COMMITTEE REPORT

February 23, 2017

**S. 116**

Introduced by Senators Rankin and Malloy

S. Printed 2/23/17--S. [SEC 2/28/17 2:13 PM]

Read the first time January 10, 2017.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 116) to amend the Code of Laws of South Carolina, 1976, by adding Section 61‑2‑145, so as to require that a person permitted or licensed to sell, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting the following:

/ SECTION 1. Chapter 2, Title 61 of the 1976 Code is amended by adding:

“Section 61‑2‑145. (A) In addition to all other requirements, a person licensed or permitted to sell alcoholic beverages for on‑premises consumption is required to maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement for a total 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.

(B) The department shall add this requirement to all applications and renewals for biennial permits or licenses to sell alcoholic beverages for on‑premises consumption, and each applicant or person renewing its license or permit shall provide the department with documentation of a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement in the required amounts.

(C) Each insurer writing liquor liability insurance policies or general liability insurance policies with a liquor liability endorsement to a person licensed or permitted to sell alcoholic beverages for on‑premises consumption must notify the department in a manner prescribed by department regulation of the lapse or termination of the liquor liability insurance policy or the general liability insurance policy with a liquor liability endorsement.

(D) For the purposes of this section, the term ‘alcoholic beverages’ means beer, wine, alcoholic liquors, and alcoholic liquor by the drink as defined in Chapter 4, Title 61, and Chapter 6, Title 61.”

SECTION 2. This act takes effect on July 1, 2017, and any person applying for a new biennial permit or license for on‑premises consumption under Title 61 after this date must comply with the provisions of this act at the time of the application. A person renewing a biennial permit or license under Title 61 after this date must comply with the provisions of this act at the time of the renewal./

Renumber sections to conform.

Amend title to conform.

KATRINA F. SHEALY for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**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.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 61‑2‑145, SO AS TO REQUIRE THAT A PERSON PERMITTED OR LICENSED TO SELL BEER, WINE, OR ALCOHOLIC LIQUORS FOR ON‑PREMISES CONSUMPTION SHALL MAINTAIN LIABILITY INSURANCE WITH COVERAGE OF AT LEAST ONE MILLION DOLLARS DURING THE PERIOD OF THE PERMIT OR LICENSE.

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

SECTION 1. Chapter 2, Title 61 of the 1976 Code is amended by adding:

“Section 61‑2‑145. (A) In addition to all other requirements, a person licensed or permitted to sell alcoholic beverages for on‑premises consumption is required 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.

(B) The department shall add this requirement to all applications and renewals for biennial permits or licenses to sell alcoholic beverages for on‑premises consumption, and each applicant or person renewing its license or permit shall provide the department with documentation of the liability insurance coverage.

(C) Each insurer writing liability insurance to a person licensed or permitted to sell alcoholic beverages for on‑premises consumption must notify the department in a manner prescribed by department regulation of the lapse or termination of this or any liability insurance policy.

(D) For the purposes of this section, the term ‘alcoholic beverages’ means beer, wine, alcoholic liquors, and alcoholic liquor by the drink as defined in Chapter 4, Title 61, and Chapter 6, Title 61.”

SECTION 2. This act takes effect on July 1, 2017, and any person applying for a new biennial permit or license for on‑premises consumption under Title 61 after this date must comply with the provisions of this act at the time of the application. A person renewing a biennial permit or license under Title 61 after this date must comply with the provision of this act at the time of the renewal.

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