

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS for CS/SB 770 and SB 286

SPONSOR: Regulated Industries Committee, Fiscal Resource Committee, Senators Latvala, Geller, and others

SUBJECT: Alcoholic Beverages/Surcharge

DATE: March 16, 2000

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Keating</u>	<u>Wood</u>	<u>FR</u>	<u>Favorable/CS</u>
2.	<u>Wiehle</u>	<u>Guthrie</u>	<u>RI</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill reduces by one-half the surcharge on alcoholic beverages consumed-on-the-premises of a licensed retailer, effective September 1, 2000. The bill exempts from the surcharge alcoholic beverages sold by certain nonprofit organizations. Finally, the bill maintains current funding from the surcharge to the Children and Adolescents Substance Abuse Trust Fund by doubling the percentage to 27.2%.

The bill substantially amends the following sections of the Florida Statutes: 561.501 and 561.121.

II. Present Situation:

In 1990, the Legislature created s. 561.501, F.S., which imposed a surcharge on all alcoholic beverages sold by the drink for consumption on a retailer's licensed premises. The surcharge was ten cents on each one ounce of liquor or four ounces of wine and four cents on each 12 ounces of beer.

In 1997, s. 561.501, F.S., was amended to provide for a surcharge of six cents on each 12 ounces of cider. s. 5, ch. 97-213, L.O.F.

The 1997 legislation also prevented shipping of alcoholic beverages into Florida directly to customers and repealed the surcharge, contingent upon a specified increase in alcoholic beverage excise and sales taxes. The contingent repeal was based on claims that substantial tax dollars are lost due to unlawful direct shipping, which if recouped, might be sufficient to offset repeal of the surcharge. The repeal was made contingent upon excise and sales tax revenue in calendar year 1998 being in excess of \$535 million. The total collected during calendar year 1998, however, was only \$464,185,488, and the contingent repeal was not implemented.

In 1999, the Legislature reduced the surcharge by one-third, so that effective September 1, 1999, the surcharge on each one ounce of liquor or four ounces of wine was reduced from 10 cents to 6.67 cents; the surcharge on each 12 ounces of cider was reduced from 10 cents to four cents; and the surcharge on each 12 ounces of beer was reduced from four cents to 2.67 cents.

For FY 1998-99, the retail surcharge generated \$110.4 million in tax revenues and it is estimated that the surcharge will generate \$83.5 million in FY 1999-00.

Section 561.121(5), F.S., requires that thirteen and six-tenths percent of the surcharge collections to be transferred to the Children and Adolescents Substance Abuse Trust Fund (CASA TF) for the purpose of funding programs directed at reducing and eliminating substance abuse problems among children and adolescents. In FY 1998-99, \$10,173,395 was transferred from surcharge collections to the CASA TF.

III. Effect of Proposed Changes:

The bill amends s. 561.501, F.S., to reduce by one-half the current surcharge on alcoholic beverages consumed on-the-premises of a licensed retailer. Effective September 1, 2000, the surcharge would be 3.34 cents on each one ounce of liquor or four ounces of wine, two cents on each 12 ounces of cider, and 1.34 cents on each 12 ounces of beer.

The bill also exempts certain nonprofit organizations from collecting and remitting the surcharge. Specifically, the surcharge need not be paid by an organization that is licensed by the Division of Alcoholic Beverages and Tobacco under s. 565.02(4) or s. 561.422, F.S., and that is determined by the Internal Revenue Service to be currently exempt from federal income tax under s. 501(c)(3), (4), (5), (6), (7), (8), or (19) of the Internal Revenue Code of 1986, as amended. Section 565.02(4), F.S., authorizes certain clubs to serve alcoholic beverages to club members and nonresident guests only. Section 561.422, F.S., provides for the issuance of a permit authorizing a bona fide nonprofit civic organization to sell alcoholic beverages for consumption only on the premises for a period not to exceed three days. The types of s. 501(c) nonprofit organizations that will no longer have to collect and remit the alcoholic beverage surcharge are: (3) - religious, charitable, scientific, literary, or educational; (4) - civic leagues, social welfare and local associations of employees; (5) - labor, agricultural and horticultural; (6) - business leagues, chambers of commerce and real estate boards; (7) - social and recreational clubs; (8) - fraternal beneficiary societies and associations; and (19) - veterans' post or organizations.

The bill also amends s. 561.121, F.S., increasing the percentage of the surcharge that is deposited into the Children and Adolescents Substance Abuse Trust Fund from 13.6% to 27.2% to maintain the current funding.

The bill takes effect September 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The one-half reduction in the current alcoholic beverage surcharge effective September 1, 2000, is estimated to reduce General Revenue in fiscal year 2000-01 by \$30.3 million. The exemption for certain nonprofit organizations is estimated to reduce General Revenue in fiscal year 2000-01 by \$1.7 million, with a recurring loss of General Revenue of \$1.3 million.

Issue/Fund	General Revenue		Trust		Local		Total	
	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$	1st Year \$	Recurring \$
Alcoholic Beverages								
Reduction of Surcharge	(30.3)	(37.4)	(0.9)	(0.6)	0.0	0.0	(30.5)	(38.0)
Nonprofit Exemption	(1.7)	(1.3)	(0.4)	(0.4)	0.0	0.0	(2.1)	(1.7)

* Insignificant
 ** Indeterminate

B. Private Sector Impact:

Affected alcoholic beverage licensees will incur costs associated with reprogramming their electronic cash registers and other record keeping functions as a result of the surcharge reduction.

The following types of s. 501(c) nonprofit organizations will no longer have to collect and remit the alcoholic beverage surcharge: (3) - religious, charitable, scientific, literary, or educational; (4) - civic leagues, social welfare and local associations of employees; (5) - labor, agricultural and horticultural; (6) - business leagues, chambers of commerce and real estate boards; (7) - social and recreational clubs; (8) - fraternal beneficiary societies and associations; and (19) - veterans' post or organizations.

C. Government Sector Impact:

The Division of Alcoholic Beverages and Tobacco will incur the cost of informing licensees of the change in the tax rate and the necessary costs accompanying that change.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
