

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: HB 1459 Registration Fees for Malt Beverage Brands and Labels

SPONSOR(S): Yeager and others

TIED BILLS: **IDEN./SIM. BILLS:** SB 658

FINAL HOUSE FLOOR ACTION: 116 Y's 0 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

HB 1459 passed the House on April 20, 2023, and subsequently passed the Senate on May 1, 2023.

In Florida, alcoholic beverages are regulated by the Beverage Law, which regulates the manufacture, distribution, and sale of wine, beer, and liquor by manufacturers, distributors, and vendors. The Division of Alcoholic Beverages and Tobacco (ABT) in the Department of Business and Professional Regulation (DBPR) administers and enforces the Beverage Law, which requires licenses for businesses in the industry and payment of various associated fees and taxes.

Before doing business in Florida, manufacturers, brewers, bottlers, distributors, and importers of malt beverages must register with the ABT the brands or labels under which the malt beverages are to be sold or moved. Current law requires the ABT to charge a \$30 fee per brand or label.

The bill:

- Provides that the annual registration fee of \$30 for each malt beverage brand and label only applies to a brand or label that is sold to a distributor, not to a brand or label that is kept in-house.
- Specifies that no other annual registration fee for a brand or label is authorized under the provision.

The bill will have an indeterminate negative fiscal impact on state government, and no fiscal impact on local governments.

The bill was approved by the Governor on June 26, 2023, ch. 2023-294, L.O.F., and will become effective on July 1, 2023.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Current Situation

Beverage Law

In Florida, alcoholic beverages are regulated by the Beverage Law,¹ which regulates and licenses the manufacture, distribution, and sale of wine, beer, and liquor by manufacturers, distributors, and vendors.² The Division of Alcoholic Beverages and Tobacco (ABT) in the Department of Business and Professional Regulation (DBPR) administers and enforces the Beverage Law.³

Three-Tier System

In the United States, the regulation of alcohol since the repeal of Prohibition, has traditionally been based upon a “three-tier system.” The system requires separation of the manufacture, distribution, and sale of alcoholic beverages. The manufacturer creates the beverages, and the distributor obtains the beverages from the manufacturer to deliver to the vendor. The vendor makes the ultimate sale to the consumer. A manufacturer, distributor, or exporter may not be licensed as a vendor to sell directly to consumers.

Generally, Florida has adopted the three-tier system. Exceptions to the three-tier regulatory system permit in-state wineries,⁴ breweries,⁵ and craft distilleries to be licensed as a vendor and sell directly to consumers under certain circumstances.⁶

Brand and Label Registration Fee

No manufacturer, brewer, bottler, distributor, or importer of malt beverages may sell or offer for sale in Florida, or move or cause to be moved within or into Florida, any malt beverages, without:⁷

- Qualifying to do business in the state and registering its name and the brands or labels under which the malt beverages are to be sold or moved; and
- Furnishing any samples and information as to content, quality, and formula of such malt beverages as the ABT may require.

Each registrant must pay an annual registration fee of \$30 for a brand or label.⁸

Effect of Proposed Changes

The bill provides that the annual registration fee of \$30 for each malt beverage brand and label only applies to **a brand or label that is sold to a distributor**, not to a brand or label that is kept in-house.

The bill also specifies that no other annual registration fee for a brand or label is authorized under the provision.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

¹ S. 561.01(6), F.S., provides that the “The Beverage Law” means chs. 561, 562, 563, 564, 565, 567, and 568, F.S.

² See s. 561.14, F.S.

³ S. 561.02, F.S.

⁴ See s. 561.221(1), F.S.

⁵ See s. 561.221(2), F.S.

⁶ See s. 565.03, F.S.

⁷ S. 563.045(1), F.S.

⁸ S. 563.045(2), F.S.

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill may cause an indeterminate decrease in brand and label fees collected by the ABT.

The table below shows the last three fiscal years of revenue collected for brands/label registrations.⁹

	2020	2021	2022
Initial Malt Beverages Licenses	\$206,280	\$239,730	\$255,930
Malt Beverage License Renewals	\$98,580	\$130,020	\$131,820

These revenues include brand and label fees for all beverages. The reduction in revenue will be determined by the number of beverages that are kept in house, which is not currently tracked.

2. Expenditures:

There will be minor adjustments to the online system for brand registration which is estimated to cost \$16,000.¹⁰

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may have a positive impact on craft brewers and brewpubs, who may pay less in brand and label fees to the ABT.

D. FISCAL COMMENTS:

None.

⁹ Florida Department of Business and Professional Regulation, Agency Analysis of 2023 Senate Bill 658, p. 5 (Feb. 23, 2023).

¹⁰ *Id.*