

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1423 City of Edgewood, Orange County

SPONSOR(S): Plasencia

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

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|--|-----------|-------------|--|
| 1) Local Administration & Veterans Affairs Subcommittee | 14 Y, 0 N | Mwakyanjala | Miller |
| 2) Regulatory Reform Subcommittee | 16 Y, 0 N | Thompson | Anstead |
| 3) State Affairs Committee | 21 Y, 0 N | Mwakyanjala | Williamson |

SUMMARY ANALYSIS

Florida's Beverage Law limits 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. DBPR is not limited by the Beverage Law on the number of licenses it may issue for businesses serving only malt beverages and wine.

The bill creates the Edgewood Restaurant Incentive Areas in the City of Edgewood. The bill creates an exception to the quota license limitation and requires DBPR to issue a special service license to a bona fide restaurant in the Edgewood Restaurant Incentive Areas that meets the following requirements: occupies at least 1,800 square feet of contiguous space, is equipped to serve meals to at least 80 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 during the first 60-day operating period and each 12-month operating period thereafter.

The bill provides that failure of a licensee to meet the 51 percentage of food and nonalcoholic beverage gross revenue during the covered operating period will result in the revocation of the license or denial of the pending application for a permanent license of a licensee operating with a temporary license. A licensee whose license is revoked, an applicant whose pending application for a permanent license is denied, or any person required to qualify for the license application is ineligible to have any interest in a subsequent license application for a period of 120 days after the date of the final denial of revocation.

According to the Economic Impact Statement, the bill is revenue positive due to the increase in sales tax revenue and licensing revenue anticipated if such special licenses are granted under the exception.

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

The Division of Alcoholic Beverages and Tobacco (Division) 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 of alcoholic beverages within the state.¹ 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 selling malt beverages or wine. However, statute 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 licenses per county that has approved the sale of intoxicating liquors.² 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.³

There are several exceptions to the quota license limitation,⁴ and businesses that meet the requirements set out in one of the exceptions may be issued a special license by DBPR allowing the business to serve any alcoholic beverages regardless of alcohol content. A food service establishment may qualify for an exemption if the building has at least 2,500 square feet of service area, is 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 during the first 120-day operating period and the first 12-month operating period thereafter.⁵

Alcoholic beverages sold for consumption on premises must be consumed inside the licensed premises.⁶ DBPR may approve a temporary expansion of the licensed premises to include a sidewalk or other outdoor area for special events.⁷ The business must pay an application fee of \$100, stipulate the timeframe for the special event, submit a sketch outlining the expanded premises, and submit written approval from the county or municipality.

Effect of the Bill

The bill creates the Edgewood Restaurant Incentive Areas in the City of Edgewood.

The bill requires DBPR to issue a special food service license to a bona fide restaurant in the Edgewood Restaurant Incentive Areas that occupies at least 1,800 square feet of contiguous space, is equipped to serve meals to at least 80 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 during the first 60-day operating period and each 12-month operating period thereafter. The bill includes a complete legal description of the area in which the exemption to the quota license will apply.

The bill provides that failure of a licensee who is issued a special license to meet the 51 percentage of food and nonalcoholic beverage gross revenue requirement during the covered operating period will result in the revocation of the license or denial of the pending application for a permanent license of a licensee operating with a temporary license. A licensee whose license is revoked, an applicant whose pending application for a permanent license is denied, or any person required to qualify for the special

¹ S. 561.02, F.S.

² S. 561.20(1), F.S.

³ S. 565.02, F.S.

⁴ S. 561.20(2), F.S.

⁵ S. 561.20(2)(a)4., F.S. See Rule 61A-3.0141, F.A.C.

⁶ See s. 561.01(11), F.S. (defining "licensed premises" and requiring written approval from the county or municipality to include a sidewalk or any other outside area as part of the licensed premise).

⁷ S. 561.01(11), F.S. See Rule 61A-5.0013, F.A.C.

license application is ineligible to have any interest in a subsequent license application for a period of 120 days after the date of the final denial or revocation.

According to the Economic Impact Statement, the bill is revenue positive due to the increase in sales tax revenue and licensing revenue anticipated if such special licenses are granted under the exception.

B. SECTION DIRECTORY:

Section 1: Creates the Edgewood Restaurant Incentive Areas and provides a property description of the district.

Section 2: Creates an exception to general law, providing space, seating and minimum gross revenues requirements for special alcoholic beverage licenses for restaurants in the Edgewood Restaurant Incentive Areas.

Section 3: Provides an effective date of upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? October 5, 2021.

WHERE? The *Orlando Sentinel*, a daily newspaper published in Orange County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes No

D. ECONOMIC IMPACT STATEMENT FILED? Yes No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

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

C. DRAFTING ISSUES OR OTHER COMMENTS:

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.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.