



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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<b>Bill Number:</b>	H. 3430	Signed by Governor on May 12, 2025
<b>Subject:</b>	Tort Reform and Liquor Liability	
<b>Requestor:</b>	House of Representatives	
<b>RFA Analyst(s):</b>	Bryant	
<b>Impact Date:</b>	June 5, 2025	

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### Fiscal Impact Summary

This bill makes changes to Chapter 38, Title 15, which is the South Carolina Contribution Among Tortfeasors Act. The bill also adds Chapter 3 to Title 61 to require an individual employed as an alcohol server or manager to complete alcohol server training and to obtain an alcohol server certificate. The bill tasks the Department of Revenue (DOR) with the responsibility to approve alcohol server training programs offered by providers and specifies that DOR may collaborate with the Department of Behavioral Health and Development Disabilities (DBHDD) and the South Carolina Law Enforcement Division (SLED) to determine appropriate providers. DOR must also issue an alcohol server certificate to each applicant who completes an approved program or recertification program. Additionally, the bill specifies that SLED and DOR are responsible for enforcing the provisions of the bill.

This bill also creates new penalties for violations of certain prohibited acts by the holder of a permit or license authorizing the sale of beer or wine. Additionally, the bill requires DOR to develop and implement an alternate revenue and penalty structure for collegiate sporting venues by August 31, 2025. The bill further provides the director of the Department of Insurance (DOI) must prepare and submit a report regarding the status of commercial general liability and liquor liability markets by January 31st of each year. The bill also allows a captive insurance company to apply for a license to provide liquor liability insurance and changes the requirement that a person licensed or permitted to sell alcoholic beverages must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement for a total coverage of at least \$1 million to coverage with an annual aggregate limit of at least \$1 million during the period of the biennial permit or license unless the licensee or permittee qualifies under the terms of a liquor liability risk mitigation program.

DOR indicates that this bill will increase expenses by an amount up to \$405,000 per year beginning in FY 2025-26. Of this amount, \$300,000 is for 4.0 FTEs (one supervisor and three staff), including salary and fringe benefits, to administer the provisions of the bill. The remaining \$105,000 is for current staff to manage additional duties. DOR also indicates that the department will need to make system updates and form changes to implement and manage the alcohol server training program but reports that this will be handled through existing appropriations and processes.

This bill will have no expenditure impact on DBHDD. The department indicates that it can manage the provisions of the bill with existing appropriations. For reference, DBHDD is comprised of the Department of Mental Health, the Department of Disabilities and Special Needs, and the Department of Alcohol and Other Drug Abuse Services pursuant to Act 3 of 2025.

This bill will have no expenditure impact on SLED. The agency indicates that it can manage the provisions of the bill with existing staff and appropriations.

The Administrative Law Court (ALC) anticipates that the initial impact of the bill on the Court's caseload will likely be minimal and can be managed with existing resources. However, ALC reports that if there is a significant increase in the number of contested case hearings, the Court will require a General Fund appropriations increase.

DOI anticipates that it can manage the provisions of the bill with existing appropriations. However, DOI reports that if reporting requirements significantly increase its workload, the department may request a General Fund appropriations increase for 1.0 FTE to assist with preparing and submitting the required reports.

This bill requires DOR to develop and implement an alternate revenue and penalty structure for collegiate sporting venues by August 31, 2025, which may increase General Fund revenue. However, the amount of the increase will depend upon the revenue and penalty structure developed by DOR, as well as the number of penalties that may occur. This bill may also increase General Fund revenue due to the creation of a new \$2,500 fine for a first violation of Section 61-4-580 by the holder of a license or permit authorizing the sale of beer or wine. However, the number of licensees or permittees who may commit a violation is currently unknown. Therefore, the overall General Fund revenue impact is undetermined.

This bill may increase Other Funds revenue of ALC 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. 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.

The bill also specifies that a captive insurance company may apply for a license for liquor liability insurance. DOI indicates that it is unknown at this time whether this provision will increase insurance premium taxes as any impact will depend on whether captive insurance companies write liquor liability policies. Further, the bill changes the requirement that a person licensed or permitted to sell alcoholic beverages must maintain a liquor liability insurance policy or a general liability insurance policy with a liquor liability endorsement for a total coverage of at least \$1 million to coverage with an annual aggregate limit of at least \$1 million during the period of the biennial permit or license unless the licensee or permittee qualifies under the terms of a liquor liability risk mitigation program. DOI indicates that this bill may affect the number of insurance premiums written and, therefore, may impact insurance premium tax revenue.

However, DOI reports that it is unable to estimate how or to what degree insurance premium taxes will be affected.

## **Explanation of Fiscal Impact**

**Signed by Governor on May 12, 2025**

### **State Expenditure**

This bill makes changes to Chapter 38, Title 15, which is the South Carolina Contribution Among Tortfeasors Act. The bill also adds Chapter 3 to Title 61 to require an individual employed as an alcohol server or manager to complete alcohol server training and to obtain an alcohol server certificate. A permittee or licensee must maintain copies of the alcohol server certificates for the permittee or licensee, managers, and alcohol servers for the duration of their employment, and the certificates must be made available to DOR, SLED, or their agents and employees upon request. The bill tasks DOR with the responsibility to approve alcohol server training programs offered by providers and specifies that DOR may collaborate with DBHDD and SLED to determine appropriate providers. DOR, in collaboration with DBHDD and SLED, may also suspend or revoke the authorization of a provider that violates the provisions of this Chapter.

DOR must issue an alcohol server certificate to each applicant who completes an approved program or recertification program and who provides other information as may be required by DOR in an application form that must be made available on the department's website. Alcohol server certificates are valid for a period of three years from the date the certificate is issued. After the three-year period, a new or recertified alcohol server certificate must be obtained. DOR may not charge a fee to issue and renew alcohol server certificates for qualifying applicants. Additionally, the bill specifies that SLED and DOR are responsible for enforcing the provisions of the bill, and DOR is responsible for bringing administrative actions for any violations. Contested case hearings arising under these provisions will be heard by ALC.

This bill also provides that a permittee or licensee who violates any provision of Section 61-4-580 regarding prohibited acts by the holder of a permit or license authorizing the sale of beer or wine will be fined \$2,500 by DOR for a first offense. For a second offense within two years of the first offense, the licensee or permittee shall have its alcohol license or permit suspended for up to fourteen days as determined by DOR. For a third offense within three years of the first offense, the licensee or permittee shall have its alcohol license or permit revoked. The bill also requires DOR to develop and implement an alternate revenue and penalty structure for collegiate sporting venues by August 31, 2025.

Additionally, the bill requires the director of DOI to prepare and submit a report regarding the status of commercial general liability and liquor liability markets by January 31<sup>st</sup> of each year. The bill provides that a captive insurance company may apply to the director of DOI for a license to provide insurance, including without limitation, liquor liability insurance. However, it may not issue eroding or declining insurance coverage in which the occurrence or aggregate limits are reduced by costs or expenses arising from the insurance company's duty to defend a claim. The bill also requires a person licensed or permitted to sell alcoholic beverages to maintain a liquor

liability insurance policy or a general liability insurance policy with a liquor liability endorsement with an annual aggregate limit of at least \$1 million during the period of the biennial permit or license unless the licensee or permittee qualifies under the terms of a liquor liability risk mitigation program.

Lastly, the bill provides that certain entities licensed or permitted to sell alcoholic beverages for on-premises consumption may qualify for a liquor liability risk mitigation program to lower the required liability insurance amount. An entity may qualify for the program if all employees who serve alcohol complete alcohol server training and obtain an alcohol server certificate. The business may also qualify for reduced liability insurance if certain operating conditions, such as stopping alcohol sales earlier, are met.

**Department of Revenue.** DOR indicates that this bill will increase expenses by an amount up to \$405,000 per year beginning in FY 2025-26. Of this amount, \$300,000 is for 4.0 FTEs (one supervisor and three staff), including salary and fringe benefits, to administer the provisions of the bill. The remaining \$105,000 is for current staff to manage additional duties. DOR also indicates that the department will need to make system updates and form changes to implement and manage the alcohol server training program but reports that this will be handled through existing appropriations and processes.

**Department of Behavioral Health and Development Disabilities.** This bill will have no expenditure impact on DBHDD. The department indicates that it can manage the provisions of the bill with existing appropriations.

**State Law Enforcement Division.** This bill will have no expenditure impact on SLED. The agency indicates that it can manage the provisions of the bill with existing staff and appropriations.

**Administrative Law Court.** ALC anticipates that the initial impact of the bill on the Court's caseload will likely be minimal and can be managed with existing resources. However, ALC reports that if there is a significant increase in the number of contested case hearings, the Court will require a General Fund appropriations increase.

**Department of Insurance.** DOI anticipates that it can manage the provisions of the bill with existing appropriations. However, DOI reports that if reporting requirements significantly increase its workload, the department may request a General Fund appropriations increase for 1.0 FTE to assist with preparing and submitting the required reports.

### **State Revenue**

This bill requires DOR to develop and implement an alternate revenue and penalty structure for collegiate sporting venues by August 31, 2025, which may increase General Fund revenue. However, the amount of the increase will depend upon the revenue and penalty structure developed by DOR, as well as the number of penalties that may occur. This bill may also increase General Fund revenue due to the creation of a new \$2,500 fine for a first violation of Section 61-4-580 by the holder of a license or permit authorizing the sale of beer or wine.

However, the number of licensees or permittees who may commit a violation is currently unknown. Therefore, the overall General Fund revenue impact is undetermined.

This bill may increase Other Funds revenue of ALC 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. 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.

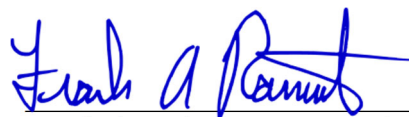
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**Local Expenditure**

N/A

**Local Revenue**

N/A



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