



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-3780 • RFA.SC.GOV/IMPACTS**

---

*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:** H. 4998    Introduced on February 22, 2022  
**Author:** Caskey  
**Subject:** Alcohol Food Products  
**Requestor:** House Judiciary  
**RFA Analyst(s):** Gallagher  
**Impact Date:** March 10, 2022

---

### **Fiscal Impact Summary**

This bill amends several code sections pertaining to alcoholic beverages to include alcoholic consumables, which are defined as products intended for consumption in frozen, gum, gelatin, or other nonliquid form containing wine, beer, ale, porter, or other similar beverages and to make conforming changes. Alcohol consumables with greater than 0.5 percent alcohol by volume are subject to the alcohol percentage limitations as set forth in Sections 61-4-10(1)-(3), which designates what percentages define alcoholic versus nonalcoholic beverages and consumables by type of alcohol.

This bill will not have an expenditure impact on the Department of Revenue (DOR) as the department will implement and promulgate guidance on the legislation as part of its normal course of business.

This bill will have an undetermined impact on General Fund revenue from taxing alcoholic consumables. Based on conversations with DOR, establishments selling solely consumable alcoholic products are not currently required to have an alcoholic liquor or beer and wine license. Which license they will need will be dependent on the type of alcoholic consumables they sell. Further, these items are not currently subject to Alcoholic Liquor or Beer and Wine tax. As such, this bill may increase the number of establishments required to purchase an alcoholic liquor or beer and wine license and the type of items subject to taxation. Data regarding alcoholic consumables are not available. Therefore, the revenue impact from this bill is undetermined, however it may result in an increase in General Fund revenue from additional establishments and items subject to Alcoholic Liquor and Beer and Wine licenses and taxes beginning in FY 2022-23.

We anticipate local sales and hospitality taxes will also apply to the sale of alcoholic consumables. As such, this bill may result in an increase in local revenue from the sale of alcoholic consumables beginning in FY 2022-23.

## **Explanation of Fiscal Impact**

**Introduced on February 22, 2022**

### **State Expenditure**

This bill amends several code sections pertaining to alcoholic beverages to include alcoholic consumables, which are defined as products intended for consumption in frozen, gum, gelatin, or other nonliquid form containing wine, beer, ale, porter, or other similar beverages with alcohol content of 5 percent or higher and to make conforming changes. This bill will not have an expenditure impact on the Department of Revenue (DOR) as the department will implement and promulgate guidance on the legislation as part of its normal course of business.

### **State Revenue**

This bill amends several code sections pertaining to alcoholic beverages to include alcoholic consumables, which are defined as products intended for consumption in frozen, gum, gelatin, or other nonliquid form containing wine, beer, ale, porter, or other similar beverages and to make conforming changes. Alcoholic consumables with greater than 0.5 percent alcohol by volume are subject to the alcohol percentage limitations as set forth in Sections 61-4-10(1)-(3), which designates what percentages define alcoholic versus nonalcoholic beverages and consumables by type of alcohol.

This bill will have an undetermined revenue impact. Based on conversations with DOR, establishments selling solely consumable alcoholic products are not currently required to have an Alcoholic Liquor or Beer and Wine license. Further, these items are not currently subject to Alcoholic Liquor or Beer and Wine tax. Which license establishments may need and the tax the consumables will be subject to will depend on the type of alcohol present in the alcoholic consumable pursuant to 61-4-10(1)-(3). DOR indicates they plan to promulgate guidance for establishments to tax consumables in the same manner as other beverages are currently taxed.

For alcoholic liquor, the Liquor by the Drink excise tax rate is 5 percent pursuant to 12-33-245, with 11 percent of this revenue distributed to local governments and the remaining 89 percent deposited to the General Fund. Liquor by the Drink is also subject to the 6 percent sales tax rate. We anticipate consumables containing liquor would also be subject to the excise tax of 5 percent and the sales tax rate of 6 percent. Further, the sale of beer and wine is subject to the 6 percent sales tax rate. We anticipate consumables containing beer and wine will therefore also be subject to the state sales tax rate of 6 percent. Pursuant to Section 12-21-1120, all tax revenue derived from the sale of beer and wine is deposited into the General Fund. The sale of alcoholic liquor and beer and wine is also subject to additional excise taxes per ounce, liter, case, or gallon. If these excise taxes are applied to the sale of consumables, this would also increase revenues.

In summary, this bill may increase the number of establishments required to purchase an Alcoholic Liquor or Beer and Wine license and the type of items subject to taxation. Data regarding alcoholic consumables are not available. Therefore, the revenue estimate from this bill is undetermined, however it may result in an increase in General Fund revenue from additional establishments and items subject to Alcoholic Liquor and Beer and Wine licensing and taxes beginning in FY 2022-23.

## Local Expenditure

N/A

## Local Revenue

This bill amends several code sections pertaining to alcoholic beverages to include alcoholic consumables, which are defined as products intended for consumption in frozen, gum, gelatin, or other nonliquid form containing wine, beer, ale, porter, or other similar beverages and to make conforming changes. Alcohol consumables with greater than 0.5 percent alcohol by volume are subject to the alcohol percentage limitations as set forth in Sections 61-4-10(1)-(3), which designates what percentages define alcoholic vs nonalcoholic beverage and consumable by type of alcohol.

For alcoholic liquor, the Liquor by the Drink excise tax rate is 5 percent in addition to a 6 percent state sales tax, local option taxes, and hospitality tax. We anticipate this same tax structure would apply to alcoholic consumables containing liquor and that these consumables will be subject to the local option sales tax and hospitality tax. Furthermore, pursuant to 12-33-245, 11 percent of the revenue from the 5 percent state excise tax is deposited to local governments. Items containing Beer and Wine are also subject to local option and hospitality tax in addition to a 6 percent state sales tax. Therefore, we anticipate the sale of alcoholic consumables containing liquor, beer, or wine will result in an increase in local revenue from the tax on sale of these consumables.

In summary, this bill will increase the type of items subject to local taxation. Due to data constraints, the revenue estimate from this bill is undetermined, however it may increase local sales tax revenue from the sale of alcoholic consumables beginning in FY 2022-23.



Frank A. Rainwater, Executive Director