

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	HB 1439	FINAL HOUSE FLOOR ACTION:		
SUBJECT/SHORT TITLE	Charlotte County	118	Y's 0	N's
SPONSOR(S):	Grant, M. and others	GOVERNOR'S ACTION: Approved		
COMPANION BILLS:	CS/SB 472			

SUMMARY ANALYSIS

HB 1439 passed the House on April 28, 2017, and subsequently passed the Senate on May 4, 2017.

The bill provides a local exception to certain requirements for a license to sell alcoholic beverages, allowing an event center in Charlotte County with a seating capacity of no more than 800 seats and an overall floor capacity of no more than 10,000 square feet to include annual gross revenue from the sale of event tickets in the gross revenue calculation required for a license. The bills defines event center as a facility that does not primarily market itself as a food service establishment but routinely hosts a variety of events where a ticket is purchased for entry.

Florida's Beverage Law places a limit on the number of "quota licenses" that the Department of Business and Professional Regulation (DBPR) may issue per county. A quota license allows a business to serve any alcoholic beverage regardless of alcoholic content, including liquor, for both on and off premises consumption. DBPR is not limited by the Beverage Law on the number of licenses it may issue for businesses who wish to serve only malt beverages and wine.

In excess of the quota limitation, DBPR is authorized to issue special licenses, such as a Special Restaurant Beverage (SRX) license, which allows a restaurant to sell any alcoholic beverage, including liquor, under certain circumstances.

Under general law, a restaurant may be issued an SRX license if it 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 non-alcoholic beverages. A license may also be issued to any caterer that derives at least 51 percent of its gross revenue from the sale of food and non-alcoholic beverages. Additionally, an exception is also provided for performing arts centers.

The Economic Impact Statement submitted with the bill projects an estimated \$37,000 increase in revenue for the Englewood Event Center as a result of acquiring an SRX license.

The bill was approved by the Governor on June 6, 2017, ch. 2017-223, L.O.F., and became effective on that date.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Present Situation

Alcoholic Beverage Licensing

The Division of Alcoholic Beverages and Tobacco within the Department of Business and Professional Regulation (DBPR) is responsible for regulating the conduct, management, and operation of the manufacturing, packaging, distribution, and sale within the state of alcoholic beverages. Chapters 561-565 and 567-568, F.S., comprise Florida's Beverage Law.

Under the Beverage Law, DBPR is not limited on the number of licenses it issues to businesses who wish to sell malt beverages or wine; however s. 561.20, F.S., limits the number of licenses that may be issued under s. 565.02(1)(a)-(f), F.S., to one license per 7,500 residents per county with a minimum of three (3) licenses per county that has approved the sale of intoxicating liquors.¹ This license, often referred to as a "quota license," allows a business to sell any alcoholic beverage regardless of alcoholic content, including liquor or distilled spirits.²

There are several exceptions to the quota license limitation. Businesses that meet the requirements set out in one of the exceptions pursuant to s. 561.20(2), F.S., may be issued a special license by DBPR that allows the business to serve any alcoholic beverages regardless of alcoholic content.

One such license is the Special Restaurant Beverage (SRX) license, which may be issued to a "restaurant having 2,500 square feet of service area and equipped to serve meals to 150 persons at one time, and derives at least 51 percent of its gross food and beverage revenue from the sale of food and nonalcoholic beverages" so long as any alcoholic beverages sold under such license is for on premises consumption only.³ Some older restaurants may qualify at a lower total gross revenue threshold.⁴ A restaurant must offer full course meal service at any time alcoholic beverages are being served to qualify for a license.⁵ A full course meal must contain a salad or vegetable, entrée, beverage, and bread.⁶

There is also an exception for caterers deriving at least 51 percent of its gross revenue from the sale of food and nonalcoholic beverages.⁷ Catering services operating pursuant to this section may sell or serve alcoholic beverages only for consumption on the premises of the catered event. This provision does not apply to culinary education programs that also provide catering services.

Finally, exceptions are also provided for performing arts centers, provided that consumption of alcoholic beverages occurs in conjunction with an artistic, educational, cultural, promotional, civic or charitable event occurring on the premises of the venue.⁸ Section 561.01(17), F.S., defines a performing arts center as "...owned and operated by a not-for-profit corporation qualified as an exempt organization under the provisions of s. 501(c)(3) of the Internal Revenue Code of 1986."

¹ Section 561.20(1), F.S.

² Section 565.02, F.S.

³ Section 561.20(2)(a)4., F.S. Current law requires the gross food and beverage revenue to be based on the first 60-day operating period and each 12-month operating period thereafter.

⁴ 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.

⁵ *Id.*

⁶ *Id.*

⁷ Section 561.20(2)(a)5., F.S.

⁸ Section 561.20(2)(j), F.S.

Current law does not provide any exceptions for smaller event center venues that are not classified as performing arts centers or fail to generate at least 51 percent of their gross revenue from food and non-alcoholic beverages. One such venue, the Englewood Event Center, located in Charlotte County, is a banquet, concert and event venue available for rentals and in-house events. The venue can accommodate 750 people for concert-style seating and 400 people for sit down dinner functions.⁹

Effect of the Bill

The bill authorizes DBPR to issue special alcoholic beverage licenses to event centers in Charlotte County which have a seating capacity of no more than 800 seats, an overall floor capacity of no more than 10,000 square feet, and derive no less than 51 percent of annual gross income from the sale of event center tickets and food and nonalcoholic beverages. The bills defines event center as a facility that does not primarily market itself as a food service establishment but routinely hosts a variety of events where a ticket is purchased for entry.

The Economic Impact Statement submitted with the bill projects an estimated \$37,000 increase in revenue for the Englewood Event Center as a result of acquiring an SRX license.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Economic Impact Statement submitted with the bill projects an estimated increase in revenue of \$37,000 for the Englewood Event Center as a result of acquiring an SRX license.

2. Expenditures:

None.

C. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

D. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 24, 2017

WHERE? *Charlotte Sun and Englewood Sun*, newspapers published in Charlotte County, Florida.

E. REFERENDUM REQUIRED? Yes No

IF YES, WHEN?

⁹ Englewood Event Center, About, <http://www.Englewoodeventcenter.info/about.html> (accessed March 13,2017).