**HOUSE OF REPRESENTATIVES**
**COMMITTEE ON**
**REGULATED SERVICES**
**BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**BILL #**: HB 533

**RELATING TO**: Alcoholic beverage surcharge

**SPONSOR(S)**: Representative Gay

**STATUTE(S) AFFECTED**: ss. 561.501, 561.025 and 561.121

**COMPANION BILL(S)**: SB 336

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE**:
(1) REGULATED SERVICES
(2) FINANCE AND TAXATION
(3) GENERAL GOVERNMENT APPROPRIATIONS
(4)
(5)

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I. SUMMARY:

HB 533 repeals the alcoholic beverage surcharge imposed by Chapter 90-132, Laws of Florida.

The alcoholic beverage surcharge repeal contained in this bill would result in an approximate $100 million negative impact on state revenues annually.

The bill contains an effective date of January 1, 1998.

## II. SUBSTANTIVE ANALYSIS:

### A. PRESENT SITUATION:

Florida's alcoholic beverage law consists of chapter 561 relating to administration; chapter 562 relating to enforcement; chapters 563, 564 and 565 relating to beer, wine and liquor respectively; and chapters 567 and 568 relating to wet and dry county elections. Section 561.02, F.S., authorizes the Division of Alcoholic Beverages and Tobacco of the Department of Business and Professional Regulation to carry out the provisions of the Beverage Law.

The alcoholic beverage surcharge, sometimes referred to as a "pouring fee" or "by-the-drink" tax, was passed in 1990. Chapter 90-132, Laws of Florida, imposed a surcharge of ten cents on each one ounce of liquor or four ounces of wine, and four cents on each 12 ounces of beer sold at retail for consumption on a vendor's licensed premises.

Retail vendors are required to remit the alcoholic beverage surcharge monthly and may choose to pay the surcharge based on their actual on-premise sales during the previous month or up-front based on the amount of purchases made from wholesalers. Rather than pay the surcharge up-front on beverages not yet sold, many vendors opt to pay the surcharge based on their actual sales. The sales method of calculations and remittance, however, involves a more cumbersome record keeping procedure which often results in vendor miscalculations. Vendors are allowed to retain 1% of the monthly surcharge owed to the state to cover their cost of maintaining appropriate records and remitting the tax in a timely manner.

Section 561.121, F.S., requires surcharge revenue to be deposited into the General Revenue Fund, except that nine and eight-tenths percent of the surcharge is deposited in the Children and Adolescents Substance Abuse Trust Fund (CASA). The CASA Trust Fund collections are specified to be used to fund programs directed at reducing and eliminating substance abuse problems among children and adolescents.

The alcoholic beverage surcharge generates approximately $100 million annually.

### B. EFFECT OF PROPOSED CHANGES:

HB 533 would repeal the alcoholic beverage surcharge and delete statutory references to the surcharge in the Beverage Law.

### C. APPLICATION OF PRINCIPLES:

1. Less Government:

   a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No. The bill repeals the alcoholic beverage surcharge which is assessed on all alcoholic beverages sold for on-premise consumption.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

Yes. The bill repeals the surcharge assessed on all alcoholic beverages sold for on-premise consumption and reduces state revenue accordingly.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. <u>FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

Insignificant.

2. Recurring Effects:

   The alcoholic beverage surcharge repeal contained in this bill would result in a reduction in state revenue collections of approximately $100 million annually. Of that amount, nine and eight-tenths percent was designated for remittance to the Children and Adolescents Substance Abuse Trust Fund and the remainder to the General Revenue Trust Fund.

3. Long Run Effects Other Than Normal Growth:

   Indeterminate.

4. Total Revenues and Expenditures:

   See A.2. above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None.

2. Direct Private Sector Benefits:

   Retail vendors of alcoholic beverages will see a reduction in costs associated with maintaining the necessary records for calculating and remitting the surcharge to the state.

   To the extent any cost savings is passed on to the ultimate consumer as a result of this repeal, the public could experience a reduction in the cost of alcoholic beverages purchased in restaurants and bars.

3. Effects on Competition, Private Enterprise and Employment Markets:

   Indeterminate.

D. FISCAL COMMENTS:

   None.

## IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

   This bill does not require counties or municipalities to spend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

   This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

   This bill does not reduce the percentage of state tax shared with counties or municipalities.

## V. COMMENTS:

None.

## VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

## VII. SIGNATURES:

COMMITTEE ON REGULATED SERVICES:

| Prepared by: | Legislative Research Director: |
|---|---|
| Janet Clark Morris | Paul Liepshutz |