SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 286

SPONSOR: Senator Geller

SUBJECT: Alcoholic Beverage Surcharge

DATE: February 29, 2000 REVISED: 3/08/00

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Keating	Wood	FR	Fav/1 amendment
2.			RI	
3.				
4.				
5.				

I. Summary:

The bill exempts from the surcharge, alcoholic beverages sold by certain nonprofit organizations.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 561.501

II. Present Situation:

In 1990, the Legislature created s. 561.501, F.S., which imposed an alcoholic beverage surcharge on all alcoholic beverages sold by the drink for consumption on a retailer's licensed premises. The surcharge was ten cents on each one ounce of liquor or four ounces of wine, six cents on each 12 ounces of cider and four cents on each 12 ounces of beer.

There have been several attempts to eliminate the surcharge over the past several years. Legislation was enacted during the 1997 Session, ch. 97-213, L.O.F., which would have repealed the surcharge effective July 1, 1999, contingent upon collection of sufficient increased excise tax revenue. The surcharge would have been repealed if 1998 calendar year excise tax collections were greater than $535 million. The repeal passed as part of a bill dealing with the unlawful direct shipping of alcoholic beverages. The nexus between the two issues is the belief that substantial tax dollars are lost due to unlawful direct shipping and that, if recouped, the increased excise & sales tax revenue might be sufficient to offset the surcharge repeal. Section 1 of ch. 97-213, L.O.F., required the Department of Business and Professional Regulation (DBPR) to report to the Legislature by March 1, 1999, the total amount of revenue collected pursuant to this law during calendar year 1998. The DBPR certified to the Legislature on February 19, 1999, that the amount of taxes due and paid during calendar year 1998 under ss. 563.05, 564.06, 565.12, and 561.54, F.S., was $464,185,488.

The 1999 Legislature reduced the surcharge by one-third. Effective September 1, 1999, the surcharge is 6.67 cents on each one ounce of liquor or four ounces of wine, 4 cents on each 12 ounces of cider and 2.67 cents on each 12 ounces of beer.

Retailers are required to remit the alcoholic beverage surcharge monthly and may pay the surcharge based on their actual on-premise sales during the previous month or up-front, based on the amount of alcoholic beverage purchases they made from licensed wholesalers. The Division of Alcoholic Beverages and Tobacco reports that approximately 87% of retailers utilize the purchase method to calculate the surcharge. The sales method of calculations and remittance involves a more cumbersome record keeping procedure which often results in retailer miscalculations. For FY 1998-99, the retail surcharge generated $110.4 million in tax revenues and is estimated to generate $83.5 million in FY 1999-00.

Retailers 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.

III. Effect of Proposed Changes:

Senate Bill 286 amends s. 561.501, F.S., providing an exemption from the alcoholic beverage surcharge for certain nonprofit organizations. Specifically, the surcharges need not be paid upon alcoholic beverages when sold by an organization that is licensed by the Division of Alcoholic Beverages and Tobacco under s. 565.02(4) or s. 561.422, F.S., as an alcoholic beverage vendor and that is determined by the Internal Revenue Service to be currently exempt from federal income tax under s. 501(c)(3) or (19) of the Internal Revenue Code of 1986, as amended.

The bill takes effect July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The alcoholic beverage surcharge exemption for certain nonprofit organizations is estimated to reduce General Revenue in fiscal year 2000-01 by $2.6 million, with a recurring General Revenue loss of $2.9 million.

	General Revenue		Trust		Local		Total	
Issue/Fund	1st Year $	Recurring $	1st Year $	Recurring $	1st Year $	Recurring $	1st Year $	Recurring $
Alcoholic Beverages								
Nonprofit Exemption	(2.6)	(2.9)	0.0	0.0	(0.4)	(0.4)	(3.0)	(3.3)

* Insignificant
** Indeterminate

B. Private Sector Impact:

The following types of s. 501(c) nonprofit organizations will no longer have to collect and remit the alcoholic beverage surcharge under this bill: (3) - religious, charitable, scientific, literary, or educational; and (19) - veterans' post or organizations.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

The federal exemption offered s. 501(c)(4) organizations includes some veterans' organizations and should be included in this bill.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Fiscal Resource:
Adds to the alcoholic beverage surcharge exemption for nonprofits, s. 501(c)(4) organizations, which includes certain veterans' organizations.