COMMITTEE REPORT

January 29, 2020

**S. 1007**

Introduced by Senators Talley and Campbell

S. Printed 1/29/20--S.

Read the first time January 15, 2020.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 1007) to amend subarticle 15, Article 3, Chapter 6, Title 61 of the 1976 Code, relating to the regulation of retail dealers by the Alcoholic Beverage Control Act, 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, beginning on page 1, by striking lines 39 through 42 on page 1 and lines 1 through 2 on page 2, as contained in SECTION 1, and inserting therein the following:

/ “Section 61-6-1545. (A) Retail dealers located in passenger terminal facilities at commercial service airports, as defined by the Federal Aviation Administration, are exempt from the provisions of Section 61-6-1540, concerning the sale of nonalcoholic merchandise. Such retail dealers are permitted to sell nonalcoholic merchandise during hours established by the commercial service airport. /

Amend the bill further, as and if amended, page 2, by striking lines 10 through 14, as contained in SECTION 2, and inserting therein the following:

/ “Section 61-6-1615 (A) Business establishments selling alcoholic liquors by the drink located in passenger terminal facilities at commercial service airports, as defined by the Federal Aviation Administration, are exempt from the provisions of Section 61-6-1610(A) and Section 61-6-1610(D), concerning hours of operation, provided that such business establishments are located in the security-restricted areas of passenger terminals found beyond security screening checkpoints. /

Renumber sections to conform.

Amend title to conform.

LUKE A. RANKIN for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

# 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 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

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SUBARTICLE 15, ARTICLE 3, CHAPTER 6, TITLE 61 OF THE 1976 CODE, RELATING TO THE REGULATION OF RETAIL DEALERS BY THE ALCOHOLIC BEVERAGE CONTROL ACT, AND SUBARTICLE 1, ARTICLE 5, CHAPTER 6, TITLE 61 OF THE 1976 CODE, RELATING TO BIENNIAL LICENSES AND LICENSEES FOR THE SALE OF ALCOHOLIC LIQUORS, BY ADDING SECTION 61‑6‑1545 AND SECTION 61‑6‑1615, TO PROVIDE THAT RETAIL DEALERS OF ALCOHOL AND BUSINESS ESTABLISHMENTS SELLING ALCOHOLIC LIQUORS BY THE DRINK LOCATED IN PASSENGER TERMINAL FACILITIES AT COMMERCIAL SERVICE AIRPORTS ARE EXEMPT FROM RESTRICTIONS ON HOURS OF OPERATION AND THE SALE OF NONALCOHOLIC MERCHANDISE; AND TO AMEND CHAPTER 9, TITLE 55 OF THE 1976 CODE, RELATING TO THE SOUTH CAROLINA AIRPORTS ACT, BY ADDING SECTION 55‑9‑370, TO PROVIDE THAT COMMERCIAL SERVICE AIRPORTS ARE REQUIRED TO ESTABLISH HOURS OF OPERATION FOR RETAIL DEALERS OF ALCOHOL AND BUSINESS ESTABLISHMENTS SELLING ALCOHOLIC LIQUORS BY THE DRINK.

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

SECTION 1. Subarticle 15, Article 3, Chapter 6, Title 61 of the 1976 Code is amended by adding:

“Section 61-6-1545. (A) Retail dealers located in passenger terminal facilities at commercial service airports, as defined by the Federal Aviation Administration, are exempt from the provisions of Section 61-6-1500(A)(1)(a), concerning hours of operation, and Section 61-6-1540, concerning the sale of nonalcoholic merchandise.

(B) Commercial service airports are required to establish hours of operation for retail dealers located in passenger terminal facilities.”

SECTION 2. Subarticle 1, Article 5, Chapter 6, Title 61 of the 1976 Code is amended by adding:

“Section 61-6-1615. (A) Business establishments selling alcoholic liquors by the drink located in passenger terminal facilities at commercial service airports, as defined by the Federal Aviation Administration, are exempt from the provisions of Section 61-6-1610(A) and Section 61-6-1610(D), concerning hours of operation.

(B) Commercial service airports are required to establish hours of operation for business establishments selling alcoholic liquors by the drink, including beer and wine, located in passenger terminal facilities.”

SECTION 3. Chapter 9, Title 55 of the 1976 Code is amended by adding:

“Section 55-9-370. Commercial service airports, as defined by the Federal Aviation Administration, are required to establish hours of operation for retail dealers of alcohol and business establishments selling alcoholic liquors by the drink, including beer and wine, located in passenger terminal facilities.”

SECTION 4. This act takes effect upon approval by the Governor.

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