

Statement of Estimated State Revenue Impact

Date: May 14, 2014 (As amended March 20, 2014 by the House Judiciary Committee)
Bill Number: H.B. 3539
Author: Rutherford

Committee Requesting Impact: Senate Judiciary Committee

Bill Summary

A bill to amend Section 61-6-4160, of the Code of Laws of South Carolina, 1976, relating to the prohibition on the sale of alcoholic liquors on certain days, so as to allow the sale of alcoholic liquors on statewide election days.

REVENUE IMPACT ^{1/}

This bill, as amended, would reduce sales and use tax revenue by an estimated \$68,672 in FY2014-15. Of this amount, General Fund sales and use tax revenue would be reduced by \$45,782, the EIA fund would be reduced by \$11,445, and the Homestead Exemption Fund would be reduced by \$11,445 in FY2014-15.

Explanation of Amendment (March 20, 2014) – By the House Judiciary Committee

This amendment would allow the sale of alcohol on statewide election days, but would not allow the sale of alcohol on Christmas Day. Currently, twenty-seven states either ban or strictly limit the sale of alcoholic beverages on Christmas day. In South Carolina, there is no statutory provision that requires liquor stores to be closed on Christmas day, but the Department of Revenue has encouraged “red dot” stores not to operate on Christmas day. Alcohol may be served in bars, restaurants, grocery stores, and convenience stores on Christmas day provided the establishments are open for business at their discretion. If alcohol sales were banned on Christmas day, this would allow individuals to “stock-up” on alcohol in the days leading up to Christmas day. This amendment, however, would impact those individuals that would spend the holiday in a restaurant or in the bars and taverns open later in the day on Christmas.

Based on the latest data available, U.S. alcohol sales have reached \$197,800,000,000 per year. Adjusting this figure for South Carolina sales and dividing by 365 days in a year yields an average estimated \$5,419,178 in alcohol sales in South Carolina each day. After applying a six percent sales tax rate, this results in an estimated \$325,151 in sales and use tax revenue each day. After adjusting for the liquor stores that would be closed on Christmas day and two-thirds of establishments selling alcohol would not be open for business on Christmas, yields an estimated reduction in sales and use tax revenue of \$68,672 in FY2014-15. Of this amount, General Fund sales and use tax revenue would be reduced by \$45,782, the EIA fund would be reduced by \$11,445, and the Homestead Exemption Fund would be reduced by \$11,445 in FY2014-15.

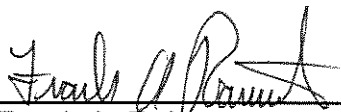
Explanation of Bill filed February 19, 2013

This bill would amend Section 61-6-4160 to delete the prohibition on the sale of alcoholic liquors on statewide election days. Currently in South Carolina, it is unlawful to sell alcoholic liquors in retail “red dot” stores, restaurants, and bars on Election Day. South Carolina is the only state that prohibits the sale of alcohol on statewide Election Day. The prohibition is rooted in the Prohibition era when saloons sometimes served as polling stations for elections.

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Alaska and Massachusetts also ban Election Day alcohol sales, but the local governments are authorized to provide an exemption from the ban.

The banning of alcohol sales on statewide Election Day has the effect that is similar to state and county blue laws that limit retail sales on Sunday. The current banning of alcohol sales on Election Day would allow individuals to "steal" alcohol sales from the Monday prior to Election Day as individuals "stock up" in advance of no alcohol sales allowed on Tuesday. Since Georgia and North Carolina allow the sale of alcohol on statewide Election Day, there would be no motivation to cross state lines to purchase alcohol out-of-state. This bill, therefore, is not expected to impact state or local General Fund sales and use tax revenue in FY2014-15.



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¹¹ 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.