



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-3780 • RFA.SC.GOV/IMPACTS

This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 4231	Amended by House Judiciary on January 24, 2024
Author:	M.M. Smith	
Subject:	Liquor Sales	
Requestor:	House Judiciary	
RFA Analyst(s):	Bryant and Miller	
Impact Date:	February 8, 2024	

Fiscal Impact Summary

This bill, as amended, allows a micro-distillery to sell alcoholic liquors distilled on the licensed premises at retail between 1:00pm and 5:00pm on Sunday. The bill also authorizes the Department of Revenue (DOR) to issue a permit to allow the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday by a licensed retail dealer in a county or municipality that authorizes the Sunday sale of liquor by referendum. DOR must charge a nonrefundable filing fee of \$100 for processing each permit application and a nonrefundable fee of \$3,000 per year for an annual fifty-two week permit. The permit fee must be waived if the applicant certifies to the department that the applicant is the owner of the retail premises for which the permit is sought, and the applicant does not have an ownership interest in other retail locations where a permit authorizing the Sunday sale of liquor may be issued. The bill specifies that the county or municipality will pay the expenses of conducting the referendum.

This bill, as amended, will have no expenditure impact for DOR. The department indicates that it has processes in place to update its forms, website information, and system functions, and anticipates that any expenses will be managed with existing appropriations. Additionally, this bill, as amended, will have no expenditure impact for the State Election Commission as assisting with local referendums is within the normal course of business for the agency.

The Revenue and Fiscal Affairs Office (RFA) anticipates that this bill, as amended, will have a minimal impact on liquor sales and resulting sales and alcohol tax revenues. Although we anticipate the provisions of this bill may cause a shift in the manner in which consumers purchase alcoholic liquors, the provisions of the bill are not expected to result in a material expansion of alcoholic liquor purchases.

RFA anticipates this bill, as amended, will not increase local expenses, as the referendum vote will be held in conjunction with a general election.

This bill, as amended, may result in an undetermined increase in local revenue due to the creation of a new permit with a \$100 filing fee and a \$3,000 annual permit fee allowing the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday. Filing and permit fees will be distributed according to Section 61-6-2010(B). DOR indicates that there are currently 1,230 alcoholic liquor retail licenses in South Carolina. However, RFA is unable to estimate the

number of retailers who will elect to obtain the new permit. Therefore, the local revenue impact is undetermined and will depend upon the number of permits issued.

Explanation of Fiscal Impact

Amended by House Judiciary on January 24, 2024

State Expenditure

This bill, as amended, allows a micro-distillery to sell alcoholic liquors distilled on the licensed premises at retail between 1:00pm and 5:00pm on Sunday. The bill also authorizes DOR to issue a permit to allow the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday by a licensed retail dealer in a county or municipality that authorizes the Sunday sale of alcoholic liquors by referendum. DOR must charge a nonrefundable filing fee of \$100 for processing each permit application and a nonrefundable fee of \$3,000 per year for an annual fifty-two week permit. If the expiration date of the biennial liquor retail license is less than fifty-two weeks from the date of the application for the fifty-two week permit, DOR must prorate the \$3,000 fee on a monthly basis. The permit fee must be waived if the applicant certifies to the department that the applicant is the owner of the retail premises for which the permit is sought, and the applicant does not have an ownership interest in other retail locations where a permit authorizing the Sunday sale of liquor may be issued.

A permit may be issued only in counties or municipalities where a majority of the qualified electors voting in a referendum vote in favor of the issuance of the permit. The county or municipal election commission must conduct a referendum upon the petition of at least 10.0 percent but not more than 7,500 qualified electors of the county or municipality. The county or municipality may also call for the referendum by ordinance. The bill specifies that the county or municipality will pay the expenses of conducting the referendum.

Department of Revenue. This bill, as amended, will have no expenditure impact for DOR. The department indicates that it has processes in place to update its forms, website information, and system functions, and anticipates that any expenses will be managed with existing appropriations.

Election Commission. This bill, as amended, tasks the State Election Commission with various responsibilities, including certifying the names on the petition and publishing the results of the referendum. The agency anticipates it can manage the responsibilities of the bill within existing appropriations. Therefore, this bill will have no expenditure impact on the State Election Commission.

State Revenue

This bill, as amended, allows a micro-distillery to sell alcoholic liquors distilled on the licensed premises at retail between 1:00pm and 5:00pm on Sunday. The bill also authorizes DOR to issue a permit to allow the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday by a licensed retail dealer in a county or municipality that authorizes the Sunday sale of alcoholic liquors by referendum. RFA anticipates that this bill will have a minimal impact on liquor sales and resulting sales and alcohol tax revenues. Although we anticipate the provisions of this bill

may cause a shift in the manner in which consumers purchase alcoholic liquors, the provisions of the bill are not expected to result in a material expansion of alcoholic liquor purchases.

Local Expenditure

This bill, as amended, provides that a county or municipality may authorize the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday by referendum. The bill specifies that the county or municipality will pay the expenses of conducting the referendum. The referendum vote will be in conjunction with a general election and therefore, will not increase local expenses.

Local Revenue

This bill, as amended, may result in an undetermined increase in local revenue due to the creation of a new permit with a \$100 filing fee and a \$3,000 annual permit fee allowing the sale of alcoholic liquors between 1:00pm and 5:00pm on Sunday. The permit fee must be waived if the applicant certifies to the department that the applicant is the owner of the retail premises for which the permit is sought, and the applicant does not have an ownership interest in other retail locations where a permit authorizing the Sunday sale of liquor may be issued. Filing and permit fees will be distributed according to Section 61-6-2010(B). DOR indicates that there are currently 1,230 alcoholic liquor retail licenses in South Carolina. However, RFA is unable to estimate the number of retailers who will elect to obtain the new permit. Therefore, the local revenue impact is undetermined and will depend upon the number of permits issued.

Introduced on March 30, 2023

State Expenditure

This bill allows a micro-distillery to sell alcoholic liquors distilled on the licensed premises at retail on Sundays. The bill also authorizes DOR to issue a permit to allow the sale of alcoholic liquors on Sunday by a licensed retail dealer in a county or municipality that authorizes the sale of alcoholic liquors. The permit may only be issued in counties that were allocated at least \$1,000,000 in accommodations tax from DOR in FY 2015-16 and may only authorize the sale of alcoholic liquors between the hours of twelve p.m. and seven p.m. A qualifying county or municipality may authorize the sale of alcoholic liquors on Sunday through an ordinance:

- authorizing the issuance of a retail permit to sell alcoholic liquors on Sunday in compliance with the Alcoholic Beverage Control Act;
- providing for a referendum vote to allow for the issuance of a retail permit to sell alcoholic liquors on Sunday in compliance with the Alcoholic Beverage Control Act; or
- approving the results of a referendum vote conducted upon the petition of at least 10.0 percent but not more than 7,500 qualified electors of the county or municipality.

The bill specifies that the county or municipality will pay the expenses of conducting the referendum.

Department of Revenue. This bill will have no expenditure impact for DOR. The department indicates that it has processes in place to update its forms, website information, and system functions, and anticipates that any expenses will be managed with existing appropriations.

Election Commission. This bill tasks the State Election Commission with various responsibilities, including certifying the names on the petition and publishing the results of the

referendum. The agency anticipates it can manage the responsibilities of the bill within existing appropriations. Therefore, this bill will have no expenditure impact on the State Election Commission.

State Revenue

This bill allows a micro-distillery to sell alcoholic liquors distilled on the licensed premises at retail on Sundays. The bill also authorizes DOR to issue a permit to allow the sale of alcoholic liquors on Sunday by a licensed retail dealer in a county or municipality that authorizes the sale of alcoholic liquors. However, the fee for this new permit has not been determined. Additionally, RFA is unable to estimate the number of new permits that will be issued pursuant to this bill. Therefore, the revenue impact to the General Fund is undetermined and will depend upon the fee and number of permits issued.

RFA anticipates that this bill will have a minimal impact on liquor sales and resulting sales and alcohol tax revenues. Although we anticipate the provisions of this bill may cause a shift in the manner in which consumers purchase alcoholic liquors, the provisions of the bill are not expected to result in a material expansion of alcoholic liquor purchases.

Local Expenditure

This bill provides that a county or municipality that was allocated at least \$1,000,000 in accommodations tax from DOR in FY 2015-16 may authorize the sale of alcoholic liquors on Sunday through an ordinance authorizing the issuance of a permit in compliance with the Alcoholic Beverage Control Act or by referendum. The bill specifies that the county or municipality will pay the expenses of conducting the referendum. The referendum vote will be in conjunction with a general election and therefore, will not increase local expenses. For reference, Beaufort, Charleston, Florence, Georgetown, Greenville, Horry, Lexington, Richland, Spartanburg, and York counties were allocated at least \$1,000,000 in accommodations tax from DOR in FY 2015-16.

Local Revenue

N/A



Frank A. Rainwater, Executive Director