsible Alcohol Server Training Act (training act) and makes related amendments to other beer, wine, and alcoholic liquor laws. The training act applies to a premises licensed or permitted for the sale of alcohol for on-premises consumption and requires its managers and alcohol servers to obtain an alcohol server certificate within 60 calendar days of employment. This requirement extends to the permittee or licensee of the premises if they function as a manager or server on the premises.

In order to receive an alcohol server certificate, an individual must complete an approved alcohol server training program. The bill authorizes DOR, in collaboration with DAODAS and SLED, to approve training programs offered by providers. DOR must issue a server certificate valid for 3 years to each applicant who completes an approved responsible alcohol server education program or recertification program.

**Department of Alcohol and Other Drug Abuse Services.** Currently, DAODAS approves alcohol retailer and server education programs as required by state law. There are currently 5 approved program providers in the private sector. In addition, DAODAS developed a server education curriculum known as Palmetto Retailers Education Program (PREP). PREP is delivered through a community-based system of 32 county alcohol and drug abuse authorities. DAODAS provides resources to the local alcohol and drug abuse authorities, to include training manuals, state affiliated trainers, marketing pamphlets, certificates, and a percentage of an agency FTE to support the delivery of PREP. The costs to DAODAS are approximately \$10,000 annually and are funded through the federal Substance Abuse Prevention and Treatment Block

Grant (SAPT). Collectively, county authorities graduated 1,257 retail staff from the PREP program in FY 2017-18. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 servers in South Carolina that will require training. Any increase in resource costs as a result of more demand for the course will be managed within DAODAS' Federal Funds.

The bill allows DOR to charge program providers an annual fee of up to \$500 beginning in FY 2020-21. As a state agency, DAODAS is exempt from paying the provider fee. However, it is unclear whether the provider fee will apply to the 32 county alcohol and drug abuse authorities that deliver the training. If the county authorities are subject to the provider fee, the department indicates it may need to subsidize the fee, which would increase expenditures for DAODAS by as much as \$16,000 annually beginning in FY 2019-20. Any increase in expenditures would be charged to and managed within the federal SAPT block grant. The bill will have no expenditure impact on the General Fund or Other Funds for DAODAS.

**Department of Revenue.** The agency, in collaboration with SLED and DAODAS, is authorized to approve and regulate alcohol server training programs. DOR, along with SLED, will be responsible for promulgating regulations and enforcing the provisions of the act. DOR will also be responsible for managing the Responsible Alcohol Server Training Fund, bringing administrative actions for violations, and processing applications and issuing certificates for alcohol servers. Approximately 35,000 servers will require certification. The department indicates that it will need to hire 3 FTEs and 5 part-time employees to administer the new requirements. Therefore, this bill will increase Other Funds expenditures by \$225,000 in FY 2019-20 for salary and fringe benefits for new employees. This bill allows the training fund to be used for these expenditures associated with implementation and enforcement of the provisions of this chapter.

**South Carolina Law Enforcement Division.** SLED will be required to collaborate with other departments for the approval and regulation of training programs, promulgation of regulations, and enforcement of the act. SLED indicates that it can accomplish these duties with existing staff and resources. Therefore, this bill will have no expenditure impact on the agency.

**Administrative Law Court.** Certain licensees and permittees are required to maintain additional liability insurance. This bill requires DOR to automatically suspend the permit or license of any licensee or permittee that fails to maintain the required insurance. This bill allows the permittee or licensee to request a hearing with the Administrative Law Court to review the decision. These activities will be conducted in the normal course of agency business. As a result, this bill will have no expenditure impact on the agency.

### **State Revenue**

Sections 1 through 4 of this bill require licensing agencies to issue a temporary professional license to a spouses of active duty members stationed in this state. In addition, this bill requires licensing agencies to apply education, training, and experience completed by a member of the Armed Forces or Reserves of the United States toward satisfying the qualifications of licensure or certification. LLR is currently implementing the requirements of this bill. Therefore, this bill will have no revenue impact on the regulatory boards administered by LLR.

Section 5 allows DOR to charge fees for server certificates and program providers. In addition, the act imposes fines on servers and licensees and permittees for violations of the act. The collection of these fees will begin in FY 2020-21. All fees and fines imposed pursuant to the act will be deposited into a revolving fund named the Responsible Alcohol Server Training Fund to assist with the costs of implementation and enforcement of the act.

**Department of Revenue.** The bill allows DOR to charge providers of alcohol server training programs an annual fee not to exceed \$500 annually. For this analysis, we assume that DOR will charge the full \$500 fee for providers. State agencies are exempt from the provider fee. Based upon data provided by DOR, there are currently 6 approved providers for alcohol server training programs, with only 1 provider, DAODAS, being a state agency. In addition, DAODAS developed an alcohol server education curriculum know as PREP, which is delivered through 32 county providers. It is unclear whether the county providers will be subject to the provider fee. If the 32 county providers are exempt from paying the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$2,500 annually beginning in FY 2020-21 for the 5 private sector providers. If the 32 county providers, in addition to the 5 private sector program providers, are required to pay the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$18,500 annually beginning in FY 2020-21 for a total of 37 providers.

In addition, DOR may charge individuals a fee in an amount not to exceed \$15 for the issuance and renewal of alcohol server certificates. The alcohol server certificates are valid for a period of 3 years. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 alcohol servers in South Carolina that will require certification. For this analysis, we assume that DOR will charge the maximum \$15 fee per applicant. Therefore, this portion of the bill will increase Other Funds revenue by \$525,000 in FY 2020-21 and every third year thereafter. Our office anticipates that DOR will experience an insignificant increase in Other Funds revenue in the years between the three-year certification period as new servers enter the workforce and are required to obtain certification.

Also, DOR may impose administrative fines, not to exceed \$350, against any person that violates the provisions of the training act. Since the bill creates new administrative fines for which there is no historical data, the revenue impact on Other Funds for this portion of the bill is undetermined.

**Department of Alcohol and Other Drug Abuse Services.** DAODAS does not currently receive any revenue from the 32 local alcohol and drug abuse authorities who deliver PREP and does not anticipate charging for resources provided to the county authorities, if the training is made mandatory by this bill. Therefore, this bill will have no revenue impact on DAODAS.

### **Local Expenditure**

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals in an intoxicated condition. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Because the bill creates a new violation for which there is no historical data, the increase in expenditures for local governments is undetermined.

## **Local Revenue**

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals in an intoxicated condition. Existing law provides for the retention of part or all of the revenue generated from fines, assessments, and surcharges by the local jurisdiction processing the case. The revenue impact on local governments is dependent upon the number of convictions. Because the bill creates a new violation for which there is no historical data, the increase in revenue for local governments is undetermined.

This bill allows providers to charge individuals a maximum of \$35 for a training program. Local alcohol and drug abuse authorities currently collect fees for the PREP program to support local material distribution, space rental, and FTE training expenses. The amounts charged by the 32 county authorities vary, but we anticipate no revenue impact on local authorities.

## **Amended by the Senate on March 5, 2019**

### **State Expenditure**

This bill requires licensing agencies to issue a temporary professional license to a spouse of an active duty member of the United States Armed Forces who is assigned to a duty station in this state. In addition, this bill requires licensing agencies to apply education, training, and experience completed by a member of the Armed Forces or Reserves of the United States toward satisfying the qualifications of licensure or certification. This stipulation applies to members of reserve forces of any state.

This bill applies to professional and occupation licenses and certifications issued pursuant to Title 40, which are regulated by LLR. This bill codifies current regulatory practices. Therefore, this bill will have no expenditure impact on LLR or its regulatory boards.

LLR has been tracking military spouse requests since October 2018. Since then, the agency has had twenty-four military spouse inquiries. Of this total, thirteen people inquired but did not apply for a license, three temporary professional licenses were issued, six permanent professional licenses were issued, and two permanent license applications are currently in process.

This fiscal impact statement has been updated based on a response from LLR.

### **State Revenue**

LLR is currently implementing the requirements of this bill. Therefore, this bill will have no revenue impact on the regulatory boards administered by LLR.

This fiscal impact statement has been updated based on a response from LLR.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A

## **Introduced on January 29, 2019**

**State Expenditure**

This bill requires licensing agencies to issue a temporary professional license to a spouse of an active duty member of the United States Armed Forces who is assigned to a duty station in this state. In addition, this bill requires licensing agencies to apply education, training, and experience completed by a member of the Armed Forces or Reserves of the United States toward satisfying the qualifications of licensure or certification. This stipulation applies to members of reserve forces of any state.

Currently, licensing agencies are allowed, but not required, to consider both of these provisions when reviewing a candidate for licensure. This bill applies to professional and occupation licenses and certifications issued pursuant to Title 40, which are regulated by LLR. The expenditure impact of this bill is pending, contingent upon a response from LLR.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director