



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0115 Amended by Senate Judiciary on February 21, 2017
Author: Rankin
Subject: Alli’s Law - Mandatory Alcohol Server Training Act
Requestor: Senate Judiciary
RFA Analyst(s): Kokolis, Gardner and Wren
Impact Date: February 27, 2017 - Updated for additional agency response

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$225,000	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	3.00	0.00
State Revenue		
General Fund	Undetermined	\$0
Other and Federal	Undetermined	\$0
Local Expenditure	Undetermined	\$0
Local Revenue	Undetermined	\$0

Fiscal Impact Summary

This bill will have an expenditure impact of \$225,000 in FY 2017-18 and each fiscal year thereafter for the Department of Revenue (DOR) to employ three FTEs and five temporary employees to administer the new alcohol server training program requirements. DOR is authorized to defray its costs with fees charged for approving training providers, issuing alcohol server certificates, and administrative fines. This bill will have no expenditure impact on Other Funds or Federal Funds. The expenditure impact on local governments is undetermined.

The revenue impact on the General Fund is undetermined. The amended bill is expected to increase Other Funds revenue by an amount of \$527,500 to \$543,500 from fees collected by DOR for approving training programs and issuing alcohol server certificates. The increase in Other Funds Revenue is dependent upon the number of providers that are exempt from paying the provider fee. Revenue from administrative fines imposed for violations of provisions of this bill is undetermined. The revenue impact on local governments is undetermined. This impact statement includes additional information from DOR and an additional response from the Department of Alcohol and Other Drug Abuse Services (DAODAS) for the state expenditure and state revenue sections.

Explanation of Fiscal Impact

Amended by Senate Judiciary on February 21, 2017

Updated for Additional Agency Response

State Expenditure

Currently DAODAS approves alcohol retailer and server education as required by state law. In addition, DAODAS developed a server education curricula known as Palmetto Retailers Education Program (PREP). PREP is delivered through a community-based system of thirty-two 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 currently and funded through the federal Substance Abuse Prevention and Treatment Block Grant (SAPT). Any increase in resource costs as a result of more demand for the course will be managed within DAODAS federal funds.

As a state agency, DAODAS is exempt from paying DOR the \$500 provider fee. However, if the thirty-two county alcohol and drug abuse authorities are not considered exempt from the provider fee, expenditures for each of those organizations would increase \$500 annually beginning in FY 2017-18. Local alcohol and drug abuse authorities currently use funding collected through the charged fees for the PREP course to support local material distribution, space rental, and FTE training expenses. DAODAS estimates that the cost to local alcohol and drug abuse authorities per year in order to continue to participate in the server education programming if they are found non-exempt, to be \$16,000. The department indicates it may need to subsidize the \$500 fee charged to local provider agencies, which would increase DAODAS costs. DAODAS' increased cost, if any, would be charged to and managed within the federal SAPT block grant. The amended bill would not have an expenditure impact on the General Fund or Other Funds for DAODAS.

Department of Alcohol and Other Drug Abuse Services. The agency indicates that any expenses associated with subsidizing the \$500 provider fee charged to local provider agencies would be managed within the federal SAPT block grant. Therefore, this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. This section includes an additional response from DAODAS.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$225,000 to the General Fund to hire three FTEs and five temporary employees to administer the new requirements. This bill will have no expenditure impact on Other Funds or Federal Funds.

South Carolina Law Enforcement Division. The division indicates this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. The agency can accomplish enforcement during their normal inspection processes and will not require additional staff.

State Revenue

DAODAS does not currently receive any revenue from the 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, the bill is not expected to have a state revenue impact for DAODAS.

Based upon data from DOR and DAODAS, there are currently six approved providers. One of the six is DAODAS, which is exempt from paying the \$500 provider fee. DAODAS developed the server education curricula know as PREP. Under the PREP program, there are thirty-two county providers. If the thirty-two county providers are exempt from paying the \$500 provider fee, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this section of the bill. If the thirty-two county providers are required to pay the \$500 provider fee, revenue of the Responsible Alcohol server Training Fund will increase by \$18,500 for this section of the bill. This section includes additional data from DOR and DAODAS.

Local Expenditure

The amended bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Therefore, the increase in expenses for local governments is undetermined.

Local Revenue

The amended bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The revenue impact on local governments is dependent upon the number of convictions and is undetermined. 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.

Amended by Senate Judiciary on February 21, 2017

Updated for Revised Agency Response

State Expenditure

The bill as amended would enact the Responsible Alcohol Server Training Act (training act) or Alli's Law, and make related amendments to other beer, wine and alcoholic liquor laws. The training act prohibits an individual from employment as a manager or alcohol server on a premises licensed or permitted for the sale of alcohol on-premises unless and until the individual obtains, within 60 calendar days of employment, an alcohol server permit. If a permittee or licensee is a manager or server on the permitted or licensed premises, then the permittee or licensee must also complete an approved training program on responsible alcohol service and obtain a server permit. Each permittee or licensee must maintain on its premises copies of the server permits of the permittee or licensee, each manager, and each server then employed by the permittee or licensee. Failure to produce an alcohol server certificate for an alcohol server employed for 60 calendar days subjects the permittee or licensee to fines and penalties. DOR, in collaboration with the Department of Alcohol and Other Drug Services (DAODAS) and the State Law Enforcement Division (SLED), is authorized to approve training programs offered by

providers. An authorized provider must pay an annual fee in an amount determined by DOR, not to exceed \$500. The provider fee is deposited to the Responsible Alcohol Server Training Fund, a revolving fund to assist with the cost of implementation and enforcement of the training act's provisions. 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. An applicant must apply for the alcohol server certificate within 6 months of completing the program. DOR may charge a fee, not to exceed \$15 for the issuance of the server certificate. The fees charged to issue and renew an alcohol server certificate are deposited to the Responsible Alcohol Server Training Fund.

The amended bill includes administrative penalties for alcohol servers who violate provisions of the training act. The administrative penalties are tiered depending on the number of prior offenses. The penalties range from a fine of not more than \$50, or the suspension of the server certificate for a period of not more than 30 days, or both, for a first offense, to a fine of not more than \$350, or suspension of the certificate for not more than a year, or both, for a second or subsequent offense. Fines collected pursuant to these provisions are deposited to the Responsible Alcohol Server Training Fund.

DOR may also suspend or revoke the server certificate of a person who repeatedly violates the provisions of the training act within a 3 year period, or in the alternative, require the offender attend and successfully complete the full server training program or recertification program. DOR and SLED are responsible for enforcing the training act, and DOR must make certificate suspension and revocation information accessible for licensees and permittees.

The amended bill requires the suspension of an alcohol server's certificate, if the server is convicted of selling or providing beer, wine, or alcoholic liquors to a person under the age of 21. The period of suspension varies depending on the number of prior convictions. If the offender does not hold an alcohol server's certificate and sells beer, wine, or alcoholic liquors to a person under 21, the amended bill requires the offender complete alcohol server training and obtain the alcohol server certificate.

The amended bill also provides criminal penalties for holders of permits to sell beer or wine and their agents, who hold alcohol server certificates and knowingly sell beer or wine to a person under 21 or an intoxicated person. The penalties are a fine of not less than \$200 nor more than \$300, or imprisonment for not more than 30 days, or both, for a first offense, and a fine of not less than \$400 nor more than \$500, or imprisonment for not more than 30 days, or both, for a second or subsequent offense. In addition, server certificates must be suspended. Criminal penalties are also provided for persons who sell alcoholic liquors to intoxicated persons. The penalties are the same as provided for such sales of beer or wine, including suspension of a server's certificate.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$225,000 to the General Fund to hire three FTEs and five temporary employees to administer the new requirements. This bill will have no expenditure impact on Other Funds or Federal Funds.

South Carolina Law Enforcement Division. The division indicates this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. The agency can accomplish enforcement during their normal inspection processes and will not require additional staff.

State Revenue

The amended bill allows DOR to charge providers of alcohol server training programs a fee not to exceed \$500 annually. State agencies are exempt from payment of the \$500 alcohol server training program provider fee. The revenue from this \$500 fee must be deposited into the Responsible Alcohol Server Training Fund to assist in the costs associated with implementation and enforcement of alcohol server training. DOR may also charge a fee for the issuance of alcohol server certificates in an amount not to exceed \$15. The alcohol server certificates are valid for a period of 3 years. DOR may impose administrative fines, not to exceed \$350, against any person that violates the provisions of the training act. The revenue generated from the \$15 fee and the administrative fines must be deposited into the Responsible Alcohol Server Training Fund. Additionally, the amended bill provides for the suspension of alcohol server permits due to various violations of selling or providing alcohol to individuals who are intoxicated or under the age of 21.

Based upon revised data provided by DOR, there are currently six approved providers for alcohol server training programs, with only one provider being a state agency. For this analysis, we assume that DOR will charge the full \$500 fee for providers. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this portion of the bill.

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. For this analysis, we assume that DOR will charge the maximum \$15 fee per server. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$525,000 for this portion of the bill.

Since the bill creates a new administrative fine for which there is no historical data, the revenue impact on the Responsible Alcohol Server Training Fund for this portion of the bill is undetermined. Revenue from fines imposed for criminal convictions is also undetermined for lack of data and judicial discretion in sentencing. Criminal fines are distributed to the General Fund, specified state agencies and programs, and local governments.

Local Expenditure

The amended bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Therefore, the increase in expenses for local governments is undetermined.

Local Revenue

The amended bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The revenue impact on local governments is dependent upon the number of

convictions and is undetermined. 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.

Introduced on January 10, 2017

State Expenditure

This bill prohibits an individual from being employed as a manager or alcohol server on a premises licensed or permitted for the sale of alcohol on-premises unless and until the individual obtains an alcohol server permit. If a permittee or licensee is a manager or server on the permitted or licensed premises, then the permittee or licensee must also complete an approved training program on responsible alcohol service and obtain a server permit. Each permittee or licensee shall maintain on its premises copies of the server permits of the permittee or licensee, each manager, and each server then employed by the permittee or licensee. Failure to produce a permit shall subject the permittee or licensee to fines and penalties. Administrative fines, not to exceed \$1,000, may be imposed by DOR against any person that violates the permitting requirements. DOR is authorized to approve training programs offered by providers. An authorized provider shall pay a fee not to exceed \$500 that will go to the South Carolina Mandatory Alcohol Server Training Program Fund to assist with the cost of implementation and enforcement of this bill's provisions. The department shall issue a server permit to each applicant that completes an approved responsible alcohol server education program. The department may charge a fee, not to exceed \$15 for the issuance of the server permit.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$225,000 to the General Fund to hire three FTEs and five temporary employees to administer the new requirements. This bill will have no expenditure impact on Other Funds or Federal Funds.

South Carolina Law Enforcement Division. The expenditure impact is undetermined, pending a response from the agency.

State Revenue

This bill authorizes DOR to charge providers of alcohol server training programs a fee in an amount not to exceed \$500. The revenue generated from the fee must be deposited into the South Carolina Mandatory Alcohol Server Training Program Fund to assist in the costs associated with implementation and enforcement of alcohol server training. DOR may also charge a fee for the issuance of alcohol server certificates in an amount not to exceed \$15. The alcohol server certificates are valid for a period of 3 years. DOR may impose administrative fines, not to exceed \$1,000, against any person that violates the provisions of Chapter 3.

Based upon data provided by DOR, we estimate 40 approved providers will offer alcohol server training programs. For this analysis, we assume that DOR will charge the full \$500 fee for providers. Therefore, revenue of the South Carolina Mandatory Alcohol Server Training Program will increase by \$20,000.

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. For this analysis, we assume that DOR will charge the maximum \$15 fee per server. Therefore, revenue

would increase by \$525,000. Since the bill does not state the allocation of the revenue generated from the \$15 fee, Proviso 117.1 of the FY 2016-17 Appropriations Act, directs the \$525,000 to the General Fund.

Since the bill creates a new administrative fine for which there is no historical data, the revenue impact is undetermined. The bill does not state the allocation of the revenue generated from the administrative fine. However, based on Proviso 117.1 of the FY 2016-17 Appropriations Act, any revenue generated from the administrative fine would be allocated to the General Fund.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director