



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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| Bill Number: | S. 1007 | Introduced on January 15, 2020 |
| Author: | Talley | |
| Subject: | Airport Alcohol Sales | |
| Requestor: | Senate Judiciary | |
| RFA Analyst(s): | Payne | |
| Impact Date: | January 28, 2020 | |

Fiscal Impact Summary

This bill will have no expenditure impact to the General Fund, Federal Funds, or Other Funds of the Department of Revenue (DOR) because the provisions of the bill do not substantially change the duties of DOR.

This bill may increase General Fund and local revenue from alcoholic beverage sales and excise taxes by an undetermined amount because it would exempt business establishments selling alcohol in airports from statutory restrictions on their hours of operations and allow the hours of operations to be set by each airport. This impact is anticipated to be minimal.

This bill will decrease local revenue by an undetermined amount because current Local Option Permit (LOP) holders located within airport terminals will no longer need an LOP to sell alcohol on Sundays. However, the impact is expected to be minimal.

Explanation of Fiscal Impact

Introduced on January 15, 2020

State Expenditure

This bill creates certain exemptions from the Alcoholic Beverage Control Act for alcoholic beverage retail dealers and for business establishments selling alcoholic beverages by the drink who are located within passenger terminal facilities at commercial airports. This bill will exempt retail dealers of alcoholic beverages located in airports from Section 61-6-1500(A)(1)(a), concerning hours of operation, and Section 61-6-1540, concerning the sale of non-alcoholic merchandise. This bill will exempt business establishments in airports who sell alcoholic beverages by the drink from Sections 61-6-1610 and 61-6-1610(D) concerning the hours of operation. This bill also requires commercial airports to establish hours of operations for business establishments selling alcohol.

DOR estimates there will be some administrative costs necessary to implement the provisions of this bill, but DOR anticipates it can absorb the expenditure increase with existing appropriations.

State Revenue

This bill exempts both retail dealers and by the drink sellers of alcoholic beverages who are located in an airport from hours of operations restrictions. The bill also exempts retail sellers of alcohol located in airports from restrictions on selling non-alcoholic merchandise. The bill

further directs all airports to establish hours of operations for any business establishments selling alcohol within the airport.

Currently, retail sellers of alcoholic beverages located within an airport may only sell alcoholic liquors between the hours of 9:00 a.m. and 7:00 p.m., Monday through Saturday. Business establishments located in airports who sell alcoholic beverages by the drink are currently permitted to sell alcohol between the hours of 10:00 a.m. and 2:00 a.m., except on Sundays. Some business establishments selling alcohol by the drink may be permitted to sell alcohol on Sundays if they have acquired an LOP. Pursuant to Section 12-33-240(B), eleven percent of the excise tax collected on alcoholic beverages sales is to be allocated to counties on a per capita basis.

It is expected that the provisions of this bill may increase the number of hours during which alcohol may be sold at airports. This is anticipated to increase the overall sales volume of alcohol, therefore increasing sales and excise tax revenue to the General Fund and corresponding local revenue allocations. DOR indicates there is currently one retail dealer of alcohol located within an airport. At this time, DOR is unable to provide the current number of by the drink sellers of alcohol located within an airport or the amount of sales and excise tax collected from business establishments selling alcohol at airports. Therefore, the Revenue and Fiscal Affairs Office anticipates that this bill may increase General Fund revenue by an undetermined amount, contingent upon the actual increase in alcohol sales. This impact is anticipated to be minimal.

Local Expenditure

N/A

Local Revenue

This bill exempts both retail dealers and by the drink sellers of alcoholic beverages who are located in an airport from hours of operations restrictions. Currently, business establishments located in an airport who sell alcoholic beverages by the drink need an LOP to sell alcohol on Sundays. We expect that under the provisions of this bill, by the drink sellers of alcohol located in an airport would no longer need an LOP to sell alcohol on Sundays.

There is an annual \$3,050 fee required for an LOP. DOR was unable to provide the number of establishments located in airports who currently hold an LOP. Therefore, the potential revenue impact is undetermined. Currently, LOP filing and permit fees are distributed by the State Treasurer to the county or municipality in which the LOP holder is located. Additionally, as referenced above, this bill is expected to increase alcohol sales and therefore sales and excise tax revenues. Pursuant to Section 12-33-240(B), eleven percent of the excise tax collected on alcoholic beverage sales is to be allocated to counties on a per capita basis. Therefore, this bill is expected to decrease local revenue by an undetermined amount from the loss of LOP fees, and potentially increase local revenue by a minimal amount due to increased alcohol sales.



Frank A. Rainwater, Executive Director