

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.)

Date: April 6, 1998 Revised: 4/9/98 \_\_\_\_\_

Subject: WAGES Relocation Assistance Program

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Crosby</u>	<u>Whiddon</u>	<u>CF</u>	<u>Fav/4 amendments</u>
2.	<u>Schmeling</u>	<u>Austin</u>	<u>CM</u>	<u>Favorable/CS</u>
3.	<u>Hardy</u>	<u>Smith</u>	<u>WM</u>	<u>Fav/2 amendments</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This committee substitute establishes a relocation assistance program to assist WAGES participants in relocating within the state when there is a basis to believe that the relocation will contribute to the applicant's ability to achieve self-sufficiency. Provisions are made for restrictions upon future assistance unless the purpose of receipt of the relocation assistance involves domestic violence.

This committee substitute requires that the Office of Tourism, Trade, and Economic Development certify to the Legislature the amount of taxes and the economic benefits generated by the restaurant industry from employing participants in the WAGES program and add that amount to the total amount of certain beverage taxes and penalties paid during the 1998 calendar year. The committee substitute also provides that if the total amount exceeds \$535 million, the surcharge on the sale of alcoholic beverages for consumption on the premises is repealed effective July 1, 1999.

This committee substitute creates section 414.155, Florida Statutes.

**II. Present Situation:**

Chapter 96-175, L.O.F, eliminated individual entitlement to public assistance and created the Work and Gain Economic Self-sufficiency (WAGES) Program. Under the WAGES Program, for most individuals, cash assistance is temporary and is tied to a requirement that able-bodied adults must work and be financially responsible for themselves and their families. WAGES Program requirements and administrative responsibilities are established in ch. 414, F.S.

Section 414.105, F.S., provides for hardship exemptions to WAGES time limitations, the cumulative total of which may not exceed 12 months. Hardship exemptions, however, in

combination with other periods of temporary cash assistance as an adult, may not total more than 48 months of temporary cash assistance. Participants who have diligently participated in WAGES activities, yet are unable to obtain employment, are eligible for hardship exemptions.

Section 414.20, F.S., provides that support services will be provided, if resources permit, to assist WAGES participants in complying with work activity or employment requirements.

Transportation services are included within the scope of support services. This section authorizes payment of transportation expenses by cash or tokens which may be paid in advance or through a reimbursement structure. This section also authorizes the use of support service funds to develop transportation resources to expand transportation options available to program participants. These services may include cooperative arrangements with local transit authorities or school districts and small enterprise-development. No specific authority is currently provided for assistance related to relocation.

Section 561.501, F.S., provides for the surcharge on the sale of alcoholic beverages for consumption on the premises and for penalties for violations thereof. Notwithstanding any other provision of the state Beverage Law, the following surcharges are imposed: ten cents is imposed upon each ounce of liquor and each four ounces of wine; six cents is imposed on each 12 ounces of cider; and four cents is imposed on each 12 ounces of beer sold at retail for consumption on premises licensed by the Division of Alcoholic Beverages and Tobacco (division) of the Department of Business and Professional Regulation as an alcoholic beverage vendor.

Section 561.54 F.S., provides that certain deliveries of beverages are prohibited. It is against the law for common or permit carriers, operators of privately owned cars, trucks, buses, or other conveyances or out of state manufacturers or suppliers to make delivery from outside the state of any alcoholic beverages to any person, association of persons, or corporations within the state. The exception to this is the delivery to qualified manufacturers, distributors, and exporters of such beverages so delivered and to qualified bonded warehouses in this state. Any licensee injured by a violation of this section may seek to recover all moneys obtained by common carriers or permit carriers; obtained by operators of privately owned cars, trucks, buses, or other conveyances; or obtained by out of state manufacturers or suppliers as a result of the delivery of alcoholic beverages, is a violation of this section and is entitled to seek relief. In assessing damages, the court is to fine the defendant three times the amount of the delivery charges that have been proved or the fair market value of merchandise unlawfully brought into the state. Payment or satisfaction of any judgment under this section, other than for costs and attorney's fees, is made in its entirety to the state. In any successful action under this section, the court is to award the plaintiff costs and reasonable attorney's fees.

Section 563.05, F.S., provides for excise taxes on malt beverages. All malt beverages containing 0.5 percent or more of alcohol by volume is taxed 48 cents per gallon upon all such beverages in bulk or in kegs or barrels. The tax is to be paid by all manufacturers, distributors, and vendors of such beverages. When such beverages are sold in containers of less than one gallon, the tax will be six cents on each pint in the container. However, excise taxes are not required to be paid when

such beverages are sold to post exchanges, ship service stores, and base exchanges located in military, naval, or air force reservations within Florida.

Section 564.06, F.S., provides for excise taxes on wine and beverages. All beverages including wines, except natural sparkling wines, cider and malt beverages, containing 0.5 percent or more alcohol by volume and less than 17.259 percent alcohol by volume are taxed at the rate of \$2.25 per gallon. All wines, except natural sparkling wines, containing 17.259 percent or more alcohol by volume are taxed at the rate of \$3.00 per gallon. All natural sparkling wines are taxed at the rate of \$3.50 per gallon. All cider, defined as being made from the normal alcoholic fermentation of the juice of sound, ripe apples, including, but not limited to, flavored, sparkling, or carbonated cider, and cider made from condensed apple must, that contain no less than one-half of one percent of alcohol by volume, and not more than seven percent of alcohol by volume, is taxed at the rate of 89 cents per gallon. With the sole exception of the excise tax rate, cider is considered wine and is subject to the provisions of ch. 564, F.S., relating to wine. All wine coolers, which are defined as a combination of wines containing 0.5 percent or more alcohol by volume, carbonated water, and flavors or fruit juices and preservatives, and which contain one to six percent alcohol content by volume is taxed at the rate of \$2.25 per gallon. The rates at which the tax is applied as described in this section are paid by all manufacturers and distributors.

Section 565.12, F.S., provides for excise taxes on liquors and beverages. All beverages containing 17.259 percent or more of alcohol by volume and not more than 55.780 percent of alcohol by volume, except wines, is taxed at the rate of \$6.50 per gallon. All beverages containing less than 17.259 percent of alcohol by volume is taxed at the rate provided in ch. 564, F.S., relating to wine. All beverages containing more than 55.780 percent of alcohol by volume is taxed at the rate of \$9.53 per gallon. The rates at which the tax is applied as described in this section is paid by all manufacturers and distributors. The taxes required by this section do not apply to any alcoholic beverages sold to a post exchange, ship service store, or base exchange located in a military, naval, or air force reservation within Florida.

Section 561.121(4), F.S., requires that 9.8 percent of the funds collected from the alcoholic beverage surcharge be credited to the Children and Adolescents Substance Abuse Trust Fund, which is directed at reducing and eliminating substance abuse problems among children and adolescents. The remainder of the collections from the surcharge is credited to the General Revenue Fund. In fiscal year 1998-99, a total of \$109.3 million is expected to be collected from the alcoholic beverage surcharge.

### **III. Effect of Proposed Changes:**

**Section 1** creates in s. 414.155, F.S., a relocation assistance program for WAGES participants. This program is established to help families in relocating to communities which will offer the family greater opportunities for self-sufficiency. A five-step process for the Departments of Children and Family Services and Labor and Employment Security to utilize in administering this program is offered, as follows:

Step 1 - A determination of eligibility that the applicant is a WAGES participant or is likely to meet all the requirements of eligibility for WAGES.

Step 2 - A determination or basis for believing that relocation will contribute to the ability of the applicant to achieve self-sufficiency. Factors include the unlikelihood of achieving independence in the current community; having secured a job elsewhere; or that the applicant is a victim of domestic violence who would experience reduced probability of further incidents.

Step 3 - The establishment of a relocation plan. Payment to defray the cost of relocation may not exceed 4 months temporary cash assistance, but will not count towards the time limit provided in s. 414.105, F.S.

Step 4 - A determination, using criteria adopted by the WAGES State Board, that the community receiving the relocated person can provide needed services and employment opportunities.

Step 5 - Monitoring the relocation.

A family receiving relocation assistance for reasons other than domestic violence must sign an agreement restricting the family from applying for cash assistance for 6 months, absent demonstration of an emergency. If an emergency is demonstrated, repayment will be made on a prorated basis over an 8-month period.

The Departments of Children and Family Services and Labor and Employment Security are granted specific rulemaking authority for administration of this program.

**Section 2** provides that by March 1, 1999, the Office of Tourism, Trade, and Economic Development (OTTED) must certify to the Legislature the amount of taxes and the dollar value of economic benefits generated by the restaurant industry from the employment of WAGES participants during 1998. The total amount of taxes and the dollar value of economic benefits that are reported by OTTED to the Legislature is added to the amount of taxes paid during 1998 under ss. 563.05, 564.06, and 565.12, F.S., and payments made under s. 561.54, F.S., as described in the present situation of this analysis. If the total amount is greater than \$535 million, effective July 1, 1999, s. 561.501, F.S., as described in the present situation of this analysis, is repealed.

**Section 3** provides that this committee substitute will take effect July 1 of the year in which it is enacted.

**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 state would, most likely, as of fiscal year 1999-2000 no longer receive the on-premise beverage consumption surcharge estimated to be \$109,300,000 in fiscal year 1998-99. This determination by staff is based on the following:

- The committee substitute eliminates the surcharge if the excise tax on beer, wine, and spirits, combined with the proceeds of the enforcement mechanisms in s. 561.54, F.S., and the determination by OTTED of the tax and economic benefits by the employment of WAGES participants in the restaurant industry in calendar year 1998 exceed \$535 million; and
- While not calculated on a calendar year basis, it is expected that the excise tax on beer, wine, and spirits in fiscal year 1998-99, will result in approximately \$464 million. A study commissioned for the restaurant industry indicated that employment of 1,000 WAGES participants would result in a benefit, tax and non-tax, of \$82.42 million in 1998. These numbers exceed the target number without any collection revenues.

B. Private Sector Impact:

The committee substitute would reduce administrative costs incurred by licensed retail vendors, manufacturers and distributors by reducing the reporting, collecting and accounting requirements imposed by s. 561.501, F.S. Elimination of the surcharge may also reduce the price of alcoholic beverages sold at retail.

**C. Government Sector Impact:**

The Department of Children and Family Services reports that the number of potential participants in the WAGES relocation assistance program is indeterminate. However, the diversion aspect of this program is anticipated to result in a net savings in benefit dollars for the department.

Under the provisions of the committee substitute, OTTED is required to certify to the Legislature the amount of taxes and the dollar value of economic benefits generated by the restaurant industry from the employment of participants in the WAGES program. It is unclear at this time whether OTTED can accurately measure the dollar value of economic benefits generated by the restaurant industry from the employment of WAGES participants due to the subjectiveness of gathering the data. OTTED reports that it would require additional staff to comply with the provisions of the committee substitute.

The Department of Business and Professional Regulation has a budget of approximately \$2.4 million and 58 FTE's (last years data) to administer and enforce the surcharge.

The Children and Adolescents Substance Abuse Trust Fund receives nine and eight-tenths percent of the revenues generated by the surcharge on the sale of alcoholic beverages for consumption on premises. According to the Department of Children and Family Services (department), the trust fund supports \$9.5 million in the budget for programs that serve children and adolescents. The department cautions that eliminating the funding would also result in the loss of an additional \$9.5 million in Substance Abuse Block Grant funding for failing to comply with the federal maintenance-of-effort requirement.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Ways and Means:

Adds clarifying language which prohibits WAGES Coalitions and state agencies from requiring the relocation of WAGES participants.

#2 by Ways and Means:

Adds language which defines the Relocation Assistance Program as a voluntary program.

