



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Ensure Lower Taxes:** The bill eliminates the tax imposed on alcoholic beverages sold for consumption on the premises of the vendor.

#### B. EFFECT OF PROPOSED CHANGES:

##### Alcoholic Beverages Surcharge

Since 1990, Florida has imposed a tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor. The tax rate was reduced by one-third in 1999, and again by one-half in 2000. Current tax rates are: 3.34 cents per 1 ounce of spirits or 4 ounces of wine, 1.34 cents per 12 ounces of beer, and 2 cents per 12 ounces of cider.<sup>1</sup>

Twenty-seven and two-tenths percent of the tax proceeds are transferred to the Children and Adolescents Substance Abuse Trust Fund, for the purpose of funding programs directed at reducing and eliminating substance abuse problems. The remainder of the tax proceeds is transferred to the General Revenue Fund.<sup>2</sup>

The bill eliminates the tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor and terminates the Children and Adolescents Substance Abuse Trust Fund, effective July 1, 2005. The bill retains in place the administrative tax collection provisions of the statute until July 1, 2006.

##### Distributions of Excise Taxes on Alcoholic Beverages

Section 561.121, F.S., provides for annual distributions of the funds collected pursuant to the excise taxes on beer, wine and liquor. Since July 1, 2004, the following distributions have been made:

- (1) \$15 million to the Grants and Donations Trust Fund within the Department of Elder Affairs for an annual appropriation to support a contract with the Johnnie B. Byrd, Sr., Alzheimer's Center and Research Institute at the University of South Florida.
- (2) \$6 million to the Biomedical Research Trust Fund within the Department of Health for an annual appropriation to the James and Esther King Biomedical Research Program.
- (3) \$9 million to Florida State University for the School of Chiropractic Medicine.

The bill eliminates these distributions.

#### C. SECTION DIRECTORY:

Section 1. Amends s. 561.121, F.S., to provide that beverage tax surcharge revenues collected after July 1, 2005 must be transferred to the General Revenue Fund. The section also deletes the annual distributions from the excise taxes on alcoholic beverages to the three recipients noted above.

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<sup>1</sup> Section 561.501, F.S.

<sup>2</sup> Section 561.121(4), F.S.

Section 2. Amends s. 561.121, F.S., effective July 1, 2006, to delete a reference to the tax collected pursuant to s. 561.501.

Section 3. Terminates the Children and Adolescents Substance Abuse Trust Fund and transfers any remaining balances, after payment of outstanding obligations, to the Operations and Maintenance Trust Fund of the Department of Children and Families.

Section 4. Amends s. 215.20, F.S., to eliminate a cross reference to the Children and Adolescents Substance Abuse Trust Fund.

Section 5. Amends s. 561.501, F.S., to delete the tax imposed on alcoholic beverages consumed on the premises of the vendor.

Section 6. Repeals s. 561.501, F.S., as amended by this bill, effective July 1, 2006.

Section 7. Amends s. 561.025, F.S., to remove a cross reference, effective July 1, 2006.

Section 8. Provides an effective date of July 1, 2005, unless otherwise provided in the act.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:	FY 05-06	FY 06-07
<u>Repeal of Surcharge</u>		
General Revenue	(\$30.6m)	(\$36.0m)
CASA Trust Fund	<u>(\$11.9m)</u>	<u>(\$12.2m)</u>
Total	(\$42.5m)	(\$48.2m)
<u>Trust Fund Distributions</u>		
General Revenue	\$30.0m	\$30.0m
Trust Funds	<u>(\$30.0m)</u>	<u>(\$30.0m)</u>
Total	\$ 0.0	\$ 0.0

### 2. Expenditures:

None

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None

#### 2. Expenditures:

None

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Retail vendors of alcoholic beverages sold for consumption on the premises will no longer have to remit alcoholic beverage taxes to the state.

### D. FISCAL COMMENTS:

The HB 1885, First Eng (FY 05-06 General Appropriations Act), provides replacement revenues from the General Revenue Fund for the Children and Adolescents Substance Program; the Johnnie B. Byrd, Sr., Alzheimer's Center and Research Institute at the University of South Florida; the James and Esther King Biomedical Research Program; and the Florida State University.

### **III. COMMENTS**

#### **A. CONSTITUTIONAL ISSUES:**

##### **1. Applicability of Municipality/County Mandates Provision:**

The bill does not require cities and counties to spend funds, does not reduce the authority of cities and counties to raise revenues and does not reduce the percentage of a state tax shared with counties and municipalities.

##### **2. Other:**

#### **B. RULE-MAKING AUTHORITY:**

None

#### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

None

### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On April 11, 2005, the Fiscal Council adopted an amendment to delete the statutory provisions providing for annual distributions of the excise tax on alcoholic beverages to three recipients. The provisions of the amendment have been incorporated into this analysis.