

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** February 5, 2009

**Bill Number:** S.B. 70

**Author:** Ford

**Committee Requesting Impact:** Senate Judiciary Committee

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### Bill Summary

A bill to amend Section 61-2-20, of the Code of Laws of South Carolina, 1976, relating to administration and enforcement of the Alcoholic Beverage Control Act and the administration and enforcement of laws and regulations relating to beer, ale, porter, and wine, so as to provide that the administration and enforcement of these laws is reserved to the state and to provide that local ordinances attempting to regulate these matters are unenforceable; and to amend Section 61-4-120, as amended, relating to the prohibition on Sunday beer and wine sales and the exceptions to this prohibition, so as to provide that beer and wine may be sold or offered for sale at all hours except those hours when such sales are prohibited by state law and to provide that conflicting municipal and county ordinances are unenforceable.

### REVENUE IMPACT <sup>1/</sup>

This bill would reduce state sales and use tax revenue by an estimated \$15,000 in FY2009-10. Of this amount, General Fund sales and use tax would be reduced by \$10,000, E.I.A. funds would be reduced by \$2,500, and Homestead Exemption Fund revenue would be reduced by \$2,500 in FY2009-10.

### Explanation

This bill would amend Section 61-2-20 and Section 61-4-120 of the Code of Laws of South Carolina to ensure that municipal or county ordinances attempting to regulate a business licensed or permitted by the Department of Revenue that serves alcoholic beverages during hours other than those prescribed by state law are unenforceable. According to the Department of Revenue, Alcohol Beverage License Division, state law supersedes county or municipal law and it is illegal to operate between the hours of 2:00 AM and 10:00 AM. The sale of alcoholic beverages during these hours in so-called "after-hours clubs" is not permissible and is enforced by the State Law Enforcement Division. Also, according to Section 61-4-120, "It is unlawful for a person to sell or offer for sale wine or beer in this State between the hours of twelve o'clock Saturday night and sunrise Monday morning." The hours of operation may be extended to 2:00 AM on Sunday if the requirements of Section 61-6-1610 are met, or all day on Sunday after 10:00 AM if a special Sunday license is obtained from the Department of Revenue. This bill would result in the loss of food and beverage sales during the restricted hours at "after-hours" establishments, and would reduce sales and use taxes by an estimated \$15,000 in FY2009-10.

/s/ WILLIAM C. GILLESPIE, PH.D.

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Chief Economist

**Analyst:** Martin

<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.