HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7105 PCB FT 06-02 Taxation of Alcoholic Beverages
SPONSOR(S): Finance & Tax Committee
TIED BILLS: **IDEN./SIM. BILLS:** SB 1292

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Finance & Tax Committee	7 Y, 2 N	Levin	Diez-Arguelles
1) Fiscal Council		Levin	Kelly
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

Since 1990, Florida has imposed a tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor. The tax rate was reduced by one-third in 1999, and again by one-half in 2000. The current tax rates are: 3.34 cents per 1 ounce of spirits or 4 ounces of wine, 1.34 cents per 12 ounces of beer, and 2 cents per 12 ounces of cider.

Twenty-seven and two-tenths percent of the tax proceeds are transferred to the Children and Adolescents Substance Abuse Trust Fund, for the purpose of funding programs directed at reducing and eliminating substance abuse problems. The remainder of the tax proceeds is transferred to the General Revenue Fund.

The bill eliminates the tax on the retail sale of alcoholic beverages for consumption on the premises of the vendor, terminates the Children and Adolescents Substance Abuse Trust Fund, and appropriates in excess of $11 million from General Revenue to the Department of Children and Family Services to continue current trust funded appropriations for purposes of reducing or eliminating substance abuse in children and adolescents.

The bill provides an effective date of July 1, 2006, except as otherwise provided in this bill.

The Revenue Estimating Conference has determined that the bill will reduce state revenues by ($45.3 million) in FY 06-07 and by ($51.8 million) in FY 07-08.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: The bill eliminates the tax imposed on alcoholic beverages sold for consumption on the premises of the vendor.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Since 1990, Florida has imposed a tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor. The tax rate was reduced by one-third in 1999, and again by one-half in 2000. Current tax rates are: 3.34 cents per 1 ounce of spirits or 4 ounces of wine, 1.34 cents per 12 ounces of beer, and 2 cents per 12 ounces of cider.[1]

Twenty-seven and two-tenths percent of the tax proceeds are transferred to the Children and Adolescents Substance Abuse Trust Fund, for the purpose of funding programs directed at reducing and eliminating substance abuse problems. The remainder of the tax proceeds is transferred to the General Revenue Fund.[2]

Proposed Changes

The bill eliminates the tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor and terminates the Children and Adolescents Substance Abuse Trust Fund, effective July 1, 2006. The bill retains in place the administrative tax collection provisions of the statute until July 1, 2007.

The bill appropriates $11,298,205 for FY 06-07 from the General Revenue Fund to the Department of Children and Family Services to continue current trust funded for the purpose of funding programs directed at reducing or eliminating substance abuse in children and adolescents.

C. SECTION DIRECTORY:

Section 1. Amends s. 561.121 (4), F.S., to provide that tax revenues collected after July 1, 2006 must be transferred to the General Revenue Fund.

Section 2. Terminates the Children and Adolescents Substance Abuse Trust Fund and transfers any remaining balances, after payment of outstanding obligations, to the General Revenue Fund.

Section 3. Amends s. 215.20, F.S., to eliminate a cross reference to the Children and Adolescents Substance Abuse Trust Fund.

Section 4. Amends s. 561.501, F.S., to delete the tax imposed on alcoholic beverages consumed on the premises of the vendor.

Section 5. Repeals s. 561.501, F.S., as amended by this bill, effective July 1, 2007.

Section 6. Repeals s. 561.121 (4), F.S., effective July 1, 2007.

Section 7. Amends s. 561.025, F.S., to remove a cross reference, effective July 1, 2007.

Section 8. Appropriates $11,298,205 from the General Revenue Fund to the Department of Children and Family Services for the purpose of reducing or eliminating substance abuse in children and adolescents.

Section 9. Provides an effective date of July 1, 2006, unless otherwise provided in the act.

[1] Section 561.501, F.S.

[2] Section 561.121(4), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Revenues:	FY 06-07	FY 07-08
General Revenue	($31.5m)	($37.7m)
GR Service Charge	(1.0m)	(1.0m)
CASA Trust Fund	($12.8m)	($13.1m)
Total	($45.3m)	($51.8m)

2. Expenditures:

The bill appropriates $11,298,205 for FY 06-07 from the General Revenue Fund to the Department of Children and Family Services for the purpose funding programs directed at reducing or eliminating substance abuse in children and adolescents.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Retail vendors of alcoholic beverages sold for consumption on the premises will no longer have to remit and report alcoholic beverage taxes to the state.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require cities and counties to spend funds, does not reduce the authority of cities and counties to raise revenues and does not reduce the percentage of a state tax shared with counties and municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES