

# REPORT OF THE LICENSES, FEES AND OTHER TAXES SUBCOMMITTEE

(Sottile, Bales, Hayes & Huggins - Staff Contact: Stephanie Meetze)

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## SENATE BILL 993

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S. 993 -- Senator Hembree: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 61-4-555, SO AS TO PROVIDE FOR A PERMIT ALLOWING LICENSED WINERIES, BREWERIES, AND MICRO-DISTILLERIES TO SELL THEIR WINE, BEER, AND ALCOHOLIC LIQUORS AT FESTIVALS AND TO PROVIDE SAMPLES OF THESE PRODUCTS AT FESTIVALS; BY ADDING SECTION 61-4-721, SO AS TO PERMIT LICENSED WINERIES TO OBTAIN WINERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555; BY ADDING SECTION 61-4-970, SO AS TO PERMIT LICENSED BREWERIES TO OBTAIN BREWERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555; AND BY ADDING SECTION 61-6-1155, SO AS TO PERMIT LICENSED MICRO-DISTILLERIES TO OBTAIN MICRO-DISTILLERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555.

***Summary of Bill:***

This bill establishes festival permits to be issued by the Department of Revenue (DOR) to licensed breweries, wineries, and micro distilleries of the state. Festival permits authorize state licensed alcohol producers to sell their product and to provide samples for consumption at a festival for which a permit is obtained. Issued permits will be valid until the end of the festival for which the permit was issued. In order to obtain a permit, an applicant must complete a law enforcement notification provision which shall be included in the application. Both the application and the law enforcement notification provision are to be developed by DOR.

***Estimated Fiscal Impact:***

This bill will not have an expenditure or revenue impact to the General Fund, Federal Funds, or Other Funds, as the Department of Revenue (DOR) anticipates any increase in expenses or revenues will be minimal, and the agency will be able to manage the changes within existing appropriations.

**HOUSE ACTIONS:**

<b><i>Received by Ways and Means:</i></b>	06/24/2020
<b><i>Subcommittee Recommendation:</i></b>	Favorable
<b><i>Full Committee Recommendation:</i></b>	Pending
<b><i>2<sup>nd</sup> Reading Vote:</i></b>	

"THE BELOW CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT".

**SENATE ACTIONS:**

***Referred to Judiciary***

***:***

01/14/2020

***Full Committee Recommendations:***

Favorable with amendment

***2<sup>nd</sup> Reading Vote:***

36-2

***Read 3<sup>rd</sup> time and sent to House:***

05/13/2020



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	S.0993	Introduced on January 14, 2020
<b>Author:</b>	Hembree	
<b>Subject:</b>	Alcohol	
<b>Requestor:</b>	Senate Judiciary	
<b>RFA Analyst(s):</b>	Payne	
<b>Impact Date:</b>	February 21, 2020	

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### **Fiscal Impact Summary**

This bill will not have an expenditure or revenue impact to the General Fund, Federal Funds, or Other Funds, as the Department of Revenue (DOR) anticipates any increase in expenses or revenues will be minimal, and the agency will be able to manage the changes within existing appropriations.

### **Explanation of Fiscal Impact**

#### **Introduced on January 14, 2020**

##### **State Expenditure**

This bill establishes festival permits to be issued by the Department of Revenue (DOR) to licensed breweries, wineries, and micro distilleries of the state. Festival permits authorize state licensed alcohol producers to sell their product and to provide samples for consumption at a festival for which a permit is obtained. Issued permits will be valid until the end of the festival for which the permit was issued. In order to obtain a permit, an applicant must complete a law enforcement notification provision which shall be included in the application. Both the application and the law enforcement notification provision are to be developed by DOR.

Due to the limited applicability of the festival permits, DOR anticipates that any additional expenses associated with the administration of the permits can be managed within existing appropriations. Therefore, this bill will not have an expenditure impact to the General Fund, Federal Funds, or Other Funds of DOR.

##### **State Revenue**

This bill does not expressly permit DOR to charge a fee for the festival permits. Due to the limited applicability of the festival permits, DOR does not anticipate this bill will have a material effect on tax collections. Therefore, this bill will not have a revenue impact to the General Fund, Federal Funds, or Other Funds.

##### **Local Expenditure**

N/A

##### **Local Revenue**

N/A

Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
123rd Session, 2019-2020

**S. 993**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Hembree

Document Path: I:\s-jud\bill\hembree\jud0073.mf.docx

Introduced in the Senate on January 14, 2020

Introduced in the House on June 24, 2020

Last Amended on May 12, 2020

Currently residing in the House Committee on **Ways and Means**

Summary: Alcohol

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
1/14/2020	Senate	Introduced and read first time ( <a href="#">Senate Journal-page 65</a> )
1/14/2020	Senate	Referred to Committee on <b>Judiciary</b> ( <a href="#">Senate Journal-page 65</a> )
2/18/2020	Senate	Referred to Subcommittee: Turner (ch), Hutto, Talley, Cash, Harpootlian
3/11/2020	Senate	Committee report: Favorable with amendment <b>Judiciary</b> ( <a href="#">Senate Journal-page 6</a> )
5/12/2020	Senate	Committee Amendment Adopted ( <a href="#">Senate Journal-page 46</a> )
5/12/2020	Senate	Amended ( <a href="#">Senate Journal-page 46</a> )
5/12/2020	Senate	Read second time ( <a href="#">Senate Journal-page 46</a> )
5/12/2020	Senate	Roll call Ayes-36 Nays-2 ( <a href="#">Senate Journal-page 46</a> )
5/12/2020	Senate	Unanimous consent for third reading on next legislative day ( <a href="#">Senate Journal-page 46</a> )
5/13/2020		Scrivener's error corrected
5/13/2020	Senate	Read third time and sent to House ( <a href="#">Senate Journal-page 4</a> )
6/24/2020	House	Introduced and read first time ( <a href="#">House Journal-page 30</a> )
6/24/2020	House	Referred to Committee on <b>Ways and Means</b> ( <a href="#">House Journal-page 30</a> )

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**VERSIONS OF THIS BILL**

[1/14/2020](#)

[3/11/2020](#)

[5/12/2020](#)

[5/13/2020](#)

1 ~~Indicates Matter Stricken~~

2 Indicates New Matter

3

4 COMMITTEE AMENDMENT ADOPTED AND AMENDED

5 May 12, 2020

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**S. 993**

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Introduced by Senator Hembree

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11 S. Printed 5/12/20--S.

[SEC 5/13/20 12:47 PM]

12 Read the first time January 14, 2020.

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[993-1]

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**A BILL**

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11 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA,  
12 1976, BY ADDING SECTION 61-4-555, SO AS TO PROVIDE  
13 FOR A PERMIT ALLOWING LICENSED WINERIES,  
14 BREWERIES, AND MICRO-DISTILLERIES TO SELL THEIR  
15 WINE, BEER, AND ALCOHOLIC LIQUORS AT FESTIVALS  
16 AND TO PROVIDE SAMPLES OF THESE PRODUCTS AT  
17 FESTIVALS; BY ADDING SECTION 61-4-721, SO AS TO  
18 PERMIT LICENSED WINERIES TO OBTAIN WINERY  
19 FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-  
20 4-555; BY ADDING SECTION 61-4-970, SO AS TO PERMIT  
21 LICENSED BREWERIES TO OBTAIN BREWERY FESTIVAL  
22 PERMITS IN ACCORDANCE WITH SECTION 61-4-555; AND  
23 BY ADDING SECTION 61-6-1155, SO AS TO PERMIT  
24 LICENSED MICRO-DISTILLERIES TO OBTAIN MICRO-  
25 DISTILLERY FESTIVAL PERMITS IN ACCORDANCE WITH  
26 SECTION 61-4-555.

27 Amend Title To Conform

28

29 Be it enacted by the General Assembly of the State of South  
30 Carolina:

31

32 SECTION 1. Section 61-4-730 of the 1976 Code is amended to  
33 read:

34

35 "Section 61-4-730. (A) Permitted wineries that produce and sell  
36 wine produced on its premises with at least sixty percent of the juice  
37 from fruit and berries that are grown in this State may sell the wine  
38 at retail, wholesale, or both, and deliver or ship the wine to licensed  
39 retailers in this State or to consumer homes in and outside the State,  
40 and are eligible for a special permit pursuant to Section 61-4-550.  
41 Wine must be delivered between 7:00 a.m. and 7:00 p.m. Gross  
42 income from wine sold at events for which a special permit has been

1 issued must not exceed ten percent of a permitted winery's gross  
2 income per year from wine sales and that income must be derived  
3 from sales at events that are promotional in nature.

4 (B) Permitted wineries that produce and sell wine produced on  
5 their premises with less than sixty percent of the juice from fruit and  
6 berries that are grown in this State may retail from the winery and  
7 ship the wine directly to consumer homes in and outside the State,  
8 but these wineries are not wholesalers of the wine. These wineries  
9 shall use a licensed South Carolina wholesaler to deliver or ship the  
10 wine to licensed retailers in this State.

11 (C) The South Carolina Department of Agriculture shall  
12 periodically inspect the records of permitted wineries for  
13 verification of the percentage of juice from fruit and berries grown  
14 in this State used in the manufacturing of the wineries' products.  
15 Within ten days of conducting an inspection, the South Carolina  
16 Department of Agriculture shall report its findings to the South  
17 Carolina Department of Revenue. If a winery is found to be in  
18 violation of this statute, the owner of the winery is subject to  
19 penalties pursuant to Section 61-4-780.”

20  
21 SECTION 2. A. Section 61-4-1515(E) of the 1976 Code is  
22 amended to read:

23  
24 “(E) A brewery located in this State is authorized to sell beer  
25 on its permitted premises for off-premises consumption, provided  
26 that the sealed beer was brewed on the brewery's permitted premises  
27 with an alcohol content of fourteen percent by weight or less, subject  
28 to the following conditions:

29 (1) the maximum amount of beer that may be sold to an  
30 individual per day for off-premises consumption shall be equivalent  
31 to ~~two hundred eighty-eight~~ five hundred seventy-six ounces in  
32 total;

33 (2) ~~the beer only shall be sold in conjunction with a tour by~~  
34 ~~the consumer of the permitted premises and the entire brewing~~  
35 ~~process utilized at the permitted premises;~~

36 (3) the beer sold is for personal use only and must not be  
37 resold;

38 (4)(3) the beer must not be sold to anyone holding a retail beer  
39 and wine license for the purpose of resale in their establishment;

40 (5)(4) the brewery must sell the beer at the permitted premises  
41 at a price approximating retail prices generally charged for identical  
42 beverages in the county where the permitted premises are located;  
43 and /

