



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.0472	Introduced on January 14, 2021
Author:	Rankin	
Subject:	Responsible Alcohol Server Training Act	
Requestor:	Senate Judiciary	
RFA Analyst(s):	Payne	
Impact Date:	March 1, 2021	

Fiscal Impact Summary

The bill will increase Other Fund expenditures by \$250,000 beginning in FY 2021-22 for salary and fringe benefits for five FTEs 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 2021-22 to subsidize the new provider fees paid by the thirty-two county alcohol and drug abuse authorities currently delivering training. This potential impact is contingent upon whether the 32 county authorities are considered to be state agency providers, which are exempt from paying this fee. This determination is yet to be made. The bill will have no expenditure impact on the General Fund or Other Funds of DAODAS.

The bill will have no impact on the General Fund, Other Funds, or Federal Funds of the State Law Enforcement Division (SLED). In response to a previous bill with the same provisions, SLED indicated 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 of the Administrative Law Court (ALC). In response to a previous bill with the same provisions, the ALC indicated the bill tasks the agency with activities that 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 2021-22 due to fees collected from approved training program providers. The amount of 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 \$600,000 in FY 2021-22 and every third year thereafter for the issuance of alcohol server certificates. The Other Funds revenue impact

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, based on responses to a previous bill with the same provisions, because it is dependent upon the number of future violations.

Explanation of Fiscal Impact

Introduced on January 14, 2021

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 sixty 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 three 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 five 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 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 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, although in FY 2019-20 participation was lower due to Covid-19 and there were only 337 participants. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 40,000 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 2021-22. As a state agency, DAODAS is exempt from paying the provider fee. However, it is unclear whether the provider fee will apply to the thirty-two 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 2021-22. 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 40,000 servers will require certification. The department indicates that it will need to hire 5 FTEs to administer the new requirements. Therefore, this bill will increase Other Funds expenditures by \$250,000 in FY 2021-22 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 2021-22. 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 know as PREP, which is delivered through thirty-two county providers. It is unclear whether the county providers will be subject to the provider fee. If the thirty-two 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 2021-22 for the five private sector providers. If the thirty-two county providers, in addition to the five 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 2021-22 for a total of thirty-seven 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 three years. Based upon data obtained from the Occupational Employment Statistics report from the U.S. Bureau of Labor Statistics, there are approximately 40,000 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 \$600,000 in FY 2021-22 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 thirty-two 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 thirty 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 thirty 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 ranging from \$0 to \$50 for the PREP program to support local material distribution, space rental, and FTE training expenses. The amounts charged by the thirty-two county authorities vary, but we anticipate no revenue impact on local authorities.



Frank A. Rainwater, Executive Director