

REVENUE ESTIMATING CONFERENCE

TAX: Alcoholic Beverage Surcharge
ISSUE: Repeal
BILL NUMBER(S): SB666
SPONSOR(S): Senator Posey
MONTH/YEAR COLLECTION IMPACT BEGINS: July 1, 2005
DATE OF ANALYSIS: January 31, 2005

SECTION 1: NARRATIVE

a. Current Law:

1. S. 561.601, F.S., imposes a surcharge on alcoholic beverages sold for consumption on the premises. 27.2% of the collections are transferred to the Children and Adolescents Substance Abuse Trust Fund, with the remainder of the collections being credited to the General Revenue Fund.
2. S. 561.121, provides for two percent of Beverage Excise Tax Collections to be deposited into the Alcoholic Beverage and Tobacco Trust Fund, \$15.0 million to the Dept. of Elderly Affairs, \$5.0 million to the Dept. of Health, \$9.0 million to Florida State University, with the remainder credited to the General Revenue Fund.

b. Proposed Change:

1. The surcharge will no longer be imposed effective July 1, 2005.
2. An additional distribution from the Beverage Excise Tax is created, calling for 2.2% of collections to be deposited into the CASA Trust Fund.

SECTION 2: DESCRIPTION OF DATA AND SOURCES

The projected beverage surcharge and excise tax collections from the April 11, 2005, Revenue Estimating Conference on the General Revenue Fund were used. Projected inventory refunds and audit collections were obtained from the Bureau of Auditing, Department of Business and Professional Regulation.

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)

Although the surcharge is to no longer be collected beginning July 1, 2005, some revenue from prior months will still be remitted to the Department of Business and Professional Regulation subsequent to that date. The analysis assumes that the collections from June activity will be remitted to the Department in July, and that the collections will be distributed as under current law. Additionally, expected audit collections of \$3.0 million are assumed to be deposited into GR and CASA, after paying \$2.2 million in anticipated inventory refunds. (See the attached table for details).

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
High			
Middle	-47.4	-42.7	-46.6
Low			

Section 5: Consensus Estimate (adopted 4 / 22 / 05) The conference adopted the proposed estimate.

	FY 2005-06 Annualized	FY 2005-06 Cash	FY 2006-07 Cash
General Revenue	(47.4)	(43.9)	(47.1)
CASA Trust Fund	0	1.2	.5
Total State Impact	(47.4)	(42.7)	(46.6)
Total Local Impact			
Total Impact	(47.4)	(42.7)	(46.6)

Beverage Surcharge Repeal
 SB666
 (Millions of \$)
 Revised for April 11, 2005 General Revenue Estimating Conference

	Current Law			Proposed Change			Difference		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
Total Collections Surcharge	47.4	48.4	49.3	4.7 *	1.8 **	0.6 **	-42.7	-46.6	-48.7
GR	34.5	35.3	36.0	3.4	1.3	0.4	-31.1	-34.0	-35.6
GR Service Charge	0.9	0.9	0.9	0.1	0.0	0.0	-0.8	-0.9	-0.9
CASA Trust Fund	12.0	12.2	12.4	1.2	0.5	0.2	-10.8	-11.7	-12.2
Distributions from Excise Tax:									
Total Excise Tax	587.7	600.0	611.8	587.7	600.0	611.8	0.0	0.0	0.0
GR	545.9	558.0	569.5	533.9	545.8	557.0	-12.0	-12.2	-12.5
CASA Trust Fund	0.0	0.0	0.0	12.0	12.2	12.5	12.0	12.2	12.5
Total GR							-43.9	-47.1	-48.9
Total CASA							1.2	0.5	0.2

* Total collections for 2005-06 under the proposal are as follows:
 \$3.9 million June collections, July receipts
 plus \$3.0 million audit collections
 less \$2.2 million inventory refunds
 net of \$4.7 million

** Total collections for 2006-07 and 2007-08 are from audits

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