

## HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

**BILL #:** HB 959 City of Jacksonville, Duval County

**SPONSOR(S):** Fant

**TIED BILLS:** IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Government Affairs Subcommittee	12 Y, 0 N	Darden	Miller
2) Business & Professions Subcommittee	10 Y, 0 N	Butler	Luczynski
3) Local & Federal Affairs Committee			

### SUMMARY ANALYSIS

Florida's Beverage Law places a limit on "quota licenses," a license that allows a vendor to sell malt beverages, wine, and distilled spirits for both on and off premises consumption, of one license for every 7,500 residents of a county. The Department of Business and Professional Regulation is authorized to issue a Special Restaurant Beverage (SRX) license in excess of the quota limitation.

An SRX license allows a restaurant to sell alcoholic beverages if the restaurant has at least 2,500 square feet of service area, is equipped to serve 150 full service customers, and derives at least 51 percent of its gross revenue from the sale of food and nonalcoholic beverages.

Restaurants in a designated area of Jacksonville may be issued an SRX license if they are larger than 1,800 square feet and can serve at least 100 full-service customers, as long as a majority of the restaurant's sales come from food and non-alcoholic beverages.

This bill expands the designated area within Jacksonville where the reduced square foot and occupancy requirements for an SRX license apply.

The Economic Impact statement filed for the bill states the bill will bolster local businesses by increasing sales, therefore also generating additional employment opportunities and tax revenue.

This bill takes effect upon becoming law.

**According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. Since this bill creates an exemption to general law, the provisions of House Rule 5.5(b) apply.**

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### Alcoholic Beverage Licensing

Current law places a cap on one quota license for every 7,500 residents of a county.<sup>1</sup> The Department of Business and Professional Regulation (DBPR), however, may issue Special Restaurant Beverage (SRX) licenses in excess of the quota limitation set forth in s. 561.20(1), F.S.<sup>2</sup> SRX licenses may only be issued to restaurants with 2,500 or more square feet of floor space and accommodations for the service and seating of at least 150 full-service customers.<sup>3</sup> Most restaurants must receive at least fifty-one percent of their total gross revenue from the sale of food and non-alcoholic beverages to qualify for a SRX license, but some older restaurants may qualify at a lower total gross revenue threshold.<sup>4</sup> A restaurant must offer full course meal service at any time alcohol beverages are being served to qualify for a license.<sup>5</sup> A full course meal must contain a salad or vegetable, entrée, beverage, and bread.<sup>6</sup>

##### Jacksonville Special Zone

In 1987, the Legislature created more lenient requirements for the issuance of SRX licenses in a special zone in Jacksonville.<sup>7</sup> At the time, the zone included three areas: Northside West, Northside East, and Southbank.<sup>8</sup> The zone was expanded in 2011 to include the Urban Transition area.<sup>9</sup>

A restaurant in the zone must still derive at least fifty-one percent of its total gross revenue from the sale of food and non-alcoholic beverages to qualify for a SRX license, but is only required to have 1,800 or more square feet of floor space and accommodations for the service and seating of at least 100 full-service customers.<sup>10</sup> The issuance of the license is also subject to any zoning requirement establishing a minimum distance between liquor-serving establishments and schools or churches, as well as any state alcoholic beverage law not otherwise inconsistent with the special act.<sup>11</sup>

#### Effect of Proposed Changes

The bill expands the special zone created by Chapter 87-471, Laws of Florida, to include the areas known as East Avondale Transition and West Avondale Transition. The Economic Impact Statement projects the bill would increase revenue for local restaurants, providing for increased employment opportunities.<sup>12</sup> Increased economic activity could also result in additional sales tax revenue for local governments.<sup>13</sup>

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<sup>1</sup> s. 561.20(1), F.S.

<sup>2</sup> s. 561.20(2)(a)4., F.S.

<sup>3</sup> *Id.*

<sup>4</sup> Rule 61A-3.0141, F.A.C. This provision applies to all licenses issued after April 18, 1972. For licenses issued between September 1, 1969 and April 18, 1972, at least thirty percent of the restaurant's total gross revenue must be derived from the sale of food and non-alcoholic beverages; for licenses issued prior to September 1, 1969, there is no minimum gross revenue threshold, but the restaurant must be "bona fide" and meet the other requirements of the rule.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Ch. 87-471, Laws of Fla.

<sup>8</sup> *Id.*

<sup>9</sup> Ch. 2011-255, Laws of Fla.

<sup>10</sup> Ch. 87-471, Laws of Fla.

<sup>11</sup> *Id.*

<sup>12</sup> Economic Impact Statement for HB 959 (2015).

<sup>13</sup> *Id.*

Biscotti's Espresso Café Inc. and the Casbah Café do not meet the general law requirements for an SRX license, but are located within the expanded special zone of the bill and meet the reduced square foot and occupancy requirements.<sup>14</sup> If each restaurant chooses to get an alcoholic beverage license, the license will cost \$1,820 each year.<sup>15</sup> The City of Jacksonville could receive \$1,272.54 in additional annual revenue from the two restaurants, representing 38% of the annual license fee. The remaining revenue of \$2367 will be deposited in Alcoholic Beverage and Tobacco Trust Fund,<sup>16</sup> less a general revenue service fee of \$291.<sup>17</sup>

**According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. Since this bill creates an exemption to general law, the provisions of House Rule 5.5(b) apply.**

**B. SECTION DIRECTORY:**

Section 1: Amends Chapter 87-471, Laws of Florida, to add additional areas to a special zone in downtown Jacksonville in which DPBR can grant an SRX license to restaurant notwithstanding the provisions of s. 561.20(1), F.S.

Section 2: Provides that the bill shall take effect upon becoming law.

**II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS**

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? November 18, 2014

WHERE? *Financial News & Daily Record*, a daily (except Saturday and Sunday) newspaper published in Duval County, Florida.

B. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached  No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached  No

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide rulemaking authority or require executive branch rulemaking.

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<sup>14</sup> Department of Business and Professional Regulation, Agency Analysis for 2015 House Bill 959, pg. 4 (Mar. 16, 2015).

<sup>15</sup> *Id.*

<sup>16</sup> s. 561.025, F.S.

<sup>17</sup> Department of Business and Professional Regulation, Agency Analysis for 2015 House Bill 959, pg. 4 (Mar. 16, 2015).

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.