



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0342	Amended by the Senate on April 10, 2019
Author:	Rankin	
Subject:	Responsible Alcohol Server Training Act	
Requestor:	House Judiciary	
RFA Analyst(s):	A. Martin, Gardner, and Mitchell	
Impact Date:	July 11, 2019	

Fiscal Impact Summary

The bill will increase Other Fund expenditures by \$225,000 beginning in FY 2019-20 for salary and fringe benefits for 3 FTEs and 5 part-time employees to administer the new alcohol server training program requirements for the Department of Revenue (DOR). DOR is authorized to defray its expenditures from the Responsible Alcohol Server Training Fund (training fund). The training fund will include revenue from fees charged for approving training providers and issuing alcohol server certificates.

The bill may increase expenditures of Federal Funds by the Department of Alcohol and Other Drug Abuse Services (DAODAS) in the amount of \$16,000 beginning in FY 2020-21 to subsidize the new provider fees paid by the 32 county alcohol and drug abuse authorities currently delivering training. This bill will have no expenditure impact on the General Fund or Other Funds for DAODAS.

The bill will have no impact on the General Fund, Other Funds, or Federal Funds for the State Law Enforcement Division (SLED). SLED indicates that the bill tasks the division with new enforcement duties that can be accomplished within existing inspection processes.

The bill will have no impact on the General Fund, Other Funds, or Federal Funds for the Administrative Law Court, because it tasks the agency with activities will be conducted in the normal course of agency business.

The bill will increase DOR Other Funds revenue of the training fund by a range of \$2,500 to \$18,500 beginning in FY 2020-21 due to fees collected from approved training programs providers. 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 will increase DOR Other Funds revenue of the training fund by as much as \$525,000 in FY 2020-21 and every third year thereafter for the issuance of alcohol server certificates. Other Funds revenue from administrative fines imposed for violations of provisions of this bill is undetermined due to lack of historical data.

The revenue and expenditure impact of the bill on local governments is undetermined because it is dependent upon the number of future violations.

Explanation of Fiscal Impact

Amended by the Senate on April 10, 2019

State Expenditure

This bill enacts the Responsible Alcohol Server Training Act (training act) and makes related amendments to other beer, wine, and alcoholic liquor laws. The training act applies to a premises licensed or permitted for the sale of alcohol for on-premises consumption and requires its managers and alcohol servers to obtain an alcohol server certificate within 60 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.

In order to receive an alcohol server certificate, an individual must complete an approved alcohol server training program. The bill authorizes DOR, in collaboration with DAODAS and SLED, to approve training programs offered by providers. DOR must issue a server certificate valid for 3 years to each applicant who completes an approved responsible alcohol server education program or recertification program.

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 5 approved program providers in the private sector. In addition, DAODAS developed a server education curriculum known as Palmetto Retailers Education Program (PREP). PREP is delivered through a community-based system of 32 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, county authorities graduated 1,257 retail staff from the PREP program in FY 2017-18. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 servers in South Carolina that will require training. Any increase in resource costs as a result of more 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 2020-21. As a state agency, DAODAS is exempt from paying the provider fee. However, it is unclear whether the provider fee will apply to the 32 county alcohol and drug abuse authorities that deliver the 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 2019-20. 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.

Department of Revenue. The agency, in collaboration with SLED and DAODAS, is authorized 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. Approximately 35,000 servers will require certification. The department indicates that it will need to hire 3 FTEs and 5 part-time employees to administer the new requirements. Therefore, this bill will increase Other Funds expenditures by \$225,000 in FY 2019-20 for salary and fringe benefits for new employees. This bill allows the training fund to be used for these expenditures associated with implementation and enforcement of the provisions of this chapter.

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. SLED indicates that it can accomplish these duties with existing staff and resources. Therefore, this bill will have no expenditure impact on the agency.

Administrative Law Court. Certain licensees and permittees are required to maintain additional liability insurance. This bill requires DOR to automatically suspend the permit or license of any licensee or permittee that fails to maintain the required insurance. This bill allows the permittee or licensee to request a hearing with the Administrative Law Court to review the decision. These activities will be conducted in the normal course of agency business. As a result, this bill will have no expenditure impact on the agency.

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. The collection of these fees will begin in FY 2020-21. 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.

Department of Revenue. The bill allows DOR to charge providers of alcohol server training programs an annual fee not to exceed \$500 annually. For this analysis, we assume that DOR will charge the full \$500 fee for providers. State agencies are exempt from the provider fee. Based upon data provided by DOR, there are currently 6 approved providers for alcohol server training programs, with only 1 provider, DAODAS, being a state agency. In addition, DAODAS developed an alcohol server education curriculum known as PREP, which is delivered through 32 county providers. It is unclear whether the county providers will be subject to the provider fee. If the 32 county providers are exempt from paying the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$2,500 annually beginning in FY 2020-21 for the 5 private sector providers. If the 32 county providers, in addition to the 5 private sector program providers, are required to pay the \$500 provider fee, this section of the bill will increase Other Funds revenue by \$18,500 annually beginning in FY 2020-21 for a total of 37 providers.

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 3 years. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 alcohol servers 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 \$525,000 in FY 2020-21 and every third year thereafter. Our office anticipates that

DOR will experience an insignificant 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.

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 is no historical data, the revenue impact on Other Funds for this portion of the bill is undetermined.

Department of Alcohol and Other Drug Abuse Services. DAODAS does not currently receive any revenue from the 32 local alcohol and drug abuse authorities who deliver PREP and does not anticipate charging for resources provided to the county authorities, if the training is made mandatory by this bill. Therefore, this bill will have no revenue impact on DAODAS.

Local Expenditure

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals in an intoxicated condition. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Because the bill creates a new violation for which there is no historical data, the increase in expenditures for local governments is undetermined.

Local Revenue

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals in an intoxicated condition. Existing law provides for the retention of part or all of the revenue generated from fines, assessments, and surcharges by the local jurisdiction processing the case. The revenue impact on local governments is dependent upon the number of convictions. Because the bill creates a new violation for which there is no historical data, the increase in revenue for local governments is undetermined.

This bill allows providers to charge individuals a maximum of \$35 for a training program. Local alcohol and drug abuse authorities currently collect fees for the PREP program to support local material distribution, space rental, and FTE training expenses. The amounts charged by the 32 county authorities vary, but we anticipate no revenue impact on local authorities.

Amended by Senate Judiciary on March 26, 2019

State Expenditure

The bill enacts the Responsible Alcohol Server Training Act (training act) and makes related amendments to other beer, wine, and alcoholic liquor laws. The training act prohibits an individual from employment as a manager or alcohol server on a premises licensed or permitted for the sale of alcohol on-premises unless and until the individual obtains, within 60 calendar days of employment, an alcohol server permit. If a permittee or licensee is a manager or server on the permitted or licensed premises, then the permittee or licensee must also complete an approved training program on responsible alcohol service and obtain a server permit. Each permittee or licensee must maintain on its premises copies of the server permits of the permittee or licensee, each manager, and each server then employed by the permittee or licensee. Failure to produce an alcohol server certificate for an alcohol server employed for 60 calendar days subjects the permittee or licensee to fines and penalties. DOR, in collaboration with DAODAS

and SLED, is authorized to approve training programs offered by providers. An authorized provider must pay an annual fee in an amount determined by DOR, not to exceed \$500. The provider fee is deposited to the Responsible Alcohol Server Training Fund, a revolving fund to assist with the cost of implementation and enforcement of the training act's provisions. DOR must issue a server certificate valid for 3 years to each applicant who completes an approved responsible alcohol server education program or recertification program. An applicant must apply for the alcohol server certificate within 6 months of completing the program. DOR may charge a fee, not to exceed \$15 for the issuance of the server certificate. The fees charged to issue and renew an alcohol server certificate are deposited to the Responsible Alcohol Server Training Fund.

The amended bill clarifies administrative and criminal penalties for alcohol servers who violate provisions of the training act.

Department of Alcohol and Other Drug Abuse Services. Currently, DAODAS approves alcohol retailer and server education as required by state law. In addition, DAODAS developed a server education curricula known as 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 currently and funded through the federal Substance Abuse Prevention and Treatment Block Grant (SAPT). Any increase in resource costs as a result of more demand for the course will be managed within DAODAS' Federal Funds.

As a state agency, DAODAS is exempt from paying DOR the \$500 provider fee. However, if the thirty-two county alcohol and drug abuse authorities are not considered exempt from the provider fee, expenditures for each of those organizations would increase \$500 annually beginning in FY 2019-20. Local alcohol and drug abuse authorities currently use funding collected through the charged fees for the PREP course to support local material distribution, space rental, and FTE training expenses. DAODAS estimates that the cost to local alcohol and drug abuse authorities per year in order to continue to participate in the server education programming if they are found non-exempt, to be \$16,000. The department indicates it may need to subsidize the \$500 fee charged to local provider agencies, which would increase DAODAS costs. DAODAS' increased cost, if any, would be charged to and managed within the federal SAPT block grant. The bill would not have an expenditure impact on the General Fund or Other Funds for DAODAS. The agency indicates that any expenses associated with subsidizing the \$500 provider fee charged to local provider agencies would be managed within the federal SAPT block grant. Therefore, this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds for DAODAS.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$225,000 to the General Fund in FY 2019-20 for salary and fringe benefits for 3 FTEs and 5 temporary employees to administer the new requirements.

South Carolina Law Enforcement Division. SLED indicates this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. The agency can accomplish enforcement during their normal inspection processes and will not require additional staff.

State Revenue

The bill allows DOR to charge providers of alcohol server training programs a fee not to exceed \$500 annually. State agencies are exempt from payment of the \$500 alcohol server training program provider fee. The revenue from this \$500 fee must be deposited into the Responsible Alcohol Server Training Fund to assist in the costs associated with implementation and enforcement of alcohol server training. DOR may also charge a fee for the issuance of alcohol server certificates in an amount not to exceed \$15. The alcohol server certificates are valid for a period of 3 years. DOR may impose administrative fines, not to exceed \$350, against any person that violates the provisions of the training act. The revenue generated from the \$15 fee and the administrative fines must be deposited into the Responsible Alcohol Server Training Fund. Additionally, the bill provides for the suspension of alcohol server permits due to various violations of selling or providing alcohol to individuals who are intoxicated or under the age of 21.

Based upon data provided by DOR, there are currently six approved providers for alcohol server training programs, with only one provider being a state agency. For this analysis, we assume that DOR will charge the full \$500 fee for providers. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this portion of the bill.

Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 servers in South Carolina. For this analysis, we assume that DOR will charge the maximum \$15 fee per server. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$525,000 for this portion of the bill.

Since the bill creates a new administrative fine for which there is no historical data, the revenue impact on the Responsible Alcohol Server Training Fund for this portion of the bill is undetermined. Revenue from fines imposed for criminal convictions is also undetermined for lack of data and judicial discretion in sentencing. Criminal fines are distributed to the General Fund, specified state agencies and programs, and local governments. DAODAS does not currently receive any revenue from the local alcohol and drug abuse authorities who deliver PREP and does not anticipate charging for resources provided to the county authorities, if the training is made mandatory by this bill. Therefore, the bill is not expected to have a state revenue impact for DAODAS.

Based upon data from DOR and DAODAS, there are currently six approved providers. One of the six is DAODAS, which is exempt from paying the \$500 provider fee. DAODAS developed the server education curricula know as PREP. Under the PREP program, there are thirty-two county providers. If the thirty-two county providers are exempt from paying the \$500 provider fee, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this section of the bill. If the thirty-two county providers are required to pay the \$500 provider fee, revenue of the Responsible Alcohol server Training Fund will increase by \$18,500 for this section of the bill.

Local Expenditure

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Therefore, the increase in expenses for local governments is undetermined.

Local Revenue

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The revenue impact on local governments is dependent upon the number of convictions and is undetermined. Existing law provides for the retention of part or all of the revenue generated from fines, assessments, and surcharges by the local jurisdiction processing the case.

Introduced on January 8, 2019

State Expenditure

The bill enacts the Responsible Alcohol Server Training Act (training act) and makes related amendments to other beer, wine, and alcoholic liquor laws. The training act prohibits an individual from employment as a manager or alcohol server on a premises licensed or permitted for the sale of alcohol on-premises unless and until the individual obtains, within 60 calendar days of employment, an alcohol server permit. If a permittee or licensee is a manager or server on the permitted or licensed premises, then the permittee or licensee must also complete an approved training program on responsible alcohol service and obtain a server permit. Each permittee or licensee must maintain on its premises copies of the server permits of the permittee or licensee, each manager, and each server then employed by the permittee or licensee. Failure to produce an alcohol server certificate for an alcohol server employed for 60 calendar days subjects the permittee or licensee to fines and penalties. DOR, in collaboration with DAODAS and SLED, is authorized to approve training programs offered by providers. An authorized provider must pay an annual fee in an amount determined by DOR, not to exceed \$500. The provider fee is deposited to the Responsible Alcohol Server Training Fund, a revolving fund to assist with the cost of implementation and enforcement of the training act's provisions. DOR must issue a server certificate valid for 3 years to each applicant who completes an approved responsible alcohol server education program or recertification program. An applicant must apply for the alcohol server certificate within 6 months of completing the program. DOR may charge a fee, not to exceed \$15 for the issuance of the server certificate. The fees charged to issue and renew an alcohol server certificate are deposited to the Responsible Alcohol Server Training Fund.

The bill includes administrative penalties for alcohol servers who violate provisions of the training act. The administrative penalties are tiered depending on the number of prior offenses. The penalties range from a fine of not more than \$50, or the suspension of the server certificate for a period of not more than 30 days, or both, for a first offense, to a fine of not more than \$350, or suspension of the certificate for not more than a year, or both, for a second or subsequent offense. Fines collected pursuant to these provisions are deposited to the Responsible Alcohol Server Training Fund.

DOR may also suspend or revoke the server certificate of a person who repeatedly violates the provisions of the training act within a 3 year period, or in the alternative, require the offender to attend and successfully complete the full server training program or recertification program. DOR and SLED are responsible for enforcing the training act, and DOR must make certificate suspension and revocation information accessible for licensees and permittees.

The bill requires the suspension of an alcohol server's certificate, if the server is convicted of selling or providing beer, wine, or alcoholic liquors to a person under the age of 21. The period of suspension varies depending on the number of prior convictions. If the offender does not hold an alcohol server's certificate and sells beer, wine, or alcoholic liquors to a person under 21, the bill requires the offender to complete alcohol server training and obtain the alcohol server certificate.

The bill also provides criminal penalties for holders of permits to sell beer or wine and their agents, when they hold alcohol server certificates and knowingly sell beer or wine to a person under 21 or an intoxicated person. The penalties are a fine of not less than \$200 nor more than \$300, or imprisonment for not more than 30 days, or both, for a first offense, and a fine of not less than \$400 nor more than \$500, or imprisonment for not more than 30 days, or both, for a second or subsequent offense. In addition, server certificates must be suspended. Criminal penalties are also provided for persons who sell alcoholic liquors to intoxicated persons. The penalties are the same as provided for such sales of beer or wine, including suspension of a server's certificate.

Department of Alcohol and Other Drug Abuse Services. Currently, DAODAS approves alcohol retailer and server education as required by state law. In addition, DAODAS developed a server education curricula known as 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 currently and funded through the federal Substance Abuse Prevention and Treatment Block Grant (SAPT). Any increase in resource costs as a result of more demand for the course will be managed within DAODAS' Federal Funds.

As a state agency, DAODAS is exempt from paying DOR the \$500 provider fee. However, if the thirty-two county alcohol and drug abuse authorities are not considered exempt from the provider fee, expenditures for each of those organizations would increase \$500 annually beginning in FY 2019-20. Local alcohol and drug abuse authorities currently use funding collected through the charged fees for the PREP course to support local material distribution, space rental, and FTE training expenses. DAODAS estimates that the cost to local alcohol and drug abuse authorities per year in order to continue to participate in the server education programming if they are found non-exempt, to be \$16,000. The department indicates it may need to subsidize the \$500 fee charged to local provider agencies, which would increase DAODAS costs. DAODAS' increased cost, if any, would be charged to and managed within the federal SAPT block grant. The bill would not have an expenditure impact on the General Fund

or Other Funds for DAODAS. The agency indicates that any expenses associated with subsidizing the \$500 provider fee charged to local provider agencies would be managed within the federal SAPT block grant. Therefore, this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds for DAODAS.

Department of Revenue. The department indicates this bill will have an expenditure impact of \$225,000 to the General Fund in FY 2019-20 for salary and fringe benefits for 3 FTEs and 5 temporary employees to administer the new requirements.

South Carolina Law Enforcement Division. SLED indicates this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. The agency can accomplish enforcement during their normal inspection processes and will not require additional staff.

State Revenue

The bill allows DOR to charge providers of alcohol server training programs a fee not to exceed \$500 annually. State agencies are exempt from payment of the \$500 alcohol server training program provider fee. The revenue from this \$500 fee must be deposited into the Responsible Alcohol Server Training Fund to assist in the costs associated with implementation and enforcement of alcohol server training. DOR may also charge a fee for the issuance of alcohol server certificates in an amount not to exceed \$15. The alcohol server certificates are valid for a period of 3 years. DOR may impose administrative fines, not to exceed \$350, against any person that violates the provisions of the training act. The revenue generated from the \$15 fee and the administrative fines must be deposited into the Responsible Alcohol Server Training Fund. Additionally, the bill provides for the suspension of alcohol server permits due to various violations of selling or providing alcohol to individuals who are intoxicated or under the age of 21.

Based upon data provided by DOR, there are currently six approved providers for alcohol server training programs, with only one provider being a state agency. For this analysis, we assume that DOR will charge the full \$500 fee for providers. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this portion of the bill.

Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 35,000 servers in South Carolina. For this analysis, we assume that DOR will charge the maximum \$15 fee per server. Therefore, revenue of the Responsible Alcohol Server Training Fund will increase by \$525,000 for this portion of the bill.

Since the bill creates a new administrative fine for which there is no historical data, the revenue impact on the Responsible Alcohol Server Training Fund for this portion of the bill is undetermined. Revenue from fines imposed for criminal convictions is also undetermined for lack of data and judicial discretion in sentencing. Criminal fines are distributed to the General Fund, specified state agencies and programs, and local governments. DAODAS does not currently receive any revenue from the local alcohol and drug abuse authorities who deliver PREP and does not anticipate charging for resources provided to the county authorities, if the training is made mandatory by this bill. Therefore, the bill is not expected to have a state revenue impact for DAODAS.

Based upon data from DOR and DAODAS, there are currently six approved providers. One of the six is DAODAS, which is exempt from paying the \$500 provider fee. DAODAS developed the server education curricula know as PREP. Under the PREP program, there are thirty-two county providers. If the thirty-two county providers are exempt from paying the \$500 provider fee, revenue of the Responsible Alcohol Server Training Fund will increase by \$2,500 for this section of the bill. If the thirty-two county providers are required to pay the \$500 provider fee, revenue of the Responsible Alcohol server Training Fund will increase by \$18,500 for this section of the bill.

Local Expenditure

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The increase in law enforcement or detention in local facilities is dependent upon the number of violations. Therefore, the increase in expenses for local governments is undetermined.

Local Revenue

The bill authorizes a monetary fine or imprisonment of no more than 30 days for violations of selling or providing alcohol to individuals under 21 years of age pursuant to various code sections. The revenue impact on local governments is dependent upon the number of convictions and is undetermined. Existing law provides for the retention of part or all of the revenue generated from fines, assessments, and surcharges by the local jurisdiction processing the case.



Frank A. Rainwater, Executive Director