~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 11, 2020

**S. 993**

Introduced by Senator Hembree

S. Printed 3/11/20--S.

Read the first time January 14, 2020.

**THE COMMITTEE ON JUDICIARY**

To whom was referred a Bill (S. 993) to amend the Code of Laws of South Carolina, 1976, by adding Section 61-4-555, so as to provide for a permit allowing licensed wineries, breweries, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting therein the following:

/ SECTION 1. Section 61-4-730 of the 1976 Code is amended to read:

“Section 61-4-730. (A) Permitted wineries that produce and sell wine produced on its premises with at least sixty percent of the juice from fruit and berries that are grown in this State may sell the wine at retail, wholesale, or both, and deliver or ship the wine to licensed retailers in this State or to consumer homes in and outside the State, and are eligible for a special permit pursuant to Section 61-4-550. Wine must be delivered between 7:00 a.m. and 7:00 p.m. Income from wine sold at events for which a special permit has been issued must not exceed ten percent of a permitted winery’s gross income per year from wine sales and the income must be derived from sales at events that are promotional in nature.

(B) Permitted wineries that produce and sell wine produced on their premises with less than sixty percent of the juice from fruit and berries that are grown in this State may retail from the winery and ship the wine directly to consumer homes in and outside the State, but these wineries are not wholesalers of the wine. These wineries shall use a licensed South Carolina wholesaler to deliver or ship the wine to licensed retailers in this State.

(C) The South Carolina Department of Agriculture shall periodically inspect the records of permitted wineries for verification of the percentage of juice from fruit and berries grown in this State used in the manufacturing of the wineries' products. Within ten days of conducting an inspection, the South Carolina Department of Agriculture shall report its findings to the South Carolina Department of Revenue. If a winery is found to be in violation of this statute, the owner of the winery is subject to penalties pursuant to Section 61-4-780.”

SECTION 2. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

LUKE A. RANKIN for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on January 14, 2020**

**State Expenditure**

This bill establishes festival permits to be issued by the Department of Revenue (DOR) to licensed breweries, wineries, and micro distilleries of the state. Festival permits authorize state licensed alcohol producers to sell their product and to provide samples for consumption at a festival for which a permit is obtained. Issued permits will be valid until the end of the festival for which the permit was issued. In order to obtain a permit, an applicant must complete a law enforcement notification provision which shall be included in the application. Both the application and the law enforcement notification provision are to be developed by DOR.

Due to the limited applicability of the festival permits, DOR anticipates that any additional expenses associated with the administration of the permits can be managed within existing appropriations. Therefore, this bill will not have an expenditure impact to the general fund, federal funds, or other funds of DOR.

**State Revenue**

This bill does not expressly permit DOR to charge a fee for the festival permits. Due to the limited applicability of the festival permits, DOR does not anticipate this bill will have a material effect on tax collections. Therefore, this bill will not have a revenue impact to the general fund, federal funds, or other funds.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 61-4-555, SO AS TO PROVIDE FOR A PERMIT ALLOWING LICENSED WINERIES, BREWERIES, AND MICRO-DISTILLERIES TO SELL THEIR WINE, BEER, AND ALCOHOLIC LIQUORS AT FESTIVALS AND TO PROVIDE SAMPLES OF THESE PRODUCTS AT FESTIVALS; BY ADDING SECTION 61-4-721, SO AS TO PERMIT LICENSED WINERIES TO OBTAIN WINERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555; BY ADDING SECTION 61-4-970, SO AS TO PERMIT LICENSED BREWERIES TO OBTAIN BREWERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555; AND BY ADDING SECTION 61-6-1155, SO AS TO PERMIT LICENSED MICRO-DISTILLERIES TO OBTAIN MICRO-DISTILLERY FESTIVAL PERMITS IN ACCORDANCE WITH SECTION 61-4-555.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 5, Chapter 4, Title 61 of the 1976 Code is amended by adding:

“Section 61-4-555. (A)(1) The South Carolina Department of Revenue may issue festival permits running for a period not to exceed the length of the festival to licensed breweries, wineries, and micro-distilleries in the State. These festival permits may be issued for festivals including but not limited to wine festivals, beer festivals, alcoholic liquor festivals, street festivals, holiday festivals, agricultural festivals, and other similar events approved by the South Carolina Department of Revenue.

(2) The department shall require the brewery, winery, or micro-distillery to complete the law enforcement notification provision contained in an application form and submit it with the application. The law enforcement notification provision shall be prepared by the department for inclusion in the application and, at a minimum, must contain sufficient information to inform the department that either the chief of police, if the event is located within the city limits, or the county sheriff has been notified of the festival permit application and given an opportunity to object.

(B) Each brewery, winery, or micro-distillery shall pay all festival entry fees and each shall have a designated representative present during the festival.

(C) Each winery that obtains a permit in accordance with this section shall be authorized to sell its wine and to provide samples for consumption at the festival for which the permit is obtained.

(D) Each brewery that obtains a permit in accordance with this section shall be authorized to sell its beer and provide samples for consumption at the festival for which the permit is obtained.

(E) Each micro-distillery that obtains a permit in accordance with this section shall be authorized to sell its alcoholic liquors and provide samples for consumption at the festival for which the permit is obtained.”

SECTION 2. Article 7, Chapter 4, Title 61 of the 1976 Code is amended by adding:

“Section 61-4-721. Notwithstanding any other provision of law, a licensed winery located in this State may obtain a winery festival permit in accordance with Section 61-4-555.”

SECTION 3. Article 9, Chapter 4, Title 61 of the 1976 Code is amended by adding:

“Section 61-4-970. Notwithstanding any other provision of law, a licensed brewery located in this State may obtain a brewery festival permit in accordance with Section 61-4-555.”

SECTION 4. Subarticle 11, Article 3, Chapter 6, Title 61 of the 1976 Code is amended by adding:

“Section 61-6-1155. Notwithstanding any other provision of law, a licensed micro-distillery located in this State may obtain a micro-distillery festival permit in accordance with Section 61-4-555.”

SECTION 5. This act takes effect upon approval by the Governor.

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