

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/CS/SB 642

INTRODUCER: Appropriations Committee; Regulated Industries Committee; and Senator Hays

SUBJECT: Distilled Spirits

DATE: April 22, 2013

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Oxamendi	Imhof	RI	Fav/CS
2.	Fournier	Hansen	AP	Fav/CS
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/CS/SB 642 permits craft distilleries to sell the distilled spirits they produce on their licensed premises to consumers for off premises consumption. The bill defines a “craft distillery” to mean a licensed distillery that produces 75,000 or fewer gallons of distilled spirits on its premises per calendar year.

The Revenue Estimating Conference has not considered the fiscal impact of this bill. Staff estimates that the bill will not affect state revenues.

The craft distilleries’ sales must be made at the souvenir shop that is located on private property contiguous to the licensed distillery premises. Craft distilleries and licensed distilleries may sell distilled spirits only in face-to-face transactions with consumers making the purchases for personal use and not for resale. The craft distillery may sell no more than two containers per customer.

The bill requires that craft distilleries must cease making sales to consumers on the day after they reach the 75,000 gallon production limitation. The craft distilleries may not ship to consumers

within the state. However, the craft distillery may ship, arrange to ship, or deliver to manufacturers of distilled spirits, wholesale distributors, bonded warehouses, and exporters.

The bill prohibits the transfer of a craft distillery license, including the transfer of an ownership interest in the license, to any individual or entity with a direct or indirect interest in another distillery. However, the bill permits a craft distillery to have its ownership interest affiliated with another distiller if the other distiller produces 75,000 gallons or fewer of distilled spirits on its licensed premises per calendar year.

The bill provides legislative intent that the provisions of the bill are not severable and provides that the provision of the bill are not to be severed if a court determines that any provision of this bill is in conflict with any law of this state, a federal law or regulation, the State Constitution, or the United States Constitution, or is otherwise invalid for any other reason.

The bill authorizes the division to adopt rules to administer section 565.03, Florida Statutes.

The bill allows the board of county commissioners in a county where the voters have approved the sale of intoxicating liquors, wines, and beers by package only in a prior election, to order an election, no more frequently than every two years, on the sole question of whether the sale by the drink for consumption on the premises for alcoholic beverages should be allowed. The bill requires the board to order the second election upon a majority vote of the board of county commissioners or after a petition signed by one-tenth of the registered voters in the county.

The bill takes effect on July 1, 2013.

This bill substantially amends sections 565.03, 567.01, 567.06, and 567.07, Florida Statutes.

II. Present Situation:

In Florida, alcoholic beverages are regulated by the Beverage Law.¹ These provisions regulate the manufacture, distribution, and sale of wine, beer, and liquor via manufacturers, distributors, and vendors.² The Division of Alcoholic Beverage and Tobacco (division) within the Department of Business and Professional Regulation is the agency authorized to administer and enforce the Beverage Law.³

Section 565.01, F.S., defines the terms “liquor,” “distilled spirits,” “spirituous liquors,” “spirituous beverages,” or “distilled spirituous liquors” to mean:

that substance known as ethyl alcohol, ethanol, or spirits of wine in any form, including all dilutions and mixtures thereof from whatever source or by whatever process produced.

Section 565.03(1)(a), F.S., requires each liquor manufacturer to pay an annual \$4,000 license tax for each plant or branch it operates in the state, if the manufacturer is engaged:

¹ The Beverage Law means chs. 561, 562, 563, 564, 565, 567, and 568, F.S. *See* s. 561.01(6), F.S.

² *See* s. 561.14, F.S.

³ Section 561.02, F.S.

- In the business of distilling spirituous liquors and nothing else; or
- In the business of rectifying and blending spirituous liquors and nothing else.

Licensed liquor manufacturers may also rectify and blend spirituous liquors in addition to distilling liquors without paying an additional license tax.⁴

Florida law does not define the term “distillery.”

According to the Florida Craft Distillers Guild, there are 15 distilleries that are located in Florida and members of the guild.⁵

Three Tier System

In the United States, the regulation of alcohol has traditionally been through what is termed the “three-tier system.” The system requires that the manufacture, distribution, and sale of alcoholic beverages be separated. In a three-tier system, each license classification has clearly delineated functions.

In Florida, only licensed vendors are permitted to sell alcoholic beverages directly to consumers at retail.⁶ Vendors are limited to purchasing their alcoholic beverage inventory from licensed distributors, manufacturers, or bottlers.⁷ Alcoholic beverage manufacturers cannot hold a vendor’s license.⁸ Importers, whether resident or nonresident, are licensed to sell, or to cause to be sold, shipped, and invoiced, alcoholic beverages to licensed manufacturers or licensed distributors, and to no one else. An importer can have no direct or indirect affiliation with any vendor licensed in this state.⁹

The system is deeply rooted in the perceived evils of the “tied house” in which a bar is owned or operated by a manufacturer or the manufacturer exercises undue influence over the retail vendor.¹⁰

There are some exceptions to this regulatory system. The exceptions include allowing vendors to manufacture malt beverages¹¹ and to sell them to consumers,¹² allowing individuals to bring

⁴ Section 565.03(1)(b), F.S.

⁵ See Florida Craft Distillers Guild at <http://floridadistillers.org/members> (Last visited March 27, 2013).

⁶ Section 561.14(3), F.S. However, see discussion *supra* regarding the exceptions.

⁷ Section 561.14(3), F.S. Vendors may buy from vendors in a pool buying group if the initial purchase was by a single purchase by a pool buying agent.

⁸ Section 561.22, F.S.

⁹ Section 561.14(5), F.S.

¹⁰ Erik D. Price, *Time to Untie the House? Revisiting the Historical Justifications of Washington’s Three-Tier System Challenged by Costco v. Washington State Liquor Control Board*, a copy can be found at: http://www.lanepowell.com/wp-content/uploads/2009/04/pricee_001.pdf (Last visited February 28, 2013).

¹¹ Section 563.01, F.S., defines the terms “beer” and “malt beverage” to mean all brewed beverages containing malt.

¹² See ss 561.221(2) and (3), F.S., which permits the limited manufacture of beer by vendors.

small quantities of alcohol back from trips out-of-state,¹³ and allowing in-state wineries to manufacture and sell directly to consumers.¹⁴

There are two license options that permit vendors to manufacture malt beverages for sale directly to consumers. Section 561.221(2), F.S., permits a vendor to manufacturer malt beverages, even if the vendor is also licensed as a distributor. The malt beverages the vendor manufactures must be sold on property consisting of a single complex that includes a brewery and other structures that promote the brewery and the tourist industry of the state. The property may be divided by no more than one public street or highway. This type of license does not limit the amount of malt beverages that may be manufactured.

Section 561.221(3), F.S., permits a vendor also to be licensed as a manufacturer of malt beverages if the vendor is engaged in brewing malt beverages at a single location in an amount that does not exceed 10,000 kegs per year.¹⁵ The malt beverages must be sold to consumers for consumption on the vendor's licensed premises or on contiguous licensed premises owned by the vendor. These vendors are known as "brew pubs."

Florida law allows in-state wineries to manufacture and sell directly to consumers.¹⁶

Florida's Direct Shipping Prohibition

Section 561.545(1), F.S., prohibits the direct shipping of all alcoholic beverages to consumers from out-of-state. It also prohibits common carriers from transporting alcoholic beverages from an out-of-state location to anyone in this state who does not hold a valid manufacturer, wholesaler, or exporter's license, or who is not a state-bonded warehouse.

A first violation of this prohibition results in the issuance of an order to show cause why a cease and desist order should not be issued. A violation within two years of a cease and desist order, or within two years of a previous conviction, constitutes a felony of the third degree.

Section 561.545(5), F.S., provides an exception for the direct shipping of sacramental alcoholic beverages to bona fide religious organizations as authorized by the division. It also exempts registered exporters.

Section 561.54(1), F.S., prohibits deliveries of alcoholic beverages from out-of-state by common or permit carriers, operators of privately owned cars, trucks, buses, or other conveyances, except to manufacturers, wholesalers, or exporters, or bonded warehouses in this state. Section 561.54(2), F.S., provides a cause of action for any licensee who is aggrieved by a violation of this prohibition. The court must assess damages equal to three times the amount of delivery charges or the fair market value of the merchandise unlawfully brought into the state. The court must also award the plaintiff its costs and reasonable attorney's fees.

¹³ See s. 562.16, F.S., which permits the possession of less than one gallon of untaxed alcoholic beverages when purchased by the possessor out-of-state in accordance with the laws of the state where purchased and brought into the state by the possessor.

¹⁴ See s. 561.221(1), F.S.

¹⁵ Section 561.221(3)(a)1., F.S., defines the term "keg" as 15.5 gallons.

¹⁶ See s. 561.221, F.S.

Florida's prohibition against direct shipping is limited to the direct shipping of alcoholic beverages from out-of-state to Florida; it does not prohibit direct shipping from a Florida winery to another state or from a Florida winery to a person in Florida.

Since August 5, 2005, the state has been enjoined from enforcing laws prohibiting the direct shipment of alcoholic beverages¹⁷ (see Other Constitutional Issues, below) and some out-of-state shippers have reported direct sales into Florida.¹⁸

Local Option Beverage Sales Referenda

Article VIII, s. 5(a), Florida Constitution, provides a local option for each county on the legality or prohibition of the sale of intoxicating liquors, wines, or beers. A special election is required to determine whether the sale of intoxicating beverages is legal or prohibited. The special election must be called upon the petition of 25 percent of the electors of the county, and not sooner than two years after an earlier election on the same question. If the sale of intoxicating liquors, wines, and beers is legal in a county, the sale shall be regulated by law.

Chapter 567, F.S., provides the process for local option elections. Section 567.01(1), F.S., provides that each county's board of commissioners shall order an election to decide whether the sale of intoxicating liquors, wines, or beer shall be prohibited in said county and if not prohibited, to decide the method of sale. There is no provision for the board of county commissioners to order the election on its own initiative. The board must first be presented, at a regular or special meeting, with a written application asking for such a determination in the county. The application must be signed by one-fourth of the registered voters of the county.

The local option election must decide either:

- Whether the sale of intoxicating liquors, wines, or beer shall be prohibited or permitted in said county, and to decide also whether such sale, if permitted by said election, shall be restricted to sales by the package; or
- After a prior election has authorized such sale and has restricted sales to by the package only, whether intoxicating liquors, wines, or beer shall be sold by the drink for consumption on premises.

Three counties are "package sales only": Calhoun, Holmes, and Jackson. Three counties are "dry," i.e., they prohibit the sale of beer, wine and liquor: Lafayette, Liberty, and Washington.

III. Effect of Proposed Changes:

Definitions

The bill creates s. 565.03(1)(a), F.S., to define the term "craft distillery" to mean a licensed distillery that produces 75,000 or fewer gallons of distilled spirits per calendar year on its

¹⁷ *Bainbridge v. Turner*, No. 8:99-CV-2681-T-27TBM (M.D. Fla. August 5, 2005).

¹⁸ Revenue Estimating Conference Impact Conference Results, March 26, 2009, [Revenue Estimating Conference Impact Conference Archives](#)

premises. The distillery must have also notified the division in writing of its status as a craft distillery.

The bill creates s. 565.03(1)(b), F.S., to define the term “distillery” to mean a manufacturer of distilled spirits.

The bill amends s. 565.03(2), F.S., to require distilleries licensed to distill, rectify, or blend distilled spirits to pay a state license tax of \$4,000 for each plant or branch operating in the state, and deletes the current language that permits distilleries to rectify or blend spirituous liquors without payment of an additional license tax.

Craft Distillery Licensees

The bill creates s. 565.03(3), F.S., to permit a craft distillery to sell the distilled spirits it produces on its premises to consumers for off premises consumption. The sales must occur at the distillery’s souvenir gift shop that is located on private property contiguous to the licensed distillery premises, and included on the sketch submitted with the license application.¹⁹ The bill requires that the division approve any subsequent revisions to a craft distillery’s sketch to verify that the retail location operated by the craft distillery is “owned or leased by the craft distillery and on property contiguous to the craft distillery’s production building.”

Section 565.03(3)(a), F.S., prohibits craft distilleries and licensed distilleries from selling distilled spirits except in face-to-face transactions with consumers making the purchases for personal use and not for resale. The distillery may sell no more than two individual containers to the consumer. The container must comply with the container limits in s. 565.10, F.S.²⁰

The bill references both craft distilleries and licensed distilleries in the context of the face-to-face transaction requirement. This is the only provision in s. 565.03(3), F.S., which references both craft distilleries and licensed distilleries. The bill would permit all distilleries to sell distilled spirits directly to consumers, but only craft distilleries are subject to the other restrictions in s. 565.03(3), F.S.

Section 565.03(3)(b), F.S., prohibits a craft distillery from shipping their distilled spirits to consumers within the state. However, the craft distillery may ship, arrange to ship, or deliver distilled spirits to manufacturers of distilled spirits, wholesale distributors, bonded warehouses, and exporters.

Section 565.03(3)(c), F.S., prohibits the transfer of a craft distillery license, including the transfer of an ownership interest in the license, to any individual or entity with a direct or indirect interest in another distillery.

¹⁹ See s. 561.01(11), F.S., which defines the term “licensed premises” to include the area embraced within the sketch that appears on, or is attached to, the application for the license.

²⁰ Section 565.10, F.S, prohibits the sale and distribution of distilled spirits in any size container in excess of 1.75 liters or 59.18 ounces.

Section 565.03(3)(d), F.S., permits a craft distillery to have its ownership interest affiliated with another distiller if the other distiller produces 75,000 gallons or fewer of distilled spirits on its licensed premises per calendar year.

Section 565.03(3)(e), F.S., requires the craft distillery to report to the division within five business days after it has reached the 75,000 gallon production limitation. The craft distillery must cease making sales to consumers on the day after it reaches the production limit. The bill also requires that a distillery must submit any beverage excise taxes under the Beverage Law in its monthly report to the division with any tax payments due to the state.

The bill authorizes the division to adopt rules to administer s. 565.03, F.S.

Local Option Beverage Sales Referenda

The bill amends s. 567.01, F.S., to allow the board of county commissioners in a county where the voters have approved the sale of intoxicating liquors, wines, and beers by package only in a prior election, to order an election, no more frequently than every two years, on the sole question of whether the sale by the drink for consumption on the premises for alcoholic beverages should be allowed. The bill requires the board to order the second election upon a majority vote of the board of county commissioners or after receiving a petition signed by one-tenth of the registered voters in the county.

The bill amends ss. 567.06 and 567.07, F.S., to correct cross-references.

Severability

The bill provides the legislative intent that the provisions of the bill are not severable. It provides that the provision of the bill are not to be severed if a court determines that any provision of this bill is in conflict with any law of this state, a federal law or regulation, the State Constitution, or the United States Constitution, or is otherwise invalid for any other reason.

The effect of this provision is unclear because it is not clear which state or federal laws or regulations could conflict with any provision of this bill.

As noted in the *Manual for Drafting General Bills* for the Florida Senate, the “[c]ourts do not need a severability section to sever unconstitutional provisions or applications and allow the other provisions or applications to stand.”²¹ If a severability clause is included in a bill, the standard severability clause provides:

If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared severable.²²

²¹ *Manual for Drafting General Bills*, Legal Research and Drafting Services, Office of the Secretary of the Senate, The Florida Senate (5th Edition, 1999) at page 50.

²² *Id.*

Effective Date

The bill provides an effective date of July 1, 2013.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:**Granholm vs. Heald**

In *Granholm v. Heald*,²³ consolidated cases from Michigan and New York, the U.S. Supreme Court held that a state cannot allow in-state wineries to sell wine directly to consumers in that state while simultaneously prohibiting out-of-state wineries from also selling wine directly to consumers. The decision invalidated laws in Michigan and New York that discriminated between in-state and out-of-state wine manufacturers in this manner.

Michigan and New York regulated the sale and importation of wine through three-tier system. These schemes allowed in-state, but not out-of-state, wineries to make direct sales to consumers. The Court held that this differential treatment violated the Commerce Clause, Art. I, s. 8, cl. 3 of the U.S. Constitution, which provides that “[t]he Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes”

Under the Michigan law in place at the time,²⁴ wine producers were required to distribute their wine through wholesalers. Michigan had an exception and allowed the in-state wineries to ship directly in-state consumers. Out-of-state wineries could apply for an out-of-state seller of wine license that allowed them to sell to in-state wholesalers, but not directly to Michigan consumers.²⁵

²³ *Granholm v. Heald*, 544 U.S. 460, 471(2005).

²⁴ See Michigan Comp. Laws Ann. ss. 436.1109(1), 436.1305, 436.1403, and 436.1607(1) (West 2000).

²⁵ Effective December 16, 2005, Michigan amended its law to allow direct shipment of wine under certain circumstances, P.A. 2005, No. 268. See Mich. Comp. Laws Ann. s. 436.1203. Michigan’s direct wine shipping requirements can be found at http://www.michigan.gov/documents/LC-MW102_154466_7.DirectShipperRequirements.pdf (Last visited March 11, 2009). It allows for a winery anywhere in the US that obtains a direct shippers permit from the State of Michigan to ship up to 1,500 cases (9 liters per case) of wine annually to Michigan consumers. The winery must have an approved direct shipper's permit, register with the Michigan Department of Treasury, and pay sales and excise taxes. The license fee is \$100.

New York's licensing scheme was somewhat different from Michigan's.²⁶ It also provided for distribution through the three-tier system and made exceptions for in-state farm wineries to ship to in-state consumers. An out-of-state winery could ship directly to consumers only if the winery became licensed as a New York Wine shipping license, established a distribution operation in New York, and had a physical presence in the state, i.e., a warehouse, office, or storeroom. New York law did not require a separate direct shipping license for its farm wineries.²⁷

The United States Supreme Court consolidated the cases and held that:

the laws in both States discriminate against interstate commerce in violation of the Commerce Clause, Art. I, s. 8, cl. 3, [United States Constitution] and that the discrimination is neither authorized nor permitted by the Twenty-first Amendment. Accordingly, we affirm the judgment of the Court of Appeals for the Sixth Circuit, which invalidated the Michigan laws; and we reverse the judgment of the Court of Appeals for the Second Circuit, which upheld the New York laws.²⁸

Granholm explicitly noted that states may regulate the distribution and sale of wine via a three-tier system of licensed manufacturers, distributors, and retailers and could prohibit the direct shipment of alcoholic beverages to consumers.²⁹

Bainbridge v. Turner

Florida's direct shipping prohibition was challenged in the case of *Bainbridge v. Turner* by wine consumers and out-of-state wineries.³⁰ After the Supreme Court issued its decision in *Granholm*, the case resulted in two written federal appellate court opinions. In the first opinion, *Bainbridge v. Martelli (Bainbridge I)*,³¹ the United States District Court for the Middle District of Florida held that s. 561.54, F.S., and the statutory scheme that bars direct shipping violated the Commerce Clause. In *Bainbridge v. Turner (Bainbridge II)*,³² the United States Eleventh Circuit Court of Appeals held that, if Florida could demonstrate that its statutory scheme was closely related to raising revenue and was not a pretext to mere protectionism, Florida's statutory

²⁶ See N. Y. Alco. Bev. Cont. Law Ann. ss.76-a(3) and 76-a(6)(a) and ss. 3(20-a) and 3(37) (West Supp. 2005).

²⁷ New York amended its law, effective August 11, 2005 to provide for a Direct Shipper's License under certain circumstances. See N. Y. Alco. Bev. Cont. Law Ann. s. 79-c. To be eligible for a license, the applicant out-of-state wine manufacturer must be located in a state that allows New York State wine manufacturers substantially similar direct wine shipping privileges. The applicant must have a tax authority certificate, register as an alcoholic beverage distributor, and consent to New York State jurisdiction, among other requirements. The direct wine shipper may not ship more than 36 cases of wine (9 liters per case) to a New York resident. The license fee is \$125 for an interstate direct shipper's license.

²⁸ *Granholm* at 466.

²⁹ The court's analysis is based, in part, upon the Webb-Kenyon Act, 27 U.S.C. s. 122, which prohibits the shipping of alcoholic beverages into a state in violation of that states laws, and the Twenty First Amendment of the U.S. Constitution.

³⁰ *Bainbridge v. Turner*, No. 8:99-CV-2681-T-27TBM (M.D. Fla.).

³¹ *Bainbridge v. Martell*, 148 F.Supp.2d 1306 (M.D. Fla. 2001).

³² *Bainbridge v. Turner*, 311 F.3d 1104 (11th Cir. 2002).

scheme could be upheld against a Commerce Clause challenge. The appellate court remanded the case to the district court for further consideration of this issue.

On August 5, 2005, the United States District Court for the Middle District of Florida issued an order finding ss. 561.54(1)-(2) and 561.545(1), F.S., violated the Commerce Clause and were therefore unconstitutional under the authority in *Granholm*, and enjoined the enforcement of these provisions.³³ The court found that these statutes discriminate against out-of-state wineries by prohibiting them from selling and delivering wine directly to customers in Florida when in-state wineries are not so prohibited.

Face-to-Face Transaction Requirement

Although the holdings in *Granholm vs. Heald* and *Bainbridge v. Turner* were limited to wine sales by wineries to consumers, the holding in these cases may implicate the prohibition in s. 561.545(1), F.S., as applied to the sale of distilled spirits by out-of-state manufacturers to Florida consumers. Regarding the face-to-face transaction requirement in the bill, one federal appellate circuit court has ruled that a face to face transaction prerequisite for direct sales from a manufacturer to consumers was unconstitutional. In *Cherry Hill Vineyard, L.L.C., v. Lilly*,³⁴ the United States First Circuit Court of Appeals held that Maine's face-to-face transaction requirement for sales by a farm winery to consumers was unconstitutional because it discriminated against out-of-state manufacturers.

However, since *Granholm*, several federal circuit courts have upheld face-to-face transaction requirements as lawful prerequisites for wineries to make direct sales of wine to consumers.³⁵ In *Cherry Hill Vineyard, LLC v. Baldacci*, the court held that *Granholm* and related cases could be distinguishable because the state's statutory scheme allowed farm winery licenses that were available on equal terms to both in-state and out-of-state vineyards and the state prohibited direct shipping evenhandedly across the board. The plaintiffs in this case were unable to prove that allowing farm wineries to sell face-to-face, either on the premises or at an approved in-state location discriminated against interstate commerce to violate the Commerce Clause.

Local Option Beverage Sales Referenda

Article VIII, s. 5(a), Florida Constitution, provides a local option for each county on the legality or prohibition of the sale of intoxicating liquors, wines, or beers. A special election is required to determine whether the sale of intoxicating beverages is legal or prohibited. The special election must be called upon the petition of 25 percent of the electors of the county, and not sooner than two years after an earlier election on the same question. If the sale of intoxicating liquors, wines, and beers is legal in a county, the sale shall be regulated by law.

³³ *Bainbridge v. Turner*, No. 8:99-CV-2681-T-27TBM (M.D. Fla. August 5, 2005).

³⁴ *Cherry Hill Vineyard, L.L.C., v. Lilly*, 551 F.3d 423 (6th Cir. 2008).

³⁵ See *Wine Country Gift Baskets.com v. Steen*, 612 F.3d 809, (5th Cir.2010); *Black Star Farms LLC v. Oliver*, 600 F.3d 1225, (9th Cir 2010); *Cherry Hill Vineyard, LLC v. Baldacci*, 505 F.3d 28, (1st Cir.2007); and *Baude v. Heath*, 538 F. 3d 608 (6th Cir. 2008).

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

The Revenue Estimating Conference has not considered the fiscal impact of CS/CS/SB 642. Staff estimates that the bill will not affect state revenues.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS/CS by Appropriations on April 18, 2013:**

The committee substitute amends 567.01(1), F.S., modifying the method by which a referendum to allow the sale of alcoholic beverages for consumption on the premises can be put before the voters in a county.

CS by Regulated Industries on April 2, 2013:

The committee substitute (CS) amends the definition of “craft distillery” in s. 565.03(1)(a), F.S., to provide that the 75,000 gallon production limitation is per calendar year. It also requires that the distillery must have notified the division of its status as a craft distillery.

The CS amends the definition of “distillery” in s. 565.03(1)(b), F.S., to mean a manufacturer of distilled spirits. It does not include rectifier, blender, or processor of distilled spirits within the definition.

The CS deletes the provision in s. 565.03(3), F.S., that the Beverage Law does not prohibit a licensed distillery from owning 100 percent of a vendor’s license, a licensed distillery from transporting its distilled spirits to a vendor’s licensed premises, and a distillery also licensed as a vendor from purchasing alcoholic beverage products directly from the distillery.

The CS amends s. 565.03(3)(a), F.S., to limit the total sales to no more than two containers per customer. It also provides that a craft distillery may not have its ownership affiliated with another distillery, unless the distillery produces 75,000 or fewer gallons of distilled spirits per calendar year on its premises. The bill does not permit the sale of distilled spirits for consumption on the premises of the craft distillery. It also provides that the container for the distilled spirits must comply with the container limits in s. 565.10, F.S.

The CS deletes the provision in s. 565.03(1)(c)1., F.S., that craft distiller license does not impact any land use for a craft distillery approved before July 1, 2013.

The CS provides that the provision of the bill are not to be severed if a court determines that any provision of this bill is in conflict with any law of this state, a federal law or regulation, the State Constitution, or the United States Constitution, or is otherwise invalid for any other reason.

B. Amendments:

None.