



# **NEWS**

**FOR IMMEDIATE RELEASE:**  
March 20, 2006

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## **TAXWATCH URGES END OF “BY THE DRINK” TAX Sixteen-Year Mistake Needs Correcting**

**TALLAHASSEE** — The Florida Legislature should use this year’s unprecedented budget surplus to repeal the alcoholic beverage surcharge once and for all. That’s the recommendation from Florida TaxWatch, in a report that calls the tax charged to bar patrons “ill-conceived, burdensome, costly, and difficult to administer.”

“It would be hard to find a tax on the books that makes less sense than the ‘by the drink’ tax does,” said Dominic M. Calabro, President & CEO of the non-profit, non-partisan government watchdog group. “It has a proven track record of being confusing and unfair, and amounts to double taxation on Florida’s taxpaying citizens.”

The tax, enacted in the final days of the 1990 legislative session to help fund in large part budget “turkeys”, is a retail tax charged per drink on liquor, wine, beer and cider. The tax was reduced in 1999 and 2000, but fell short of final elimination in last year’s legislative session. It’s expected to produce revenues of \$49.3 million this year. The surcharge is in addition to excise taxes levied on alcoholic beverages at the wholesale level, which the report says generates \$596 million annually and is a “reliable, cost-effective tax with high compliance.”

Not so with the surcharge, according to the report. The legislature’s own auditing office found that only 3% of retailers’ tax returns that were audited showed the surcharge was collected properly. Confusion in calculating the tax resulted in both overpayment and underpayment by retailers.

It’s also costly and complicated for the state to administer and audit. The Division of Alcoholic Beverages and Tobacco reports that 35% of its Bureau of Auditing workload is devoted to the beverage surcharge. The TaxWatch report notes that the Department of Revenue also has to spend money processing the relatively small payments from 20,000 retailers across Florida, many of whom don’t have the resources for the detailed record keeping required by the tax.

The report reveals that even without the “by the drink” tax, Florida has very high excise taxes on alcoholic beverages, collecting more taxes in terms of total dollars than any other state. Alcoholic beverages are also subject to state and local general sales and use taxes, which are not included in the \$596 million collections.

“The problems and unfairness with this tax are widely known and accepted,” said Calabro. “The state has the money this year to get rid of this tax mistake once and for all.”

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**MEDIA AVAILABILITY:** Dominic Calabro and Florida TaxWatch Senior Research Analyst Kurt Wenner, author of the report are available today to answer questions. Please contact Harvey Bennett at the numbers above to arrange an interview.

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Florida TaxWatch is a private, non-profit, non-partisan research institute that over its 26 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Our mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida Government. On the web at [www.floridataxwatch.org](http://www.floridataxwatch.org)