



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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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: S. 0260 Introduced on January 10, 2023
Author: Rankin
Subject: Responsible Alcohol Server Training Act
Requestor: Senate Judiciary
RFA Analyst(s): Bryant
Impact Date: March 9, 2023

Fiscal Impact Summary

This bill enacts the “Responsible Alcohol Server Training Act”, which provides for the establishment, implementation, and enforcement of a mandatory alcohol server training and education program, and makes related amendments to other beer, wine, and alcoholic liquor laws.

The expenditure impact of this bill on the Department of Revenue (DOR) is pending, contingent upon a response.

This bill may increase Federal Funds expenditures for the Department of Alcohol and Other Drug Abuse Services (DAODAS) by \$16,000 per year beginning in FY 2023-24 to subsidize the provider fees paid by the thirty-two county alcohol and drug abuse authorities currently delivering training. DAODAS receives funds from a federal grant that will be used for these expenses if needed. This potential impact is contingent upon whether the thirty-two county authorities are considered to be state agency providers, which are exempt from paying the provider fee. This determination is yet to be made. The bill will have no expenditure impact on the General Fund or Other Funds of DAODAS.

This bill may increase General Fund expenses of the South Carolina Law Enforcement Division (SLED) by approximately \$2,700 to review and approve alcohol server training programs. However, SLED anticipates these costs can be managed within existing appropriations.

The Administrative Law Court (ALC) indicates that this bill will increase the agency’s expenses by an amount up to \$537,000 in FY 2023-24. Of this amount, \$475,000 is for 3.0 FTEs to manage the increase in the Court’s caseload. The remaining \$62,000 is for one-time equipment and furniture costs. ALC further indicates that additional office space may be needed, which will result in an additional recurring cost for rent. However, this cost will depend upon the availability and location of the office space. ALC reports that the agency will request a General Fund appropriation increase to fund the expenses.

This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both for a holder of an alcohol server permit who knowingly sells or provides alcohol to individuals under twenty-one years of age or in an intoxicated condition, which may

increase the number of cases in magistrate and municipal courts. Since the bill creates a new cause of action, there are no data to estimate the number of cases that may be initiated as a result of the bill. However, based on previous responses to similar legislation, the Office of Revenue and Fiscal Affairs (RFA) anticipates Judicial will use existing General Fund appropriations to manage any modifications in caseloads. Therefore, we do not expect that this bill will have an expenditure impact on Judicial. We will update this impact statement if the agency provides a different response.

The bill will increase DOR Other Funds revenue of the Responsible Alcohol Server Training Fund by a range of \$3,500 to \$19,500 beginning in FY 2023-24 due to fees collected from approved training program providers. The amount of this increase in Other Funds revenue is dependent upon the number of providers that are exempt from paying the provider fee. In addition, this bill may increase DOR Other Funds revenue of the training fund by as much as \$480,000 in FY 2023-24 and every third year thereafter for the issuance of alcohol server certificates. We anticipate that DOR may also experience an increase in Other Funds revenue in the years between the three-year certification period as new servers enter the workforce and are required to obtain certification. However, data regarding the number of new servers entering the workforce each year are not available. The Other Funds revenue impact from administrative fines imposed for violations of provisions of this bill is undetermined due to lack of historical data.

This bill may increase ALC Other Funds revenue due to an increase in filing fees collected in court. Currently, a request for a contested case hearing regarding an alcoholic beverage license violation must be accompanied by a non-refundable filing fee of \$150. ALC estimates that if 1 percent of all certified servers file a request for a contested case hearing with the Court after suspension or revocation of their alcohol server certificate, this will result in 320 additional court filings. This may increase ALC Other Funds revenue by approximately \$48,000. However, the amount of the increase will depend upon the number of requests for a contested case hearing filed with the Court. Due to a lack of historical data, the overall Other Funds revenue impact from filing fees for a contested case hearing is, therefore, undetermined.

This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both. This may result in an increase in the fines and fees collected in court. Therefore, RFA anticipates this bill may result in an undetermined increase in General Fund, Other Fund, and local revenue from fines and fees collections in court.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill enacts the “Responsible Alcohol Server Training Act”, which provides for the establishment, implementation, and enforcement of a mandatory alcohol server training and education program and makes related amendments to other beer, wine, and alcoholic liquor laws. The bill requires an individual employed as an alcohol server or manager on permitted or licensed premises to obtain an alcohol server certificate within sixty calendar days of

employment. This requirement extends to the permittee or licensee of the premises if they function as a manager or server on the premises.

To obtain an alcohol server certificate pursuant to this bill, an individual must complete an approved alcohol server training program. The bill authorizes DOR, in collaboration with DAODAS and SLED, to approve the alcohol server training programs offered by providers and provides guidance regarding the curricula. DOR must issue an alcohol server certificate valid for three years to each applicant who completes an approved responsible alcohol server education program or recertification program.

Department of Revenue. This bill authorizes DOR, in collaboration with SLED and DAODAS, to approve and regulate alcohol server training programs. DOR, along with SLED, will be responsible for promulgating regulations and enforcing the provisions of the act. DOR will also be responsible for managing the Responsible Alcohol Server Training Fund, bringing administrative actions for violations, and processing applications and issuing certificates for alcohol servers. Based upon information provided by DOR, DAODAS, and ALC, approximately 32,000 servers will require certification. This bill allows the training fund to be used for these expenditures associated with implementation and enforcement of the provisions of this chapter. The overall expenditure impact of this bill on DOR is pending, contingent upon a response.

Department of Alcohol and Other Drug Abuse Services. Currently, DAODAS approves alcohol retailer and server education programs as required by state law. There are currently seven approved program providers in the private sector. In addition, DAODAS developed a server education curriculum known as the 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 annually and are funded through the federal Substance Abuse Prevention and Treatment Block Grant (SAPT). Collectively, over 858 individuals attended the PREP Server Education class through local alcohol and drug abuse providers in FY 2021-22.

Based upon information provided by DOR, DAODAS, and ALC, there are approximately 32,000 servers in South Carolina that will require training. Any increase in costs as a result of increased demand for the course will be managed within DAODAS' Federal Funds.

The bill allows DOR to charge program providers an annual fee of up to \$500 beginning in FY 2023-24. As a state agency, DAODAS is exempt from paying the provider fee. However, it is unclear whether the provider fee will apply to the thirty-two county alcohol and drug abuse authorities that deliver the PREP training. If the county authorities are subject to the provider fee, the department indicates it may need to subsidize the fee, which would increase expenditures for DAODAS by as much as \$16,000 annually beginning in FY 2023-24. Any increase in expenditures would be charged to and managed within the federal SAPT block grant. The bill will have no expenditure impact on the General Fund or Other Funds for DAODAS.

South Carolina Law Enforcement Division. SLED will be required to collaborate with other departments for the approval and regulation of training programs, promulgation of regulations, and enforcement of the act. This bill may increase General Fund expenses of SLED by approximately \$2,700 to review and approve alcohol server training programs. However, SLED anticipates these costs can be managed within existing appropriations.

Administrative Law Court. Requests for contested case hearings arising under the Alcohol Server Training Program will be filed with the ALC. According to ALC, contested cases may arise if an applicant seeking to run an alcohol server training program is denied approval; if an alcohol server training program has its authorization suspended or revoked; if a server has his/her alcohol server certificate suspended or revoked; and if a licensee for on-premises consumption allows its liability policy to lapse or terminate. A contested case hearing for a licensee for on-premises consumption that allows its liability policy to lapse or terminate requires an expedited hearing and decision. ALC anticipates that there will be an increase in the number of current contested case hearings regarding alcohol permits and licenses issued by DOR. This bill will apply to an estimated 32,000 servers in the state and approximately 5,000 licensed establishments. ALC estimates that if a small percentage of servers or providers are issued violations that revoke or suspend their certification or program, the number of contested cases created by this bill may more than double the current contested case caseload. In FY 2021-22, 231 total requests for a contested case hearing were filed with the Court. ALC estimates that if 1 percent of all certified servers file a request for a contested case hearing with the Court after suspension or revocation of their alcohol server certificate, this will result in 320 additional court filings.

ALC indicates that this bill will increase the agency's expenses by an amount up to \$537,000 in FY 2023-24. Of this amount, \$475,000 is for 3.0 FTEs to manage the increase in the Court's caseload. The remaining \$62,000 is for one-time equipment and furniture costs. ALC further indicates that additional office space may be needed, which will result in an additional recurring cost for rent. However, this cost will depend upon the availability and location of the office space. ALC reports that the agency will request a General Fund appropriation increase to fund the expenses.

Judicial. This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both for a holder of an alcohol server permit who knowingly sells or provides alcohol to individuals under twenty-one years of age or in an intoxicated condition. This may increase the number of cases in magistrate and municipal courts. Since the bill creates a new cause of action, there are no data to estimate the number of cases that may be initiated as a result of the bill. However, based on previous responses to similar legislation, RFA anticipates Judicial will use existing General Fund appropriations to manage any modifications in caseloads. Therefore, we do not expect that this bill will have an expenditure impact on Judicial. We will update this impact statement if the agency provides a different response.

State Revenue

This bill allows DOR to charge fees for server certificates and program providers. In addition, the act imposes fines on servers and licensees and permittees for violations of the act. All fees

and fines imposed pursuant to the act will be deposited into a revolving fund named the Responsible Alcohol Server Training Fund to assist with the costs of implementation and enforcement of the act.

This bill also allows DOR to charge providers of alcohol server training programs an annual fee not to exceed \$500. For this analysis, we assume that DOR will charge the full \$500 fee for all providers except state agencies, which are exempt from the provider fee. Based upon information published by DOR, there are currently eight approved providers for alcohol server training programs, with only one provider, DAODAS, being a state agency. In addition, DAODAS developed an alcohol server education curriculum know as PREP, which is delivered through thirty-two county providers. It is unclear whether the county providers will be subject to the provider fee. If the thirty-two county providers are exempt from paying the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$3,500 annually beginning in FY 2023-24 for the seven private sector providers. If the thirty-two county providers, in addition to the seven private sector program providers, are required to pay the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$19,500 annually beginning in FY 2023-24.

In addition, DOR may charge individuals a fee in an amount not to exceed \$15 for the issuance and renewal of alcohol server certificates. The alcohol server certificates are valid for a period of three years. Based upon information provided by DOR, DAODAS, and ALC, there are approximately 32,000 alcohol servers and 5,000 licensed establishments in South Carolina that will require certification. For this analysis, we assume that DOR will charge the maximum \$15 fee per applicant. Therefore, this portion of the bill will increase Other Funds revenue by \$480,000 in FY 2023-24 and every third year thereafter. We anticipate that DOR may also experience an increase in Other Funds revenue in the years between the three-year certification period as new servers enter the workforce and are required to obtain certification. However, data regarding the number of new servers entering the workforce each year are not currently available.

Also, DOR may impose administrative fines, not to exceed \$350, against any person that violates the provisions of the training act. Since the bill creates new administrative fines for which there are no historical data, the revenue impact on Other Funds for this portion of the bill is undetermined.

This bill may also increase ALC Other Funds revenue due to an increase in filing fees collected in court. Currently, a request for a contested case hearing regarding an alcoholic beverage license violation must be accompanied by a non-refundable filing fee of \$150. ALC estimates that if 1 percent of all certified servers file a request for a contested case hearing with the Court after suspension or revocation of their alcohol server certificate, this will result in 320 additional court filings, increase ALC Other Funds revenue by approximately \$48,000. However, the amount of the increase will depend upon the number of requests for a contested case hearing filed with the Court. Due to a lack of historical data, the overall Other Funds revenue impact from filing fees for a contested case hearing is therefore undetermined.

This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both for a holder of an alcohol server permit who knowingly sells or provides

alcohol to individuals under twenty-one years of age or in an intoxicated condition. This may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined impact increase in General Fund and Other Funds revenue from fines and fees collections in court.


Local Expenditure

This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both for a holder of an alcohol server permit who knowingly sells or provides alcohol to individuals under twenty-one years of age or in an intoxicated condition. The increase in law enforcement or detention in local facilities is dependent on the number of violations. Because the bill creates a new violation for which there are no historical data, the increase in expenditures for local governments is undetermined.

Local Revenue

This bill creates a new offense with potential fines of up to \$500 or imprisonment for no more than thirty days, or both for a holder of an alcohol server permit who knowingly sells or provides alcohol to individuals under twenty-one years of age or in an intoxicated condition. This may result in an increase in the fines and fees collected in court. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined increase in local revenue from fines and fees collections in court.

The bill also allows providers to charge individuals a maximum of \$15 for a training program. Local alcohol and drug abuse authorities currently collect fees ranging from \$0 to \$50 for the PREP program to support local material distribution, space rental, and FTE training expenses. Lowering these fees may result in a decrease in revenue for local provider. However, providers may also see revenues increase as more individual servers will be required to participate in a training program. Therefore, RFA anticipates this bill will have an undetermined revenue impact on local authorities.



Frank A. Rainwater, Executive Director