

## HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

**BILL #:** HB 1561 Duval County

**SPONSOR(S):** Duggan

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

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

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### SUMMARY ANALYSIS

HB 1561 passed the House on April 27, 2023, and subsequently passed the Senate on May 4, 2023.

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 that serve only malt beverages and wine.

The bill adds the Dennis Street Commercial Corridor, the Downtown Incentive Zone in the City of Jacksonville Beach, and the North Florida Keys Corridor to the exception from the quota license limitation for certain zones in Jacksonville. The bill permits DBPR to issue a special food service license to a bona fide restaurant within these areas if it meets certain requirements. Such licenses are subject to local zoning requirements and to any provision of the alcoholic beverage laws of the state and rules of the division not inconsistent with the bill.

According to the Economic Impact Statement, the will result in an increase in sales tax revenue and licensing revenue to the extent special licenses are granted under the exception.

The bill was approved by the Governor on June 20, 2023, ch. 2023-342, L.O.F., and became effective on that date.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF 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.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup>

There are several exceptions to the quota license limitation,<sup>4</sup> 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.<sup>5</sup>

Alcoholic beverages sold for consumption on premises must be consumed inside the licensed premises.<sup>6</sup> DBPR may approve a temporary expansion of the licensed premises to include a sidewalk or other outdoor area for special events.<sup>7</sup> 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 amends ch. 87-471, Laws of Florida,<sup>8</sup> to add three additional areas to the exception to the quota license limitation: the Dennis Street Commercial Corridor, the Downtown Incentive Zone in the City of Jacksonville Beach, and the North Florida Keys Corridor.

The bill permits DBPR to issue a special food service license to a bona fide restaurant within the North Florida Keys Corridor that occupies at least 1,000 square feet of contiguous space, is equipped to serve meals to at least 50 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. Licenses issued by DBPR are subject to local zoning requirements and to any provision of the alcoholic beverage laws of the state and rules of the division not inconsistent with the bill. The bill creates a similar exemption for the Downtown Incentive Zone in the City of Jacksonville Beach, except that it requires the bona fide restaurant to have at least 1,200 square feet of contiguous space.

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<sup>1</sup> S. 561.02, F.S.

<sup>2</sup> S. 561.20(1), F.S.

<sup>3</sup> S. 565.02, F.S.

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

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

<sup>6</sup> 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).

<sup>7</sup> S. 561.01(11), F.S.

<sup>8</sup> As amended by chs. 2011-255, 2016-248, 2017-213, and 2022-259, Laws of Fla.

The bill also permits DBPR to issue a special alcoholic beverage license to event centers located in the Dennis Street Commercial Corridor.<sup>9</sup> A qualifying event center must have an occupant capacity between 2,100 and 2,900 people, an overall floor capacity between 22,000 and 35,000 square feet, and derive at least 51 percent of annual gross income from the sale of event center tickets and food and nonalcoholic beverages.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

According to the Economic Impact Statement, the bill will result in an increase in sales tax revenue and licensing revenue to the extent special licenses are granted under the exception.

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

According to the Economic Impact Statement, the bill will result in an increase in sales tax revenue to the extent special licenses are granted under the exception.

#### 2. Expenditures:

None.

### C. ECONOMIC IMPACT STATEMENT FILED? Yes No

### D. NOTICE PUBLISHED? Yes No

IF YES, WHEN? February 2, 2023 and February 4, 2023

WHERE? *Jacksonville Daily Record*, a weekly newspaper published in Duval County, Florida and *The Florida Times-Union*, a daily newspaper published in Duval County, Florida, respectively.

### E. REFERENDUM(S) REQUIRED? Yes No

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<sup>9</sup> The bill defines an "event center" as "a facility that routinely hosts events for which entrance is by customers who have purchased tickets, including, but not limited to, musical concerts and art shows, hosts events sponsored or organized by nonprofit organizations, and otherwise does not market itself primarily as a food service establishment."