



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. 0425	Introduced on January 19, 2023
Author:	Talley	
Subject:	Alcohol Delivery and Curbside Pick up	
Requestor:	Senate Judiciary	
RFA Analyst(s):	Bryant	
Impact Date:	March 20, 2023 - Updated for Additional Agency Response	

Fiscal Impact Summary

This bill authorizes the Department of Revenue (DOR) to issue a license or permit allowing a retailer to offer curbside delivery or pick up of sealed containers of beer, wine, or alcoholic liquors if the retailer satisfies certain conditions. The bill also authorizes DOR to issue a license allowing a retailer to deliver or hire a delivery service to deliver beer and wine or alcoholic liquors for personal consumption, provided the delivery does not occur on certain premises and satisfies certain conditions.

The bill gives DOR the ability to impose a monetary penalty upon a retailer or the holder of a delivery service license for violations of the provisions of the bill, as well as for violations of any other regulations pertaining to beer, wine, or alcoholic liquors in lieu of suspension or revocation of licenses. The amount of any penalty imposed must be no less than \$25 dollars and no more than \$1,000, and any fines collected must be credited to the General Fund.

The expenditure impact of this bill on DOR is pending, contingent upon a response.

The State Law Enforcement Division (SLED) reports that this bill will make it more difficult for the agency to monitor and enforce laws prohibiting the purchase and possession of alcohol by underaged persons. SLED indicates the bill will increase expenses by an amount up to \$2,013,000 in FY 2023-24 for the agency to comply with its mandated alcohol enforcement duties and responsibilities. Of this amount, \$822,000 is for 8.0 additional FTEs with annual salary and fringe benefits to carry out the day-to-day enforcement functions and to perform additional monitoring and undercover operations. Of the remaining amount, \$320,000 is for recurring expenses, including fuel, maintenance, and other ongoing costs. SLED also anticipates the need for an additional \$871,000 for one-time equipment costs, including vehicles, uniforms, protective gear, weapons, computers, and academy expenses. Expenses will decrease to \$1,142,000 each year thereafter for the new FTEs and recurring equipment costs. SLED reports that the agency will request a General Fund appropriation increase to fund the expenses.

The bill requires applicants for a delivery service license to provide a criminal history background check conducted by the SLED. Based upon a three-year historical average, SLED was able to retain an average of \$10,375,000 from background checks for its \$25 portion of the fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000

amount that is allocated to the General Fund pursuant to proviso, we anticipate that Other Funds of SLED will increase by an undetermined amount in FY 2023-24 as a result of the potential increase in background checks. There will be no increase to the General Fund for this portion of the bill.

This bill is also estimated to result in an undetermined increase in General Fund revenues due to the creation of new delivery service licenses with a \$400 license fee and authorizing DOR to issue monetary penalties in lieu of suspending or revoking licenses. Additionally, the fee for a new license or permit allowing a retailer to offer curbside delivery or pick up of sealed containers of beer, wine, or alcoholic liquors has not been determined.

RFA anticipates that this bill will have a minimal impact on beer, wine, and 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 beer, wine, or alcoholic liquors, the provisions of the bill are not expected to result in a material expansion of beer, wine, or alcoholic liquor purchases.

This impact statement has been updated to include a response from SLED.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 20, 2023

Introduced on January 19, 2023

State Expenditure

This bill authorizes DOR to issue a license or permit allowing a retailer to offer curbside delivery or pick up through curbside delivery of sealed containers of beer, wine, or alcoholic liquors if the retailer:

- has a clearly designated curbside area near or adjacent to its business,
- requires a customer to provide a valid government-issued identification at the time of pick up,
- prohibits the use of curbside delivery or curbside pick-up service by an intoxicated person or a person under the age of twenty-one, and
- requires the employee delivering to a customer's vehicle to be eighteen years or older for beer or wine, and twenty-one years or older for alcoholic liquors.

This bill also authorizes DOR to issue a license allowing a retailer to deliver or hire a delivery service to deliver sealed packages of beer and wine or alcoholic liquors for personal consumption, provided the delivery does not occur on certain specified premises. A delivery service or retailer delivering beer or wine must apply to DOR for a biennial delivery service license, which authorizes the delivery of beer and wine that has been purchased from a retailer through the three-tier distribution chain. A delivery service or retailer delivering alcoholic liquors must apply for a separate biennial delivery service license, which authorizes the delivery of alcoholic liquors that have been purchased from a retailer that holds a retail dealers' license and has purchased the alcoholic liquors from a wholesaler. An applicant for a delivery service license must:

- pay a nonrefundable \$400 license fee,
- be at least twenty-one years of age,
- provide a criminal history background check conducted by SLED, and
- maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement in the amount of at least \$1,000,000 for the biennial period of the license.

This bill gives DOR the discretion to impose a monetary penalty upon a retailer or the holder of a delivery service license for violations of the provisions of this bill, as well as for violations of any other regulations pertaining to beer, wine, or alcoholic liquors, in lieu of suspension or revocation of licenses. The amount of any penalty imposed must be no less than \$25 dollars and no more than \$1,000, and any fines collected must be credited to the General Fund.

Department of Revenue. This bill authorizes DOR to issue a license or permit allowing a retailer to offer curbside delivery or pick up through curbside delivery of sealed containers of beer, wine, or alcoholic liquors. The bill also authorizes DOR to issue licenses allowing a retailer to deliver or hire a delivery service to deliver sealed packages of beer and wine or alcoholic liquors for personal consumption.

The expenditure impact of this bill on DOR is pending, contingent upon a response.

State Law Enforcement Division. The State Law Enforcement Division (SLED) reports that this bill will make it more difficult for the agency to monitor and enforce laws prohibiting the purchase and possession of alcohol by underaged persons. SLED indicates that this bill will increase expenses by an amount up to \$2,014,000 in FY 2023-24 for the agency to comply with its mandated alcohol enforcement duties and responsibilities. Of this amount, \$822,000 is for 8.0 additional FTEs with annual salary and fringe benefits to carry out the day-to-day enforcement functions and to perform additional monitoring and undercover operations. Of the remaining amount, \$320,000 is for recurring expenses including fuel, maintenance, and ongoing costs. SLED also anticipates the need for an additional \$871,000 for one-time equipment costs, including vehicles, uniforms, protective gear, weapons, computers, and academy expenses. Expenses will decrease to \$1,142,000 each year thereafter for the new FTEs and recurring equipment costs. SLED reports that the agency will request a General Fund appropriation increase to fund the expenses. *This section of the impact statement has been updated to include a response from SLED.*

State Revenue

This bill authorizes DOR to issue a license or permit allowing a retailer to offer curbside delivery or pick up through curbside delivery of sealed containers of beer, wine, or alcoholic liquors. However, the fee for this new license or permit has not been determined. The bill also provides that applicants for the new beer and wine or alcoholic liquors delivery licenses must pay a nonrefundable application fee of \$400. RFA is unable to estimate the number of new licenses that will be issued pursuant to this bill, and therefore the revenue impact to the General Fund is undetermined, contingent upon the number of licenses issued.

Additionally, the bill provides that DOR may issue monetary penalties of up to \$1,000 for any beer, wine, or alcoholic liquors regulation violations in lieu of suspending or revoking a license. We anticipate this provision will have a minimal impact on fine revenues, but the use of monetary penalties may increase General Fund revenues by an undetermined amount.

The bill also requires applicants for a delivery service license to provide a criminal history background check conducted by SLED. We anticipate that the bill may increase the number of background checks that SLED will be required to perform. SLED previously indicated that the total cost for a criminal records search is \$51.75, of which \$25 is retained by SLED. The vendor, Identogo, receives \$13.50, and the remainder of the fee, \$13.25, is remitted to the FBI. Pursuant to Section 23-3-115(A), revenue generated by criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED. Based upon a three-year historical average, SLED was able to retain an average of \$10,375,000 from background checks for its \$25 portion of the fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000 amount that is allocated to the General Fund pursuant to proviso, we anticipate that Other Funds of SLED will increase by an undetermined amount in FY 2023-24 as a result of the potential increase in background checks. There will be no increase to the General Fund for this portion of the bill.

Lastly, RFA anticipates that this bill will have a minimal impact on beer, wine, and 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 beer, wine, or alcoholic liquors, the provisions of the bill are not expected to result in a material expansion of beer, wine, or alcoholic liquor purchases.

In summary, this bill may result in an undetermined increase in General Fund revenues due to the creation of new licenses, authorizing DOR to issue monetary penalties in lieu of suspending or revoking licenses, and the potential impact of these changes on beer, wine, and alcoholic liquor sales.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 19, 2023

State Expenditure

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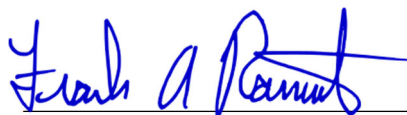
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Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director